



Yorkshire Water
Western House
Halifax Road
Bradford
West Yorkshire
BD6 2SZ

Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

By email: ofwat-defraacceleratedprocess@ofwat.gov.uk

24 April 2023

Re. Accelerated infrastructure delivery project consultation – response to draft decision

Dear Sir/Madam,

We welcome the opportunity to respond to Ofwat's draft decision on proposals for the accelerated infrastructure delivery project for PR24/AMP8. We look forward to Ofwat confirming the points below in order that we can move ahead with the delivery of the schemes as soon as possible.

We raised three queries with Ofwat on 11th April, to seek clarification on the draft decision content published. Ofwat responded on 13th April and suggested that we raise these in our response here. These queries and further details can be found below.

We welcome the draft decision given to improve bathing water quality, both inland on the River Wharfe at Ilkley and on the coast at Scarborough. Our response below covers both the schemes under 'YKY-06 Inland Bathing Water Improvement Scheme - Wharfe Ilkley' and 'YKY-09 Coastal Bathing Water Improvements.' We note the feedback received on schemes not

supported for accelerated expenditure, which will be taken into account for our PR24 submission.

Delivery and Spill Reduction Profile:

As part of the consultation, a committed delivery and spill reduction profile was requested for the schemes. The spill reduction benefit will be realised on completion of the schemes. This is in line with the timing depicted within the forecast deliverable tables included within Appendix 2 of the draft decision. The spill frequency reductions set out in the forecast deliverable tables refer to the reported 2021 spill frequency numbers from our Event Duration Monitors (EDMs). This is different to the requirement from the Environment Act storm overflow drivers which is to reduce the annual average spill frequency to 10 or less per year on average, once per bathing season for inland bathing waters (on average), and twice per bathing water season for 'Excellent' coastal bathing waters (on average). It should be noted that 2021 is not necessarily a statistical average year and the Environment Agency consider that at least a 10-year data series is required to calculate a statistically representative average year.

We propose to change the forecast spill reductions to those predicted through our modelling work of the average annual spill reduction.

We will provide a summary of the hydraulic model used, along with the pre and post scheme spill frequency performance, in line with your specified timescales. This will be comprised of the current modelled average annual and bathing season spill frequency, and the predicted average annual and bathing season spill frequency for the assets listed for the scheme to demonstrate the benefits.

For the delivery profiles, the schemes are forecast to be delivered in line with their regulatory compliance dates for the Water Industry National Environment Programme.

We will be able to provide further details on delivery profiles at an appropriate time, once the schemes develop through the detailed design process.

Cost Information:

As part of the of the Ofwat Accelerated Infrastructure Delivery Project draft decision, a value of £67m has been identified for Yorkshire Water against two named schemes;

- YKY-06 Inland Bathing Water Improvement Scheme - Wharfe Ilkley
- YKY-09 Coastal Bathing Water Improvements

We are unable to reconcile the stated value of £67m for these two schemes, which should have an allowance of £81m.

Two submissions were made to Defra detailing schemes with their associated cost and output information. These submissions were made In October 2022 and January 2023. The table below

shows the cost information data sets (all values in £m) for the schemes submitted at these points in time:

| | | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030+ | AMP7 | Total Exp. |
|---------------------------------------|--------------|---------|---------|---------|---------|---------|---------|---------|-------|--------|------------|
| Inland Bathing Ilkley River Wharfe | January 2023 | 23.964 | 29.277 | 17.867 | 1.206 | 1.206 | 1.206 | 1.206 | 1.206 | 53.241 | 77.138 |
| | October 2023 | 19.948 | 24.371 | 14.873 | 0.703 | 0.703 | 0.703 | 0.703 | 0.703 | 44.319 | 62.707 |

| | | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030+ | AMP7 | Total Exp. |
|-----------------|--------------|---------|---------|---------|---------|---------|---------|---------|-------|--------|------------|
| Coastal Bathing | January 2023 | 2.082 | 1.702 | 0.014 | 0.014 | 0.014 | 0.014 | 0.014 | 0.014 | 3.784 | 3.868 |
| | October 2023 | 29.821 | 24.576 | 0.600 | 0.600 | 0.600 | 0.600 | 0.600 | 0.600 | 54.397 | 57.997 |

The values stated by Ofwat totaling £67m, can only be achieved by taking the January 2023 submission for Coastal bathing and the October 2022 submission for Inland bathing, as shown below:

| | |
|----------------|--------------------------------------|
| £3.868 | Coastal bathing water (January 2023) |
| £62.707 | Inland bathing water (October 2022) |
| £66.575 | Total expenditure |

The values should both be taken from the January 2023 submission, as referenced below:

| | |
|----------------|--------------------------------------|
| £3.868 | Coastal bathing water (January 2023) |
| £77.138 | Inland bathing water (January 2023) |
| £81.006 | Total expenditure |

Successful delivery of the Inland bathing scheme on the River Wharfe at Ilkley is hugely important for Yorkshire Water, residents of Ilkley and the wider region who enjoy and benefit from the recreational amenity of the river. The work will be complex, highly visible, and subject to significant stakeholder scrutiny. We must ensure we have the right funding to see the scheme all the way through to delivery. We need Ofwat to confirm that funding of £81.006m is approved in its final decision.

Price Control Deliverable Definition:

The below query is specifically in relation to 'Appendix 2 - Scheme 6: Inland bathing water Improvement scheme - Wharfe Ilkley' (p.43). The description for the Price Control Deliverable states:

"It is expected that the inland bathing water site will achieve a minimum statutory standard of 'sufficient' as set out In the Bathing Water Directive".

Yorkshire Water is not the only contributor to the bathing water quality on the River Wharfe at Ilkley, with third party sources such as agriculture also having the potential for a significant bathing water quality impact. This is not unusual, with water company activity typically only contributing 24% of the reasons for rivers not achieving good ecological status (RNAG)¹. On this

¹ Water UK, 21st Century Rivers: Ten Actions for Change – data source: The Environment Agency, Catchment Data Explorer, Sept 2021.

basis, we cannot alone guarantee achievement of 'sufficient' through the proposed scheme. We have suggested an alternative form of words below:

"Deliver enhancements at storm overflows within 5km upstream of the designated monitoring point for the Wharfe at Cromwheel, Ilkley, to meet the new Storm Overflow Reduction Plan targets of one spill per season on average. Further enhancements to improve Yorkshire Water's contribution towards bathing water quality will be delivered at Grassington, Draughton and Beamsley Sewage Treatment Works (STWs). Additional investments will be delivered to discharges downstream of the statutory sampling point to safeguard public health".

Following on from the Environment Agency's (EA) first review of the Water Industry National Environment Programme, we note that the EA are yet to confirm support for further enhancements at upstream sites. We are in continued discussion with the EA regarding the scheme proposals at Grassington, Draughton and Beamsley STWs. Based on the data available at the time of submission, we believe these schemes would have a positive impact on the bathing water quality. We acknowledge the EA's feedback, and the scheme conditions of the Price Control Deliverable, whereby should an output of the scheme be deemed unnecessary, then the proportion of the scheme cost allowance for the output will be returned to customers. We will continue to liaise with our colleagues at the EA regarding these three schemes.

Assurance of Outputs:

The Price Control Deliverables state: *"The company must commission an independent, third-party assurer, with a duty of care to Ofwat, to assure, to our satisfaction, that the above conditions have been met"*.

To meet this requirement, we will publish a statement from our assurance provider, confirming that appropriate third-party assurance has been carried out, in alignment with the APR assurance requirements published within Information Notice 2303. We look forward to your response to the above points raised.

Yours faithfully,

