



YorkshireWater

Residential Customer Policy Team
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By email:

22 December 2022

Dear Ofwat,

Re: 'Paying Fair' and the Paying Fair request for information (IN 22/04)

Following the publication in May 2022 of the 'Paying Fair' guidelines and your request for information from water companies on how they comply, I enclose with this letter a comprehensive summary of the extent to which Yorkshire Water complies with the final guidelines.

Also accompanying this letter, in response to your IN 22/04 Information request of 14 November 2022, is the Paying Fair information request template covering the levels of debt owed by household customers. This template has been completed by Yorkshire Water as best as we can, subject to the limited timeframe for the response. We were unable to align the data provided to the reporting time period in Ofwat's information request because the request was made after the end of the time period, limiting what we could extract from our operational systems.

Paying Fair guidelines compliance

I wish to emphasise that Yorkshire Water has processes and procedures in place that are specifically designed and delivered to look out for the interests of our customers, and we are already very much aligned to the intended outcomes of the new 'Paying Fair' guidelines in supporting customers to pay their bill, access help and repay debts. This is especially relevant as a growing number of our customers face increasing financial and mental health pressures from the alarming cost of living challenges facing our county and the UK as a whole.

As I hope you will agree from the information we share in our detailed submission, our existing policies and procedures deliver against the vast majority of Ofwat's

expectations prescribed in the guidelines. Where we do depart from specific expectations, we believe this is for the benefit of our customers.

Please also find a link below to our most recently revised core customer information called "Need some help paying your bill?". The information includes details of the payment methods available to customers and guidance for those customers who are having difficulty paying their bills with a step-by-step description of the procedures we follow to collect outstanding debt. The customer publication is available on our company website

- Link: <https://www.yorkshirewater.com/media/1fdjxztg/yorkshire-water-billing-leaflet-27038-artwork-digital-1.pdf>

IN 22/04 Debt information request

As per the debt related information request, the accompanying template provides information about levels of customer debt over an historical 12-month period. I would stress that we have provided information for the period from beginning December 2021 to end November 2022, which differs from your request.

We provide the data as best we can, but we were unable to comply fully or made decisions on interpretations as follows:

- Your information request was made on 14 November, and by that time we were unable to extract and present debtor data for the November 2021 to September 2022 period. We will be able to comply in future with the desired reporting periods where these requests are made in advance of the close date of the period requested. So, in expectation of a request in January, we will action a data extract up to 31 December 2022.
- The data provided covers our customers with open accounts that are 'live' and have been open at the relevant property for the full 12-month period reported. We have not included data associated with 'closed' accounts or open accounts at properties that have been 'live' for less than the 12-month period. We did seek confirmation that data on 'closed' accounts was not required, but when the Ofwat reply indicated it would be helpful to see this, our data extract had already been run and we could not then run a 'closed' account extract for the same time period. As an indication of the proportion of accounts in arrears that are 'closed', we have over 30,000 closed accounts in debt currently compared to 237,000 live accounts in arrears.

- The data we provide has been subject to internal assurance, both cross-checking our methodological approach and that the data has been accurately transferred from our source operational systems. We have not used independent third-party assurance in relation to this data submission.

We provide some further comments in response to the questions Ofwat asked in its information request.

Q1. Do you have any comments on this information notice? In particular, we welcome comments on the debt metrics and units of measurement we are proposing.

We would welcome an updated template is provided for the next round of reporting. The definitional information is quite limited and open to a number of interpretations, which may hamper consistent reporting across water companies. We would welcome an industry level review of the request to refine down the definitions so that alignment across comonaies is more likely. The template as provided also includes input cells where the cell is protected and cannot be used to submit useful information. In the template we have returned this time we have added an additional worksheet where we have provided brief explanatory notes in support of our submitted data.

Q2. Is there any additional information you think it would be worthwhile for us to collect?

If Ofwat would also like debt information on accounts that are closed, but still potentially subject to collection action, it should clearly state this in the future information requests and have specific cells for this data to be provided. As per my comments earlier in this letter, the refinement and improvement of the information request needs to happen soon and be communicated in good time, and certainly in advance of the reporting period being covered. This will help Yorkshire Water provide data that is better aligned to Ofwat's defined time periods.

We would welcome an opportunity in the New Year to work with Ofwat and other water companies collaboratively on refining the data request specification and detailed definitions before this is rerun in the successive quarters. We want to ensure we can provide Ofwat the information it believes it needs, and that other companies are also aligned to this, with limited scope for different interpretations being made.

To help with future refinement and reporting improvement, we ask that Ofwat explains clearly in the coming weeks what it will use this customer debt data for, how it will be evaluated and presented and also its intended audience.

We work hard to support our customers with managing payment arrangements to avoid them going into debt and to provide a fair process should they get into debt with their water bill. As we know customers individual needs change frequently, we use customer feedback to make sure we continuously improve our service. In order to help us get even better and share good practice, Yorkshire Water continues to work on customer affordability challenges locally with partners and community advocates and across the sector via the Water UK Debt Network.

I hope you find the information provided meets your needs. We look forward to working with Ofwat on refining the specification for the ongoing quarterly reports on levels of debt so that we and other companies can report consistently to track trends in customer debt.

Should you have any questions in relation to this response or would like to set up further discussions on supporting customers and the future debt data requests, please contact me in the first instance.

Yours faithfully,

Head of Regulation
Yorkshire Water