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By email: [customerfocus@ofwat.gov.uk](mailto:customerfocus@ofwat.gov.uk).

23 November 2023

Dear Ofwat,

**RE: Consultation under sections 13 and 12A of the Water Industry Act 1991 on proposed licence modifications to introduce customer-focused principles for all water companies.**

Thank you for the opportunity to review and respond to your statutory consultation under sections 12A and 13 of the Water Industry Act 1991 (WIA91), setting out Ofwat's proposals to replace Condition G of water companies' licences with a new customer focused licence condition and to also remove Condition J.

The consultation confirms the proposed drafting of the new Condition G, updated since the first draft proposed in Ofwat's consultation in May 2023, with explanation of where and why Ofwat has made further revisions or simplifications.

We understand Ofwat's case for change to introduce a new condition into appointees' licences that gives the obligations laid out a greater focus on the experiences of customers that may have been somewhat lacking. That is not to say that the wider regulatory framework and its mechanisms, and the policies and practices of companies themselves, were deficient in driving improving outcomes for customers in general. We acknowledge that we don't always get things right for all our customers all of the time, and the overarching principles based licence condition supported by a formal register of guidance from Ofwat may help maintain our focus on customers front and centre year in year out.

We have reviewed the final drafting proposed for a new Condition G and have the following comments:

**i. Clauses G1 – G3:**

We have no objections or further feedback on the drafting of clauses G1.1 through to G3.6 (as now numbered). In our response to the May 2023 consultation we asked Ofwat to consider the addition of ‘reasonable’ and ‘where reasonable’ wording to some clauses in the condition. We understand Ofwat’s rationale for rejecting these suggested inclusions.

**ii. Removal of proposed clause G5 from the May 2023 drafting:**

Draft clause G5 referenced that Ofwat may issue and revise guidance to support the other clauses in the licence condition. Ofwat now reasons this clause is not necessary as it serves no legal purpose.

There may well not be legal necessity for a specific reference to guidance to be published and maintained by Ofwat, but we believe this clause should be retained in a new Condition G. The multiple guidance’s that Ofwat has said it will publish or has already published (as referenced in Annex 2 of this consultation) each in effect act as extensions of this new licence condition – they represent the practical embodiment of the obligations the licence condition will place on appointees, in that they will set the minimum expectations Ofwat has for what companies do and how they perform, whether companies are required to comply with them or not.

As we reasoned in our responses to the earlier consultations, and made points in workshops prior to these, we believe Ofwat should place all guidance pertinent to this customer focused licence condition within a formal and managed framework and having this approach referenced in the licence, even in a cursory manner, would be a clear marker for what Ofwat will be expected to do to support the successful realisation of this new licence condition into the future. In years to come, water companies, customers, and stakeholders should not need to refer to a consultation document annex from 2023 containing a snapshot of reports and guidelines as the basis for understanding how water companies may comply with Ofwat’s expectations.

We continue to believe the formation and of a suite of well-constructed and maintained guidance’s with subsequent evolution supported by a formalised governance and change mechanism is fundamental to give clarity to

companies and stakeholders on what could be considered to be the prevailing minimum expectations of how services are delivered for customers. Clarity from guidance could also be valuable to household customers and other stakeholders and customer representative groups who may wish to challenge and influence companies to improve their customer support.

**iii. Deletion of Condition J:**

I can confirm that Yorkshire Water has no objections to the proposed modification that the current Condition J is removed in its entirety. We understand the requirements laid out in the current licence Condition J are redundant.

We welcome the publication by Ofwat earlier this week of the consultation on draft guidance for water companies in communicating key information to customers which they need to know and understand. We will review the draft guidance and consider how Ofwat's proposals will transpose the Core Customer Information requirements from the current Condition G of our licence into the new guidance.

We would be happy to speak with Ofwat in the next few weeks in regard to helping shape a practical change management framework or approach for the suite of guidance that will support the realisation of the desired outcomes of this new licence condition for the long term benefit of our customers.

Should you have any further questions or require more information please get in touch.

Yours faithfully,



Strategy and Regulation Director, Yorkshire Water