

August 2026

Notification of the PR24 cost change process draft determination for Yorkshire Water

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Dear Nicola

Cost change draft determination 2026

13 August 2026

I enclose in Appendix 1, the cost change draft determination by the Water Services Regulation Authority (Ofwat).

This draft determination is published on our website. We also publish the following documents, which support our cost change draft determination for Yorkshire Water:

- Cost change draft determinations 2026 – Sector Overview;
- Cost Change draft determinations 2026 – Price control deliverables appendix;
- Cost Change draft determinations 2026 – Asset health cross cutting issues appendix;
- Cost change draft determinations 2026 – Asset health PCDs; and the
- Cost change draft determinations 2026 model and asset health model

I enclose the following additional information relevant to our decisions within the appendices of this document:

Appendix 2: Our draft determination on how Yorkshire Water's expenditure allowances are funded

Appendix 3: Our detailed assessment of, and decision on, Yorkshire Water's submitted claims.

Yorkshire Water should ensure that it reads all the information referred to above before responding to this consultation. The closing date for responding to this draft determination consultation is 24 September 2026. We have published Yorkshire Water's cost change submission on our website.

Yours sincerely,

Helen Campbell

Executive Director, Delivery

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Appendix 1: Cost change draft determination

In Yorkshire Water's 2026 cost change submission, we received two claims across the following cost areas:

- Asset health: boreholes
- Asset health: trickle filters

Table 1 below provides a summary of our draft determination total cost change expenditure allowance compared to the cost change expenditure you requested in your submission. We explain our decisions in Appendix 3 of this document.

Table 1: Breakdown of the difference between Yorkshire Water's view and Ofwat view of costs (£million, 2022-23 FYA CPIH prices)

	2025-30 period	2030-35 period
Company total cost change claim	39.3	0.0
Ofwat 'insufficient evidence of need' or 'out of scope of cost change process' assessment ¹	-3.4	0.0
Company total 'in scope' cost change claim ²	35.9	0.0
Ofwat 'best option' challenge ³	0.0	0.0
Ofwat efficiency challenge ⁴	-8.7	0.0
Ofwat draft determination cost change allowance	27.2	0.0

Our draft determinations include price control deliverables (PCDs) to hold Yorkshire Water to account for delivery. Our approach to PCDs is set out in the Cost Change Draft Determinations 2026 – Price control deliverables appendix.

The impact of our draft determinations for revenue and regulatory capital value (RCV) adjustments by price control are set out in tables 2 and 3 below.

¹ Details of costs excluded are set out in Appendix 3 (3.1.1).

² The company's total eligible cost claim that demonstrates the need for the required step change in investment and is within the scope of the cost areas.

³ Our review of the company's evidence of optioneering and associated cost benefit analysis and that the options put forward are the best option for customers.

⁴ Our review of the company's evidence of efficient unit costs and associated methodology.

Table 2: Yorkshire Water's draft determination revenue adjustments by price control and when they apply (£million, 2022-23 FYA CPIH prices)

	Water resources	Water network plus	Waste-water network plus	Bio-resources	Total
Total in-period revenue adjustment for 2027-28	0.000	0.000	0.000	0.000	0.000
Total in-period revenue adjustment for 2028-29	0.000	0.000	0.000	0.000	0.000
Total in-period revenue adjustment for 2029-30	0.000	0.000	0.000	0.000	0.000
Total end of period revenue adjustment at PR29	1.089	0.000	2.561	0.000	3.650

Table 3: Yorkshire Water's draft determination appendix adjustments by price control (£million, 2022-23 FYA CPIH prices)

	Water resources	Water network plus	Wastewater network plus	Bio-resources	Total
Total end of period RCV adjustment at PR29	7.697	0.000	17.611	0.000	25.308

Since our draft determination does not include any in-period revenue adjustments resulting from the cost change process, there are no changes to the company's last determined price controls or customer bills⁵.

⁵ For Yorkshire Water, the last determined price controls are those updated for the [2025 blind year reconciliation](#).

Appendix 2: Our decisions on how we fund Yorkshire Water's expenditure allowances

Yorkshire Water did not request in-period funding in its cost change submission. Therefore, we set out in this draft determination that any funding of the additional expenditure allowances over the period to 31 March 2030 will be provided through an adjustment to RCV at 31 March 2030 and an adjustment to revenues over the 2030-35 period.

As part of the cost change process, we assess progress by companies in delivering their existing investment programme. We set out our assessment of delivery over the 2025-30 period for Yorkshire Water.

A2.1 Delivery assessment

2025-30 delivery

We reviewed the company's May 2026 delivery plan update. On balance, although we have concerns about the company's output forecasts, overall, we consider that the company provides sufficient and convincing evidence to demonstrate that it remains on track to deliver its PR24 commitments by the end of 2025-30 period. We provide a summary of our assessment below for water and wastewater.

Water

In its May delivery plan update the company showed mostly positive indicators in relation to 2025-30 delivery progress:

- The company showed good progress in relation to water price control deliverables (PCD outputs), delivering above baseline target in 2025-26 (see section below on delivery in 2025-26)
- The company reported meeting most of its interim milestone targets (80%) in 2025-26.
- The company is expecting to release a significant proportion (79%) of its capital projects to the supply chain by the end of 2026-27.
- The company is forecasting to have 82% of its capital projects in construction or delivered by the end of 2027-28. This should provide the company with sufficient headroom to respond to unforeseen events and manage any delivery risks.
- The company spent most of its water PCD allowances in 2025-26 and is forecasting to slightly overspend PCD allowances by the end of 2025-30 period.
- The company remains confident that it will deliver all of its PCD outputs by the end of 2025-30 period.

Wastewater

In its May delivery plan update the company showed the following positive indicators in relation to the 2025-30 period delivery progress for wastewater:

- The company showed good progress in relation to wastewater PCD outputs, delivering significantly more than baseline target in 2025-26 (see section below on delivery in 2025-26)
- The company reported meeting most of its interim milestones (91%) in 2025-26.
- The company is forecasting to have 72% of its capital projects in construction or delivered by the end of 2027-28.
- The company remains confident that it will deliver all of its PCD outputs by the end of 2025-30 period.

However, there are still some indicators that raise concerns in relation to the company's delivery forecasts for the 2025-30 period:

- The company underspent its wastewater PCD allowances in 2025-26 by 57%, suggesting there may be some slippage in the delivery plan. The company is forecasting to slightly overspend PCD allowances by the end of 2025-30 period.
- The company is expecting to have 32% of schemes released to the supply chain by the end of 2026-27. This is significantly below the sector average and so we have concerns that this could lead to slippage later in the period.

Delivery in 2025-26

Based on its May 2026 delivery plan update, the company has demonstrated that it is not behind delivery in 2025-26:

- On water, the company reported delivering 11% more PCD outputs (in value terms) in 2025-26 compared to baseline target.
- On wastewater, the company reported delivering 49% more PCD outputs (in value terms) in 2025-26 compared to baseline target.

A2.2 Financeability assessment

Yorkshire Water did not request in-period funding within its cost change submission. As such, we have not assessed financeability for the company. If the company requests in-period funding as part of a future cost change process, we will assess its financeability at that stage along with the other factors relevant to in-period funding set out in the cost change draft determinations sector overview.

Appendix 3: Our assessment of and decision on Yorkshire Water submitted claims

This appendix sets out our detailed assessment of, and decision on each of the company's 2026 cost change claims. It should be read alongside the documents specified in the first page of this draft determination.

In its response to the draft determination, the company should confirm, to the extent that it has not already done so, which proposed schemes could impact sites of special scientific interest (SSSIs) or land in National Parks, or areas of outstanding natural beauty.

A3.1 Asset health

3.1.1 Boreholes

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	Yorkshire Water requests £13.69 million of investment in the 2025–2030 period (AMP8) for borehole asset health to address deterioration across groundwater abstraction assets. The proposal covers 14 boreholes across 7 sites, comprising refurbishment at five sites (10 boreholes) and replacement at two sites (4 boreholes). Refurbishment interventions include relining of deteriorated casing, headworks upgrades, cleaning and sealing, and reinstatement of pumping equipment. Replacement involves decommissioning existing boreholes and redrilling new assets with new casing, headworks and pumping systems.		

Need for a step change in investment	Decision summary – Pass The company provides sufficient and convincing evidence that the proposed investment meets the 'Need for step change in investment' criteria. We exclude £3.38 million of the proposed programme as this is out of scope for asset health. Company Evidence -The company provides analysis of base expenditure and workload across repair, refurbishment and replacement activities over recent asset management periods.⁶ The company provides historical trends in borehole abandonment, showing the number of assets abandoned across previous asset management periods and a reduction in abandonment activity in more recent periods.⁷ The company also provides current asset condition information, showing 54% of borehole assets are in condition grades 4 and 5, alongside forward-looking deterioration analysis of replacement requirements over time based on asset age and aquifer type.⁸ The submission includes a deterioration modelling approach using typical asset life assumptions by aquifer type derived from a third-party study and calibrated using Weibull modelling. These assumptions are applied across the asset base to estimate end-of-life timing and inform Asset Management Plan-period replacement profiles.⁹ The company identifies a requirement for 33 cumulative replacements by the end of the 2025-30 period and presents a proposed programme of 14 boreholes across 7 sites, supported by site-level condition and risk information, alongside analysis of changes in condition grade profiles before and after investment.¹⁰	Pass	£3.38m
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⁶ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, Section 2.1, table 1 and 2

⁷ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, pp.9-10, Figure 5

⁸ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, Figure 6, Table 3, Figures 10 and 11; Yorkshire Water, OFW-YKY-CCP-002 Query Response, May 2026

⁹ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, Section 2.6– 2.7; Yorkshire Water, OFW-YKY-CCP-002 Query Response, May 2026

¹⁰ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, Sections 3.1–3.3, Table 8; OFW-YKY-CCP-002 Query Response, May 2026; OFW-YKY-CCP-010 query response, May 2026

	Our Assessment – We accept the company's view of ‘what base buys’ (implicit allowance) across its asset proposals. The company has provided a clear view of ‘what base buys’, which is materially higher than an estimate based on sector averages. This provides reassurance that the requested investment is incremental to base allowances, and that customers are not paying twice for investment.¹¹ We exclude the £3.38 million associated with [REDACTED], which are out of scope for asset health.¹² In our guidance, we said that <i>“investment proposals may be required to: address a step-change in direct risks to assets from external factors; address a step change in risk because of higher than expected rates of deterioration; and/or address high consequence risks for assets that require infrequent but major investment”</i>. Sites that are not currently in use are unlikely to pose a risk to service, as they are not contributing to service. Therefore, bringing these sites back into service is associated with increased resilience to supply and not the primary driver of asset health.¹³ For the remainder of the proposed investment (£10.32 million) we consider the company provides sufficient and convincing evidence that a step change in investment is required. The submission sets out evidence of current asset condition, that shows that a significant proportion of assets in condition grades 4 and 5, alongside relatively low historic intervention rates. The need for investment is supported by our assessment that there is a sector-wide health issue for boreholes. This indicates that poor health of boreholes reflects a broader, systemic challenge which may require additional allowances.¹⁴		
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¹¹ Our assessment and further detail can be found in 'Cost Change draft determinations 2026 – Asset health cross cutting issues appendix'

¹² Costs of sites excluded have been calculated using Query Response ref, OFW-YKY-CCP-009 and Yorkshire Water, 'PR24 Cost Change Submission Asset Health – Boreholes', May 2026– Table 12

¹³ Further detail can be found in 'Cost Change draft determinations 2026 – Asset health cross cutting issues appendix, August 2026, section 4 Scope Boundaries'

¹⁴ Further detail can be found in 'Cost Change draft determinations 2026 – Asset health cross cutting issues appendix'

	The company provides forward-looking analysis indicating when assets are expected to reach the end of their typical life and the number requiring replacement over the period. While this provides a useful indication of the scale and timing of future investment, the forecasting is primarily age-based and does not explicitly incorporate condition data. As a result, it does not directly demonstrate how current asset condition translates into deterioration or risk, which reduces confidence in the robustness of the analysis. However, the analysis of both current asset condition and current intervention rates suggests that it would take more than 30 years to address the existing stock of condition grade 4 and 5 assets at current intervention rates, assuming no further deterioration.¹⁵ This indicates that current levels of investment are not sufficient to maintain asset health over time. The justification for the scale of the proposed programme is also less well evidenced at an asset class level than the need for intervention in principle. We accept the proposed level of intervention based on the site-specific evidence. While the company's submission references support from the Drinking Water Inspectorate (DWI), no formal written confirmation has been provided. We require the company to provide formal evidence of DWI support as part of its draft determination response.		
Best option for customers	Decision Summary – Pass The company provides sufficient and convincing evidence that the proposed investment meets the 'Best option for customers' criteria. Company Evidence -The company identifies priority sites for intervention through a structured, risk-based prioritisation process. Sites are initially screened based on condition grade, with a focus on assets in poor condition (grades 4 and 5) to produce an unconstrained list, and then sites are assessed across asset health risk, supply resilience, water quality risk and likelihood of risk over the 2025-30 period. Sites with the highest combined risk across	Pass	0%

¹⁵ Ofwat Analysis based on Yorkshire Water PR24 Cost Change Submission- table 2, table 4 and figure 10, figure 11

	these criteria are selected for further assessment, while assets not taken forward are addressed through alternative programmes.¹⁶ For the selected sites, the company then undertakes a cost benefit assessment of the shortlisted options using a whole-life cost framework. Preferred solutions are selected at a site level based on the outcome of this cost benefit assessment, supported by engineering judgement where appropriate.¹⁷ The proposed interventions comprise a mix of refurbishment, including relining and headworks upgrades, and full replacement through redrilling new boreholes. The scope of activities includes relining, headworks improvements, and associated testing commissioning activities.¹⁸ The company sets out the expected benefits of the proposed interventions, including improvements in asset condition. The company also provides evidence of customer engagement to inform investment priorities and support the proposed programme.¹⁹ Our assessment–The company provides sufficient and convincing evidence of a clear and structured approach to identifying priority sites for intervention. The use of condition grades to develop an initial unconstrained list, followed by a multi-criteria risk-based prioritisation framework, provides evidence that sites selected for investment reflect those with the highest combined asset health, resilience and water quality risks.¹⁶		
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¹⁶ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, pp.24-26, Table 8

¹⁷ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, Table 11

¹⁸ Yorkshire Water (2026), 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026 Table 12

¹⁹ Yorkshire Water (2026), 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026 Figure 15, Query Response OFW-YKY-CCP-010, May 2026

	The company provides sufficient and convincing evidence that the proposed solutions are appropriately targeted with a clear asset health driver, with the operational sites in the proposed solution having predominantly poor condition grades (4 and 5). The evidence provided by the company demonstrated that it applies a consistent and proportionate optioneering approach for selected sites. A range of credible refurbishment and replacement options is assessed using a whole-life cost framework. The use of cost benefit analysis to inform site-level decision making, supported by engineering judgement, provides sufficient and convincing evidence that preferred solutions represent reasonable value for customers.¹⁷		
Robust and efficient costs	Decision –Partial Pass The company has not provided sufficient and convincing evidence that the proposed investment meets the ‘robust and efficient cost’ criteria. Further evidence is required to justify the treatment of benchmark outliers and demonstrate the appropriateness of the triangulation methodology. Company Evidence – The company estimates costs using their internal unit cost data, delivery partner costs, WRc TR61 benchmarks and third-party estimates.²⁰ Final costs are derived through a triangulation approach that combines the company's internal cost estimates with the three comparator sources into a single estimate, including direct costs, indirect costs, overheads, programme on-costs and materialised risk.²¹ The company provides benchmarking evidence. Internal benchmarking data applied to the companies own cost estimates, is based on previous replacement and refurbishment schemes contained within the company's internal database. External benchmarking includes comparisons with third party developed estimates, delivery partner costs and WRc TR61 data. The submission includes programme-level cost breakdowns and excludes and optimism bias or risk allowance	Partial pass	19.79%

²⁰ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, pp.6–40, Section 5.1

²¹ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, Appendix C, YKY cost change – Cost summary

	on the basis that historic delivery cost and benchmark triangulation reflect delivery uncertainty. Our Assessment – The company has not provided sufficient and convincing evidence that the final cost position is efficient. The principal concern relates to the triangulation methodology. The company uses an unweighted average across all four sources, despite one comparator producing materially higher estimates than all other cost sources.²² While the company explains that greater reliance was placed on external estimates due to the limited number of relevant internal borehole cost data points, it has not provided sufficient and convincing evidence to justify the triangulation across all four cost sources, a methodology which has not been used consistently across all company submissions.²³ In addition, the company has not explained the significant divergence between the third party developed estimates and the remaining comparator, and the decision to utilise the third-party estimates despite this divergence. Upon review of the third-party cost methodology the third party explicitly notes that their estimates are intended for concept selection and early stage planning rather than detailed budget setting²⁴. In the absence of justification, we therefore consider the third-party values to exert a disproportionate influence on the final cost position. Taken together, the evidence provided is not sufficient and convincing to demonstrate that the proposed costs are efficient. Given we have already excluded two schemes from this submission, [REDACTED], we retriangulate the costs for the remaining schemes using Yorkshire's Unit Cost Models, Delivery Partner Costs, and TR61 costs submitted by Yorkshire Water. Excluding third party estimates from this part of the submission reduces the cost estimate from £10.31 million to £8.27 million (- 19.8%). We therefore allow the costs excluding the third party developed estimates.		
Customer protection	Decision – Adequate The company provides sufficient and convincing evidence that customers will be protected if the company under-delivers against the investment.	Adequate	

²² Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, Appendix C, YKY cost change – Cost summary

²³ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, p.44

²⁴ Yorkshire Water, 'Query response, REF: OFW-YKY-CCP-012', June 2026

	Company Evidence – The company proposes Price Control Deliverables (PCDs) that covers both the investment that will be delivered by existing PR24 base expenditure allowances, and the investment delivered through the requested additional allowance.²⁵ The company proposes two separate PCDs for refurbishment and replacement of borehole assets. For refurbishment PCDs, the unit rate is based upon the number of boreholes refurbished. For replacement PCDs, there is a larger variance against the average unit rate, and so a site-specific PCD is proposed.²⁶ Both are end-of-period adjustments, with no time incentive proposed for early delivery. Our assessment –The company's proposed non-delivery PCDs are in line with our expectations set out in the Asset Health guidance document. If the company under-delivers, the funding will be returned to customers.		
Investment delivery plan	Decision – Adequate The company provides sufficient and convincing evidence to demonstrate that the in-scope programme is deliverable. Company evidence – The company provides a delivery strategy based on existing 2025–30 delivery frameworks, governance processes and appointed capital delivery partners. It states that the proposed interventions will be delivered through its 2025–30 Non-Infrastructure Complex framework and supported by its Strategic Planning Partner.²⁷ The company provides a phased delivery programme including design, planning, procurement, construction and commissioning activities. ²⁸The company provides a delivery risk and mitigation register.²⁹ Our assessment – We consider that the company provides sufficient and convincing evidence that the proposed programme is deliverable. The submission sets out a credible delivery	Adequate	

²⁵ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, p.44

²⁶ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, p.45

²⁷ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, p.48

²⁸ Yorkshire Water, 'PR24 Cost Change Submission – Asset Health: Boreholes', May 2026, pp.48–49, Section 7.2; Appendix D – Delivery timelines.

²⁹ Yorkshire Water, 'OFW-YKY-CCP-006 Query Response', May 2026

	approach based on established delivery frameworks, governance processes and existing delivery partners, supported by a phased delivery programme. Additional information provided through the query process, including a programme-level risk and mitigation register provides sufficient and convincing evidence in the deliverability of the proposed programme.		
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3.1.2 Trickle Filters

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	Yorkshire Water requests £25.6 million additional investment to undertake capital renewals across trickle filter assets on six sites which includes one site requesting replacement to change to an activated sludge process (ASP). The programme targets asset age and condition alongside asset risk for prioritisation aiming to reduce pollution incidents. This is following operational maintenance across 2015-2020 (AMP6) and 2020-2025 (AMP7) predominantly focussed on repairs.		
Need for a step change in investment	Decision summary – Pass The company provides sufficient and convincing evidence to demonstrate that the proposed investment meets the 'Need for step change in investment' criteria. Company evidence - The company provides an assessment of historical expenditure, asset condition and future risk to demonstrate that current levels of base investment have not been sufficient to maintain the long-term health of trickle filter assets. It shows that over the 2015-2025 period, the majority of expenditure has been focused on reactive repairs,	Pass	0%

	with very limited refurbishment or replacement activity undertaken³⁰ and that this approach has enabled continued operation but has not addressed underlying deterioration. The company also presents asset condition evidence showing a clear deterioration trend over time, including migration of assets from condition grade 2 to grade 3 and an increase in condition grade 5 assets³¹ indicating a growing proportion of assets in poor or very poor condition. The company provides evidence that the asset base is materially aged, with a significant proportion exceeding modelled asset life, and uses deterioration modelling (NITRO) to demonstrate a substantial increase in future replacement risk, including a modelled £71 million replacement risk in 2025–30 compared with planned Base expenditure of £6.95 million.³² The company also sets out the risks associated with continued deterioration, including environmental non-compliance, operational disruption and increased likelihood of asset failure, and explains how these risks are reflected in its proactive risk register and prioritisation of sites. Our assessment – The need for investment is supported by our assessment that there is a sector-wide health issue for trickle filters. This indicates that poor health of trickle filters reflects a broader, systemic challenge which may require additional allowance.³³ The company provides sufficient and convincing evidence that demonstrates a clear step change in risk for trickle filter assets. The evidence shows that historical base expenditure has been largely reactive in nature and has not addressed underlying asset condition, resulting in a progressive deterioration in the asset base. It uses a combination of condition		
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³⁰ Yorkshire Water, 'Cost Change Submissions 2026 -Trickle filters', May 2026, p.8

³¹ Yorkshire Water, 'Cost Change Submissions 2026 -Trickle filters', May 2026, p.12

³² Yorkshire Water, 'Cost Change Submissions 2026 -Trickle filters', May 2026, pp.21–24

³³ Further detail can be found in the 'Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix'

	data, age profile analysis and deterioration modelling to show increasing risk that is not manageable within existing base allowances and that a need for a step change is required. We accept the company's view of 'what base buys' (implicit allowance) across its asset proposals. The company has provided a clear view of 'what base buys', which is materially higher than an estimate based on sector averages. This provides reassurance that the requested investment is incremental to base allowances, and that customers are not paying twice for investment.³⁴		
Best option for customers	Decision summary – Pass The company provides sufficient and convincing evidence that the proposed investment meets the 'Best option for customers' criteria. Company evidence - The evidence provided by the company demonstrates that it has undertaken a structured and comprehensive optioneering process to identify the preferred solutions for each site. The company sets out how it has identified priority assets using a combination of condition data, Proactive Review Operations Asset Management (PROAM) and engineering judgement, to develop a range of potential interventions including major refurbishment, like-for-like replacement and alternative treatment processes using its optioneering tool³⁵. The company applies its Decision Making Framework to assess options, using whole-life cost and benefit analysis including a six-capitals approach to quantify impacts across cost, environmental and social components.³⁶ It provides evidence that options have been assessed using total expenditure and net present value, and explains how preferred options have been selected based on a combination of cost, risk reduction and operational factors. For three sites, the preferred intervention does not align with the	Pass	0%

³⁴ Our assessment and further detail can be found in 'Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix'

³⁵ Yorkshire Water, 'Cost Change Submissions 2026 -Trickle filters', May 2026, pp.32-37

³⁶ Yorkshire Water, 'Cost Change Submissions 2026-Trickle filters', May 2026, pp.37-41

	most cost-beneficial solution with option selection rationale provided through expert site knowledge.³⁷ Our assessment - Overall, the company provides sufficient and convincing evidence of an optioneering process that demonstrates how preferred solutions have been selected. The use of whole-life cost and benefit analysis, supported by a structured decision-making framework, is consistent with the requirements of the guidance and provides confidence that the company has considered a wide range of options and selected those that represent best value for customers. The rationale for selecting preferred options, including where engineering judgement has been applied alongside cost-benefit outputs, is clearly explained. While additional asset-level detail could further strengthen the case, the evidence provided is sufficient and convincing to demonstrate that the proposed interventions represent appropriate and reasonable solutions to address the identified risks.		
Robust and efficient costs	Decision – Partial Pass The submission demonstrates a structured approach to cost estimation but does not provide sufficient and convincing evidence that the proposed cost estimate is efficient. We have therefore estimated an alternative efficient cost triangulating the company's own data submission, resulting in a cost adjustment of 26.03%. Company Evidence - The submission estimates costs using internal cost data and external benchmark sources, including independent third-party cost estimates, delivery partner cost estimates and Water Research Council (WRC) TR61 data. The company applies a top-down approach using their internal cost database, based on historical outturn costs and regression modelling across key cost drivers. The methodology includes direct costs, indirect costs and materialised risk and is supported by internal quality assurance and	Partial pass	26.03%

³⁷ Yorkshire Water, 'Cost Change Submissions 2026-Trickle filters', May 2026, p.42

	external audit. The submission also provides programme–level cost breakdowns and provides a detailed explanation on the exclusion of optimism bias due to the existing inclusion of realised risk and uncertainty on historical outturn data. The company has also included the costing methodology of the independent third party as additional information to accompany its submission. However, the final cost submission is based on Yorkshire's unit cost models alone. Our Assessment - The submission demonstrates that costs have been developed using an established and robust cost estimation methodology. The use of historic delivery data established internal cost models and refined cost drivers demonstrates that cost estimates are informed by previous experience and developed through a structured methodology, which is in line with our expectations for robust cost estimation. However, the evidence is not sufficient and convincing in demonstrating that the proposed costs are efficient. Benchmarking evidence indicates that the company's costs are materially above external comparator values, including comparisons of total value estimates of £25.61 million against benchmark values of £13 million and £19 million. Benchmarking therefore identifies material variance between the proposed cost and comparator evidence. While the submission attributes these differences to scheme specific factors and changes in delivery requirements it does not provide quantified evidence demonstrating that these factors fully explain the observed variances. The final cost submission is based on Yorkshire's unit cost models alone. Consistent with the company's approach applied to the asset health water borehole submission, we have allowed costs based on triangulation across the relevant cost sources, excluding the independent third-party cost estimates. The independent third-party estimate was developed at AACE Class 4, which is generally used for concept selection and early-stage planning rather than detailed budget setting. Given this, we do not consider it		
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	appropriate to place equal weighting on the independent third party estimate without further evidence explaining why it is comparable in confidence and reliability to the other cost sources. This triangulation reduces the efficient cost estimate from £25.61 million to £18.95 million, equivalent to a 26.03% reduction. The adjustment reflects the calculated difference between the proposed costs and efficient cost estimate derived using the company's triangulation methodology and the available benchmark evidence. The submission, therefore, provides sufficient and convincing evidence that a structure costing approach has been applied, but it does not provide sufficient and convincing evidence that the proposed cost estimate is efficient. On this basis, we apply a 26.03% cost adjustment at draft determination.		
Customer protection	Decision – Adequate The company provides sufficient and convincing evidence that customers will be protected if the company under-delivers against the investment. Company evidence - The company proposes Price Control Deliverables (PCDs) that covers both the investment that will be delivered by existing PR24 base expenditure allowances, and the investment delivered through the requested additional allowance. The company proposes a non-delivery PCD which is site-specific for the requested additional allowance, and expenditure-based for the implicit allowance to reflect the lack of a full list of named sites, solution types or cost metrics for the 2025-30 base allowance.³⁸ Separate rates for each scheme are provided. The PCD is an end-of-period adjustment, with no time incentives proposed.	Adequate	

³⁸ Yorkshire Water, 'Cost Change Submissions 2026-Trickle filters', May 2026, p.55

	Our assessment – The company's proposed non-delivery PCDs are in line with our expectations set out in the Asset Health guidance document. If the company under-delivers, the funding will be returned to customers.		
Investment delivery plan	Decision summary – Adequate. The company demonstrates that the programme is deliverable, although some gaps remain in relation to stakeholder engagement and delivery risk detail. Company evidence – The company provides delivery risk information for the programme of investment and outlines that the project risks will be considered, monitored and managed through its business-as-usual risk management approach.³⁹ While the company has only provided limited evidence of stakeholder engagement, it has identified mitigations for potential Environment Agency engagement if it requires temporary use of storm tanks or disconnection of monitoring during works.⁴⁰ The company provides evidence of its supply chain delivery for Year 1 of the 2025-30 period being ahead of schedule and are confident on the ability to deliver the proposed schemes.⁴¹ Our assessment – The company provides sufficient and convincing evidence of being able to deliver the proposed schemes through its supply chain. The company provides limited information relating to delivery risks and stakeholder engagement for this investment, so there are minor concerns with the investment delivery plan arising from this, however this does not materially impact the overall decision.	Adequate	

³⁹ Yorkshire Water, 'Cost Change Submissions 2026-Trickle filters', May 2026, p.60

⁴⁰ Yorkshire Water, 'Cost Change Submissions 2026-Trickle filters', May 2026, p.61

⁴¹ Yorkshire Water, 'Cost Change Submissions 2026-Trickle filters', May 2026, p.62

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