

Minute of the twelfth meeting of the Customer Forum
Held on 12 December 2012 at Consumer Focus Scotland, Glasgow

Present: Peter Peacock
Jo Dow
Cowan Ervine
Dr Sarah Hendry
Agnes Robson
Sue Walker (via conference call)

In attendance: Belinda Oldfield, Scottish Water (item 7)
Alan Scott, Scottish Water (item 7)
Fiona Templeton, Scottish Water (item 7)
Jim Mulholland, Scottish Water (item 7)
John Simpson, Water Industry Commission for Scotland (item 8)
Donna Very, Project Co-ordinator

Chairman's opening remarks

The Chairman welcomed everyone to the 12th meeting of the Customer Forum.

1. Apologies for absence

Iain Mactaggart

Bob Wilson

2. Minute of previous meeting (11/12)

The Forum agreed the minute was an accurate record of the last meeting.

3. Summary of action points (AP04/12)

The Forum reviewed the action points from the previous meeting and noted that this list was in a satisfactory position.

4 Oral update on current issues

The Chairman updated the Forum on recent activities. The Forum noted a letter had been received from Deputy First Minister Nicola Sturgeon which outlined the intention to extend the regulatory period from 5 to 6 years.

The Chairman provided an update on the Forum's customer engagement work procurement. The Forum noted that the tender was now live and that it was hoped that a company would be appointed before Christmas. Emma Partridge was acting as the Forum's professional adviser on the procurement and work, through the office of the Independent Assessor. Any contract awarded would be under the terms of Consumer Focus Scotland's procurement procedures. Scottish Water were being involved appropriately in the procurement process to ensure alignment with their separate and complimentary customer engagement work.

5. Annual Report letter to sponsoring partners

The Chairman had circulated a draft annual audit of the Forum's activities and asked Forum members for comments before it was finalised and sent to sponsoring partners. The report was approved following some suggestions for minor additions.

6. Handling process for formal response to Scottish Water

The Forum agreed that there is a requirement for a formal process for responding to Scottish Water's consultation "Shaping the future of your water and water services". The Forum agreed to prepare a draft response and bring it to the February meeting for consideration. This would require a short extension to the deadline from Scottish Water which, if not acceptable, would necessitate the response being signed off by e mail exchange. The Forum had previously given comments to Scottish Water at the final draft stage of the consultation document and these would continue to inform the basis of the response. The Chairman urged Forum members to submit any comments in advance of the February to the Project Co-ordinator, to help inform the draft response.

7. Scottish Water

Following feedback from the senior management team at Scottish Water, together with customer service staff, Scottish Water gave a presentation on changes to the overview of customer priorities. The presentation highlighted that some priorities had been marginally revised following this feedback. The Forum agreed that the final position arrived at in the 'Listening to Customers' report as set out at Table 21 was a fair and reasonable interpretation of the results of the work at this stage. Further customer engagement work might lead to further refinements in due course.

Scottish Water gave a presentation which set out blocks of estimated investment expenditure over the next 25 years and where it is proposed customers money is being invested and why. It was stressed by Scottish Water that the figures given are indicative at this stage. Some of this future investment will be driven by statutory requirements and the need for investment to meet particular regulatory standards and avoid prosecution of Scottish Water. Scottish Water understood the Forum wanted to identify the real scope for discretion in each block of potential expenditure and Scottish Water had produced charts to seek to identify this. Scottish Water were clear, however, that there was probably no discretion around some of the statutory urgent work to meet required standards. The Forum will be given the opportunity to contribute to thinking on priorities through a series of planned Service Improvement Reports (SIR). These reports will set out the need for investment, the benefits, costs, options available and the risks involved. On the basis of the first example of a service improvement report on Drinking Water Quality the Forum was content with the format offered. Scottish Water talked through the content of the Drinking Water Quality report with the Forum and answered questions. The Forum noted the contents of the report at this stage and will offer comments to Scottish Water on the report and the issues it raises in due course.

Scottish Water had circulated papers on Overall Performance Assessment (OPA). The presentation gave the Forum a better understanding of OPA and the scoring, as a basis for future discussion with Scottish Water on areas for potential change and improvement in OPAs.

8. Range Papers

The Forum received the last set of range papers from the Water Industry Commission for Scotland (WICS). John Simpson, Director of Analysis attended the Forum meeting to assist discussions.

Efficient use of capital investment expenditure

This note outlined initial expectations of how Scottish Water will maximise the efficiency of its capital investment expenditure over the 2015-2020 regulatory period. The Forum will be able to challenge Scottish Water to explore alternative approaches to deliver improvements.

Sustainable funding by customers

This note aided the Forum's discussions on where it may be possible for engagement between the Forum and Scottish Water in agreeing improvements in services during the 2015-2020 regulatory period.

Financial Tramlines

The Forum discussed the financial tramlines. The financial tramlines ensure that Scottish Water maintains an appropriate strength over the medium to longer term, and also provided 'trigger' points when Scottish Water would engage with customers on the use of outperformance. The Forum will have to agree how and when customers should benefit from outperformance by Scottish Water.

Initial prospects for prices

The Forum discussed the paper which outlined initial prospects for prices, taking account of the operating range set out in the Ministerial objectives for the industry.

The Forum thanked John Simpson for his help assisting these discussions. The Chair agreed that he would write to Scottish Water highlighting points arising from the papers that would require further exploration with Scottish Water in due course.

The Chairman noted that John Simpson would shortly be retiring and thanked him for his contribution to the work of the Forum and wishing him well for his retirement.

9. Discussion on what Forum Members might judge to be a "success" at the end of the price setting process

The Chair opened up a discussion asking members for their ideas on what they would consider they might regard as a successful outcome at the end of the price setting process.

10. Any other business

None.

Closing remarks

The Chair closed the meeting, wishing everyone Merry Christmas and Happy New Year, and confirmed the date of the next meeting of 21 January 2013.