

Minute of the 4th meeting of the Customer Forum
Held on 5th March 2012 in Glasgow

Present: Peter Peacock (Chair)
Cowan Ervine
Johanna Dow
Dr Sarah Hendry
Bob Wilson
Agnes Robson
Iain McTaggart
Dr Susan Walker

Apologies: Trish McAuley (Deputy Director, Consumer Focus Scotland)

In attendance: Mark Nolan (Project Co-ordinator)
Douglas Millican (Scottish Water)(Item 6)
Belinda Oldfield (Scottish Water)(Item 6)
Fiona Templeton (Scottish Water)(Item 6)
Rob Sheldon (Accent)(Item 6)

Chair's opening remarks

The Chair welcomed everyone to the meeting and intimated that Mary Goodman had resigned from the Forum due to work commitments and that the FSB did not have the available resources to appoint a replacement. Appointing a replacement member is a matter for Consumer Focus Scotland and they, in consultation with sponsoring parties will make a decision in due course.

Item 1 – Apologies

Apologies were NOTED.

Item 2 – Minutes of the last meeting

The minutes of the previous meeting held on 25th January 2012 were APPROVED.

Item 3 – Matter arising

Forum members still wish to participate in the telephone survey to gain a better understanding of the experience from the customers' perspective. It was agreed to raise this with Accent and Scottish Water later in the meeting.

Item 4 – Discussion on visit to Glencorse

The Forum was invited by Scottish Water to visit the Glencorse Water Treatment Works on 10th February 2012. Glencorse is Scottish Water's newest WTW and replaces the Fairmilehead and Alnwickhill WTWs respectively. All who attended agreed that the visit was very worthwhile providing members with insight into the type of projects SW has to fund.

Item 5 – Chair update on recent meetings

Chairman and CEO of Scottish Water

Ronnie Mercer (Chairman) and Richard Ackroyd (CEO) were also accompanied by Douglas Millican (Finance Director). This was the Chair's first meeting with the Chairman and CEO of SW. They are very supportive of the Forum's creation and advised that they are more than willing to cooperate with the Forum to increase the customers' voice in the price setting process. They are currently looking carefully at SW's priorities and want to get a better feel for what customers want. They are also looking at the effects of the current price freeze and how it will impact on future spending priorities and investment.

Alan Sutherland, CEO, Katherine Russell, Director of Corporate Affairs and Keith Harris (Consultant) WICS

WICS publishes regulatory input papers and these will start to appear in the next few weeks. WICS have commissioned Aston University to look at SW's efficiency. The WIC CEO reiterated a willingness to assist the Forum with any information or analysis felt appropriate.

In discussion the Forum agreed that in due course it would be helpful to pull together in outline the considerable data that already existed on the improved performance of Scottish Water. The Forum further agreed that it will be necessary in due course to get a stronger feel for the detail of the Scottish Water budget And that it will also be important to be clear as to what £1 or 1% on or off charges raises or costs the the industry. It was noted that SW only has two sources of income – charges and loans from the SG.

It was noted that the recently announced cash freeze of charges for 2012/13 would inevitably constrain the business. Having established the freeze in charges, bringing it in line with the Council Tax being frozen, the Forum noted this may make the politics of removing the agreed freeze in the short term challenging for the Scottish Government, particularly with important political events on the horizon. It was further noted that a prolonged freeze would be bound to further constrain the business, while also creating strong incentives for greater operational efficiency and/or pressure on the ability to service the finance for capital investment. Further, any prolonged freeze may bring with it upward pressure on charges at whatever point such a freeze was lifted.

It was understood that a price freeze effectively takes some £30-35m off of the baseline.
Maureen Watt MSP, Convenor and Steve Farrell, Clerk, Infrastructure and Capital Investment Committee, The Scottish Parliament

The Chair met with the convenor to introduce the Customer Forum to the Scottish Parliamentary Committee responsible for oversight of Scottish Water. The Convenor

welcomed the Forum and its work in increasing customer participation. She advised that the committee is looking towards the next regulatory period and is aware that Scottish Water and the Scottish Government are considering extending the next period. The Chair may also be asked to appear before a future committee hearing. Maureen Watt also volunteered to sponsor a parliamentary event for the Forum.

Item 6 – Scottish Water/ Accent Presentation

Accent presented on the background work conducted into the research programme. The Forum agreed that this was very helpful in gaining insight into the thinking behind the research programme and what it is trying to do.

Item 7 – Areas of special interest

Members volunteered to specialise in the following areas within the industry:

Agnes Robson	-	Efficiency
Sarah Hendry	-	Regulation
Sue Walker	-	Environment
Cowan Ervine	-	Consumer debt/ hard to reach customers

Item 8 – Customer Forum Draft Business Plan

Members provided feedback which will be incorporated into the final Business Plan.

Item 9 – Next meeting date and venue

The next time the Forum will meet will be on 16th April for the meeting with Dr Bush and Prof Littlechild. The Forum agreed that the next full business meeting should be on 25th April 2012 with the option of dealing with any urgent business in the intervening period on the 16th April.

Item 10 – AOCB

The Forum noted that the SG had announced another price freeze on water charges and that CFS would be responding to the Hydro Nation consultation.