

Minutes of the twentieth meeting of the Customer Forum on 12 September 2013 at The Carlton Hotel, Edinburgh

Attendees: Peter Peacock (Chair)
Fiona Ballantyne
Cowan Ervine
Sarah Hendry
Jo Dow
Agnes Robson
Bob Wilson

In attendance: Douglas Millican, Scottish Water (item 4)
Jim Mulholland, Scottish Water (item 4)
Belinda Oldfield, Scottish Water (item 4)
Alan Scott, Scottish Water (item 4)
Alan Sutherland, Water Industry Commission for Scotland (item 5)
Laurie Macfarlane, Water Industry Commission for Scotland (item 5)
Andrea Mancini, Water Industry Commission for Scotland (item 5)
Keith Harris (item 5)
Rosemary Greenhill, Policy Adviser
Nelly Maublanc, Consumer Futures
Freddie Pryde, Water Industry Commission for Scotland
Donna Very, Project Co-ordinator

Chairman's opening remarks

The Chairman welcomed everyone and opened the 20th meeting of the Customer Forum.

1. Apologies for absence

Sue Walker

2. Minutes of previous meeting

The Forum agreed that the minutes were an accurate record of the last meeting.

3. Oral update on current issues and events

The Chair updated the Forum on recent activities.

The Chair would be attending a Stakeholders Liaison meeting on 16 September to discuss the future of the Forum. He would hope to be able to update members on this matter at the next Forum meeting.

4. Scottish Water - Draft Business Plan

The Chair welcomed Scottish Water to the meeting. Douglas Millican thanked members for the opportunity to discuss the draft of Scottish Water's draft business plan. The draft that Forum members were being asked to comment upon had been seen by the Scottish Water board at their August meeting.

Mr Millican updated Forum members on where Scottish Water is in regards to the next price review. He provided an outline on the implications there would be on borrowing following the Scottish Government's budget announcement on 15 September.

The Chair provided feedback on the draft and commented that overall, members had found it a very easy read. He made clear that, as requested by Scottish Water, the feedback was restricted to the extent to which the draft of the draft business plan reflected accurately references to the Forum and any deliberations. The feedback did not, therefore, make any comment or offer any opinion on the policy content or price proposals of the draft. The Chair commented that there was very little reference to the business customer and added that some alignment of objectives would be helpful. There was a useful discussion and explanation around wholesale charges to business customers which the forum would like to discuss in further detail at a later date. There were a number of changes that the Forum asked to be considered to reflect customer's priorities Scottish Water were happy to take these comments onboard and there were some discussions and explanations around Scottish Water's approach.

Mr Millican explained the next part of the process and the timetable for the business plan. The Forum could expect a copy of the draft business plan in October.

The Chair thanked Scottish Water for their attendance and Scottish Water indicated they found the discussions extremely useful.

5. Presentation by the Water Industry Commission for Scotland (WICS)

The Chair welcomed the team from WICS to the meeting and thanked them for attending. Alan Sutherland provided some background on what was happening in England and Wales on the run up to the Price Review and what might happen. OFWAT have indicated that price reductions of between 3% and 12% are possible, but where this would settle out was impossible to predict.

WICS provided the Forum with details around what Scottish Water delivered in the current price control period against expectations. WICS gave an overview of where Scottish Water would sit amongst water companies in England and Wales. Scottish Water are only marginally behind a typical water company in England and Wales but with minor changes to performance they could increase their standing. Scottish Water costs are where they should be and would fall into an "average performer" category against those in England and Wales.

Mr Sutherland explained the objectives of the financial tramlines. The financial tramlines will allow Scottish Water to share with customers any outperformance throughout the price control period and allow management with room to innovate. It will ensure that Scottish Water's financial strength is robust.

Mr Sutherland explained that WICS will receive a copy of the business plan at the end of October and will send a number of short notes to assist the Forum in discussions with Scottish Water by the beginning of December.

There was a short discussion on the future of the Forum. There is a working assumption in the business plan about the Forum's continuation. From WICS standpoint it is important to have a customer view. The Forum has provided the customer voice and it is

important that it continues.

The Chair thanked WICS for their very informative presentation and the opportunity of a wide-ranging discussion.

6. SEPA update

The Chair welcomed Jennifer Leonard and David Harley from SEPA to the meeting.

SEPA gave a presentation highlighting their perspective on the draft SR15 programme and the joint work with Scottish Water. They provided an overview of their priorities and where Scottish Water had made significant improvements. They outlined where they would like further improvements to be made for SR15-21. SEPA briefed the Forum on the scope of work being done to protect and improve environmental issues. SEPA have been working with Scottish Water on their climate change programme. SEPA also provided background on the 20 sites where historic sludge is stored and the risks involved.

SEPA asked the Forum what customers understand about Scottish Water's role in the environment. What the Forum's view is of the environment programme and does the customer altruism extend to the rural communities?

The Chair offered some responses to these questions and had found the background to the joint studies work very informative. The Forum advised SEPA that they understood the customer to do the right thing on environmental issues, while always alert to bill implications.

The Chair thanked SEPA for their presentation and asked that sludge issue be part of the quintipartite discussions if SEPA thought they wanted to raise the issues there.

7. AOB

The Chair thanked members for attending. The next meeting will be 10 October.