

Seventeenth meeting of the Customer Forum

Held on 20 September 2018

Attendees: Peter Peacock (Chair)
Rachel Bell
Andrew Faulk
Mairi Macleod
Bob Wilson
Stuart Housden
Sue Walker
Jo Dow
Tom May

In attendance: Graeme Dickson, Customer Forum
Donna Very, Water Industry Commission for Scotland (WICS)
Kerstin McEwan, Water Industry Commission for Scotland (WICS)
Colin McNaughton, Water Industry Commission for Scotland (WICS)
David Satti, Water Industry Commission for Scotland (WICS)
Gail Walker, Consumer Futures Unit
Rebecca Millar, Consumer Futures Unit
Tom Harvie-Clark, Scottish Water
Douglas Millican, Scottish Water
Molly Horsley, Scottish Water
Judy Walker, Scottish Water
Brian Lironi, Scottish Water

Chair's opening remarks

The Chair welcomed attendees to the 17th meeting of the Customer Forum.

Apologies

Apologies were received from Agnes Robson.

Declaration of interest

No declarations were noted.

Minutes of the last meeting

The 15th minutes (July) were approved subject to some small corrections.

The 16th minutes (August) were approved.

Actions

Actions were noted. The Forum noted that SEPA and DWQR were attending the November meeting separately. The Forum asked that their session be combined as it would be useful to have them jointly update the Forum.

Update on recent activities

The Chair provided an update on activities since the last meeting.

WICS is providing support to the Forum on a number of questions they have raised during this SRC process. These questions have now been collated and prioritised by WICS and updates will be shared with the Forum.

Members of the Forum attended the latest high-level Joint Stakeholder Meeting. This meeting had a large agenda with an update on the SRC process, a presentation on performance monitoring and a paper on the refinement of the methodology behind the SRC. The Chair reported that there had been a shift on emphasis. During previous SRCs, Scottish Water has been asked to submit a detailed business plan, however going forward the Commission have asked that Scottish Water set out a clear strategy which would look at the long-term approach to the management of the water industry. This strategy would be adopted as a Strategic Plan. The Commission now expects the Forum to seek to discuss and agree a Strategic Plan with Scottish Water. This had been set out in a letter from WICS to the CEO of Scottish Water and the Chair of the Forum. These letters clearly emphasised the need for more transparency and close working relationships. They made clear that the Forum should seek to work closely with SW in an iterative process toward agreeing the Strategic Plan.

Graeme Dickson updated the Forum on a discussion that he had held at the Chair's request with Simon Parsons of Scottish Water, to gain a fuller understanding of Scottish Water's approach to environmental issues beyond only regulated environmental matters and he had circulated an update to Forum members which had been sent to Simon Parsons for agreement prior to its circulation. Graeme had discussed Scottish Water's various ambitions in the environmental area. Graeme reported that he had been encouraged by the conversation, that SW appear to be moving toward an environmental strategy which is the subject of work currently and they have agreed to share the thinking with the Forum's environmental group at a future date. The Forum was encouraged by the positive tone of the report of the meeting and what had been learned and looked forward to further engagement in due course.

The Chair also reported that Scottish Water had asked to remove the item on 2019/20 charges from the agenda for today. The Chair recounted the position the Forum had reached on this matter at its away day earlier in the year; that there was an agreement for a six year period and there was merit in sticking with that, and being seen to be able to stick with it, in circumstances where more resources were not needed by Scottish Water to meet the agreed objectives for the period. On the other hand the cash benefit to customers of achieving the lower rate of increase agreed were small and were likely to be reversed in returning to a sustainable price trajectory in the first or subsequent years of SR21. The Forum was willing to discuss with Scottish Water whether there were other matters Scottish Water could address with any sums released by sticking with the price trajectory used for the first years of SR15 which might release savings in the future or other particular benefits, and authorised the Chair to speak with Douglas Millican to discuss 19/20 charges in line with the Forum's position on the matter.

Sue Walker provided the latest update on the performance monitoring group meeting she had attended. Among the matters discussed SW are now looking at developing a new OPA – some items

from previous OPA will be removed and others added. Things going in would be items such as: taste and odour, sustainability and support for Scotland's economy. The Forum considered it important that community and environmental measures remain a focus and Sue Walker was able to confirm these were very much still on the agenda. Mairi Macleod will attend the next performance monitoring group meeting in Sue's absence.

Andrew Faulk reported he will be attending a meeting developing the Project Appraisal system.

The business sub-group of the Forum reported on their recent activities and will provide an update of the meetings they were planning with Anglian and Business Stream to look at their views on the to end processes of dealing with customer complaints. This was seen as part of better understanding the perceptions of LPs and to assist in further discussions with Scottish Water.

The RCG had held a very constructive meeting and reported on an LP survey carried out by SW. SW considered they were in a very good place with LPs from the results of the survey. The Forum will develop further its thinking on areas of research interest around the questions of trade-offs, legacy, risk and environmental questions. A workshop with Scottish Water and other stakeholders on research within the environmental space was to take place following Scottish Water's initial proposals for research in this area.

Sue Walker provided an update on Scottish Water's Research & Innovation Catchment Science Conference. The event was organised by Scottish Water's sustainable land management group and focused largely on drinking water quality. Universities, research institutes and various other stakeholders were involved in the event. Sue Walker noted an audience question of particular interest to the Forum on how Scottish Water's investment appraisals will take into consideration the wider benefits provided to the Scottish society from the approaches seen in the work under discussion. At the event, Scottish Water identified its main focus to remain on providing safe drinking water and mitigating risks.

'Social Contract' – the Forum discussed the draft of a potential draft 'social contract' that had been circulating among members and which was seeking to capture what the nature of the 'deal' was between charge payers and Scottish Water – what customers expected of Scottish Water in the round for the payment of their charges. The Forum agreed the broad content of the thinking in the paper and asked that it be recast in light of the many points made in the discussion. This was increasingly being seen as the thinking that needed to form part of the underpinning of and be embedded in the Strategic Plan, what it was that was 'doing the right thing' by the people, than it was an explicit 'social contract'. There were reservations about the use of the term 'social contract' in this context. This had to be more than something that could be pinned to a wall as a statement, and more something that helped inform the very being of a modern water company operating in the 21st century. Graeme Dickson was charged with re-drafting the document for sharing with Scottish Water and other stakeholders as a contribution to the ongoing discussions around SR21. The Chair was authorised to clear the final draft for circulation.

Consumer Futures Unit

The Chair welcomed the Gail Walker and Rebecca Millar from CFU to the meeting. Gail provided an overview of what was being done in the Community Engagement area by the CFU. She had a very encouraging meeting with Scottish Water recently and had stressed the importance that SW must place in engaging with communities. Although, Scottish Water are able to demonstrate some good engagement with communities there does not yet appear to be a clear strategy on how to engage with communities and take things forward on a wider basis.

Rebecca Millar provided an update on a tender for some research that is about to take place. The tender will involve some case studies and a desk-top piece of research. The research will look at three case studies where community engagement has taken place. The CFU reported that they will report back to the Forum at regular intervals. The CFU would ask the Forum to contribute to the costs of the study and would write to the Chair regarding this.

Water Industry Commission for Scotland

Colin McNaughton and David Satti provided the Forum with an overview of the PR19 Business Plans in England and Wales. Overall, the plans revealed that the companies in England and Wales were aiming for a CPI -4% settlement, but this was before Ofwat had scrutinised the plans, where further cost disciplines were likely to be placed on the companies. These might result in CPI-10% charges over the period, but it was premature to predict this. The Forum noted that under various scenarios, even at the higher level of charge reduction against CPI, that Scottish charges could still be kept at just below the England and Wales average price, but where the charge gap at the average narrowed significantly. Depending on what happened in the subsequent period in England and Wales (if prices may require to rise again), it could not be clear that the Scottish average price would or would not rise above the England and Wales average. The Forum noted again their reservation of the use of average prices.

Scottish Water

Tom Harvie-Clark provided an update on the analysis of the responses to Scottish Water's 'Shaping the Future' consultation which had just been completed and the report finalised. Scottish Water considered the results to have demonstrated new insights into how SW's customers see them and what areas are of interest to their customers. The Forum noted this report and had thought the events that SW had participated in to be extremely worthwhile exercise to engage with customers. The Forum noted that among the results being reported the on-line responses to the consultation, although much less in number, should be interpreted as the stronger results in research terms.

Tom Harvie-Clark set out how the results of this work and other engagements with stakeholders work was influencing how Scottish Water would approach the coming thinking around the Strategic Plan. In particular Scottish Water was now considering their relationship with Scotland's National Performance Framework and National Outcomes. Scottish Water saw that they had a contribution to make to a wide range of the outcomes, probably wider than had been formally appreciated before. In turn Scottish Water were now proposing to adopt a fourth strategic priority to those already stated in the Strategic Projections by the inclusion of what was currently being termed "Supporting a flourishing Scotland" and intended to capture within this the wider range of national outcomes they had a role in contributing to. The Forum welcomed this development as moving toward addressing a number of issues the Forum had been raising over recent months and looked forward to further engagement on this. The Forum asked Scottish Water to note the wider policy frameworks that the Scottish Government had, for example that emerging from the current consultation on developing an environmental strategy for Scotland.

Brian Lironi, Director of Corporate Affairs provided an update on the work being done to engage and involve customers and communities since he last visited the Forum in March 2018. He outlined the five areas of work in this area:

Communication campaign and customer engagement

Scottish Water have built on their communication campaign and feel that they have been quite ambitious when compared to other water companies. The 'Your Water Your Life' campaign was launched in June of this year and a recent survey carried out by you.gov suggested that 40% of those who participated knew of the campaign, 2/3rds felt better about SW since seeing and 53% say they will drink more tap water as a result with 60% being more likely to carry a refillable bottle as a result of seeing the ad. They propose to develop further in this area during this SRC period and evaluate its performance against objectives. The Forum was encouraging of the work being done in this area.

Community engagement

Mr Lironi recapped on recent work in this area and provided background to the project at Haymarket and the lessons learnt. SW are now developing internally the processes around how community engagement will be built into the drivers and outputs of capital projects with greater weightings. The Customer Forum was satisfied that what was presented represented good progress.

Representative Panels

The Customer Forum had encouraged SW to do some further work in the area of representative panels and SW have agreed to look at developing two panels, which would be agreed with in consultation with the Forum. The initial view of Scottish Water was that these panels should be tried in the area of vulnerable customer interests and separately in the environment. The Forum endorsed these two areas for early action. The Forum further asked that Scottish Water consider a panel at a catchment level to promote and engage communities in thinking about their water catchment and actions that could be taken in the catchment to improve the water environment and water quality. This would dovetail with the recent Scottish Water scientific results in catchments referred to above and could have links to the matter below.

Community Foundation/Fund

SW advised the Forum it has agreed to progress considerations on the development of a Community Benefit Fund and will carry out further work on how this might operate, be funded and the governance of the fund. Scottish Water has been impressed by the work and contribution of other funds they were aware of and how they had contributed to the reputation and operations of other organisations. Scottish Water intended to learn from the actions of other funds in for example SSE and the Wheatley Group. The Customer Forum welcomed the thinking that was emerging and thought it offered opportunities to considerably enhance Scottish Water's relationship with communities from which both Scottish Water and communities could benefit. The Forum cautioned on there being a minimum level of funding to make any such fund worthwhile and of any potential danger that such a fund would have a 'displacement' effect within the company, where other engagements with communities were ceased or reduced with the fund being seen to be the extent of what Scottish Water did in this space. Any fund would need to bring net additional benefits to community engagement and the wider community benefits that can and should derive from capital works in a community needed to continue as a mainstream part of that activity.

The Forum agreed to continue the dialogue in this area with SW and will seek to establish a sub-group to engage with all 5 of the proposals with Scottish Water.

Cross Connection Policy

The Forum noted the proposed policy for cross connections presented by Scottish Water.

The Chair thanked all those who had attended from Scottish Water.

AOB

None