

23rd October 2019

Thirtieth meeting of the Customer Forum

Held at 10.00am Stirling Highland Hotel, Spittal Street, Stirling FK8 1DU

Attendees and in attendance

Peter Peacock (PP)	Chair	Attendee	Green
Agnes Robson (AR)	Vice Chair	Attendee	Green
Jo Dow (JD)	Member	Attendee	Red
Rachel Bell (RB)	Member	Attendee	Green
Andrew Faulk (AF)	Member	Attendee	Green
Bob Wilson (BW)	Member	Attendee	Green
Stuart Housden (SH)	Member	Attendee	Green
Mairi Macleod (MM)	Member	Attendee	Green
Tom May (TM)	Member	Attendee	Green
Sue Walker (SW)	Member	Attendee	Red
Sam Ghibaldan (SG)	Director	In attendance	Green
Rachael Picken (RP)	Customer Forum Support Manager	In attendance	Green
Fraser Stewart (FS)	Customer Forum Research Support	In attendance	Green
Douglas Millican	Scottish Water	Attendee (SW section only)	Green
Peter Farrar	Scottish Water	Attendee (SW section only)	Green
Simon Parsons	Scottish Water	Attendee (SW section only)	Green
Tom Harvie-Clark	Scottish Water	Attendee (SW section only)	Green

Introduction

1. Apologies

There were apologies from Sue Walker and Jo Dow.

2. Declaration of interest

There were no new declarations of interest.

3. Minutes of the last meeting

The minutes of the previous meeting (September 2019) were approved.

Matters Arising

4. Actions from the September 2019 meeting

The Forum discussed the outstanding actions.

Updates

The Chair and members provided an update on activities since the last meeting, including:

5. Stakeholder Advisory Group (Chair, Agnes Robson, Sam Ghibaldan)

The Chair and Director stated the Strategic Advisory Group (SAG) had met on 18th September 2019.

Stakeholders provided feedback to Scottish Water on the latest draft of the Strategic Plan. The focus of discussions was on what should be said in the Plan regarding pricing.

The rest of this discussion was taken in private.

6. SW meeting re. the draft Strategic Plan

Scottish Water and Forum members (PP, AR, AF, RB, SG and RP) met on 11th September to discuss the Strategic Plan prior to the SAG. It had been a constructive meeting. SG and RP followed up with detailed feedback to Scottish Water. Scottish Water listened to the points made by the Forum and these are largely reflected in the latest version of the Strategic Plan.

7. Social Contract

The Chair introduced the analysis of the Strategic Plan against the Forum's draft Social Contract for SRC21. The Strategic Plan encompasses the ethos of the Social Contract expectations the Forum outlined to Scottish Water in 2018, making at least one reference to all the expectations established, many with significantly more. Of the 15 Social Contract 'expectations', 14 are fully met by the current version of the Plan. The exception to this is 'Support to enjoy and appreciate the environment you own or manage or otherwise help to keep clean for us'. There is currently only one reference to this within the Strategic Plan. The Forum considered this could be addressed via the forthcoming Minute of Agreement on the Strategic Plan.

8. Research Coordination Group (Agnes Robson)

The Research Co-ordination Group met on the 17th September.

AR highlighted the main points:

- Final reports have been received for a number of research projects (e.g. Community Engagement)
- The meeting looked at 'what next' for the research programme. The Forum are expecting IPSOS insights into further research questions which might be beneficial in mid-October. RCG members had considered the prospect of research around customer understanding of risk. It is possible that a further ESRI project might focus on this.
- There was a discussion around publication of SRC21 research programme reports. The preferred option from the RCG for ease of access would be these are all shared on one page on the Scottish Water website. Legal implications and organisation acceptability need to be worked through. The secondary option is there are links from the Scottish Water website

through to the respective Lead organisation website. All stakeholders were to discuss in the respective organisations and feedback to Scottish Water.

The Forum identified the need for ongoing discussion with Scottish Water regarding research and engagement with business customers and groups such as the Federation for Small Businesses and the CBI etc.

9. Flourishing Scotland Business Group (Bob Wilson, Tom May, Rachel Bell)

No meeting since the last Forum session. Next meeting 10th October 2019.

10. Performance Monitoring (Sue Walker, Mairi Macleod)

A meeting was held on 27th September; MM and SG attended. The main points highlighted to the Forum were:

- Since the last meeting was held in June 2019 Scottish Water had intended to concentrate on the detail of the proposal.
- The group received a short presentation on the Strategic Plan 'wheel' to update stakeholders.
- Scottish Water had two main asks of stakeholders: Whether stakeholders felt a) the draft plan for RP&I was capturing all needs, and b) specific feedback on how they Scottish Water should report to all stakeholders (but mostly customers).
- Scottish Water has a prototype drawing examples from elsewhere with a proposal to link from the Scottish Water website. The Forum considered significantly more detail would be required. The aim is for stakeholders to have all information visible, at the various levels of detail required. There should be the potential for all stakeholders and customers to access this through one central point. There was a general agreement from stakeholders that one access point would be beneficial.
- There was a discussion around some of the measures to be used; both backward looking at what has been achieved and forward looking (how Scottish Water is progressing towards targets). Some new measures proposed were around Asset Management and Carbon. Further work on the scope of these is required.
- Next steps: test measures should be rolled out by April 2020. This is challenging schedule and it's possible that not all of these will be achieved by this point.
- Scottish Water's expectation is that this will take three years to embed with stakeholders and customers.
- There was a discussion around the role of the RP&I group in the next 6 months. The group will continue going forwards, with transparency of work between this and other Working Groups.

There needs to be a further discussion around what customers expect to see in this space and the expectations of WICS that customers should be able to validate Scottish Water's performance.

Internal discussion: Future Strategy Research

The Forum discussed the recent draft report received from IPSOS and the upcoming stakeholder debrief session (8th October).

Scottish Water: Annual Performance Review

The Forum prepared for the session on the Annual Performance Review. The Chair indicated that the Forum could write to Scottish Water following the session to provide formal feedback.

Scottish Water set out Scottish Water's Annual Performance Review for the Forum:

- Positive performance in year particularly in CEM measures, which has seen solid performance increases, with positive behaviours being driven in the business.
- Leakage continued to drive down levels.
- Most challenging was around water quality around limitations in asset capability and the implications of climatic factors for raw water. Recent DWQR Report recognises the changes that are being driven within the business.
- On the financial side the challenge is the capital programme delivery, which is likely overspend to deliver, though this will be covered from outperformance. Maturing of delivery alliances will bring benefits.

The Forum picked up on specific points below:

Pg. 1 Leakage

The Forum asked how does dry weather put pressure on leakage. Scottish Water responded by saying increased water demand by 30%, and ground movements caused an increase in burst pipes both visible and non-visible leakage. Great support from the Supply Chain partners in response. Still reduced leakage by 12 ML/D, but at a greater cost £10M in total extra spend to deal with dry weather period.

Pg.2 Levels of investment: £660M invested to improve services

The Forum asked for a comparison to other years.

Scottish Water responded by saying this was the highest in recent years. 2010-2016 approximately £500M/per annum. In 2007-09 higher than £660M.

Pg.3 hCEM

The Forum asked for a expectations of patterns of measure going forwards

Scottish Water responded by saying there is a view that there will be a point of diminishing returns, and this will be reviewed in the context of the RP&I workstream. July/August 2019 have the potential to impact on this year's score, with dry weather period in July and wet period in August resulted in problems with the sewer network- blockages and pollution events.

Pg.4 Formal complaints

The Forum asked does this include all complaints received or are these the ones which go to Ombudsman?

Scottish Water responded by outlining the process for formal complaints and how this links to hCEM and escalation process. Contacts around service issues is a separate measure and the level is relatively steady at around 20,000 per month with a focus on good time resolution of these. Expectation is that this number remains at this level. Fluctuation for formal complaints was annual only and small in the wider context.

nhCEM

The Forum asked questions around the points lost measure.

Scottish Water explained how this is measured and recorded.

Developer services

The Forum asked questions around how this satisfaction has been achieved.

Scottish Water responded by outlining the continual effort to build this area, different processes required using independent company. Big step change has potential to be provided by the new IT system to run end to end service experience. The new IT system due for completion in November 2019. A new App around track inspections has brought multiple benefits for Scottish Water and Developers (5 days for inspection down to 1 hour) this is a good example of digital transformation required.

Pg.5 UKCSI

The Forum asked a general question around measure performance and billing and what impact would it make if Scottish Water completed billing as this is where the majority of complaints lie?

Scottish Water explained the performance. Positive is that Scottish Water performance is relatively stable and so is a sustainable service offering. At a UK level the level of customer satisfaction is dropping, so in theory for Scottish Water to stand still requires harder work for Scottish Water to have a sustainable satisfaction level.

OPA and Appendix 1

The Forum asked questions regarding the lost points areas through changes such as non-compliant WWTW and EPIs and the exclusion measure around the dry weather related to internal flooding. Are such events becoming more extreme and/or frequent?

Scottish Water responded by explaining that 2017 was the highest performance in failing works (0 failing WWTW up to 2 failing WWTW in 2018). Spend on chemicals higher than expected to meet compliance (£4M) with a question here over whether this at a broader level is the right environmental solution. This is an area of challenge for the future and further conversations with SEPA. Increase in EPIs largely related to dry weather. Working on improvements in network visibility, start of a long journey. In relation to whether events were becoming more extreme/frequent and affecting the day-to-day business, Scottish Water took an action to look around these for 2020 session with the Forum.

Appendix 2

The Forum asked questions around the Minimum levels met but still showing increases in the last year with a reflection from the Forum that all the measures are marked as 'green' but some do not reflect the direction of travel e.g. water discolouration contacts , external flooding due to blockages and failures and the number of pollution incidents.

Scottish Water responded by explaining that minimum levels were set as where Scottish Water were at the beginning of the SR period to reflect Ministerial Directives to maintain service standards. More complexity to be added for SRC21.

Pg.6: Leakage figure

The Forum asked leakage is represented in comparison to E&W.

Scottish Water explained that depending on what figure is used is largely influential for how this is perceived. For example if displayed per household Scottish Water don't compare well with England, but if measured per km of main Scottish Water performance is high due to the nature of the network in comparison.

Pg.7 Internal Sewer Flooding

The Forum asked for an explanation of marginal increase in incidents.

Scottish Water explained this had marginally increased due to weather related incidents. The Forum commented that the way of presenting the data does not necessarily reflect the good work in this area. It would be good to demonstrate the good performance here e.g. how many are taken off the register, as well as how many are added.

Pg.8 Climate Change

The Forum asked questions around the use of carbon accounting wording and the IRR for renewables projects.

Scottish Water explained the detail of both of these areas.

Pg.9/10 Financial performance

The Forum asked for a broad overview and an explanation of cash flow in the system.

Scottish Water provided a broad overview of both areas.

Internal Discussion

- **Scottish Water Annual Performance review reflections**

The Forum will respond with a formal letter. This will reflect today's conversations: positive performance overall, with some clarifications around the financial performance, cash balance, clarification of exceptional events and targets for the next period.

- **Strategic Plan next steps**

Discussed earlier on the Agenda as part of SAG discussions:

Post the Scottish Water Board the Strategic Plan has been circulated to stakeholders. The main changes are:

- Clearer commitment on the national engagement exercise
- Clarity on the transformation needed (now included in the Executive summary)
- Wording around prices (reflecting SAG discussions)
- Review of strategy required throughout SRC21
- The transformation in community engagement is increasingly emphasised
- The public value element is more prevalent throughout the document

General feedback from the Forum members was:

- Huge collective shift in the Strategic Plan in the last few months
- Reflects many (if not all) of the general asks of the Forum, although where these apply to business customers could be clearer
- The new graphic to display the Strategic Outcomes was viewed positively

This new draft of the Strategic Plan will be discussed at the October SAG.

- **Charging strategy next steps**

PP and SG had done some work on what could be included in the charging package and shared some early thoughts with Scottish Water.

The Forum discussed their potential approach to charging discussions. This discussion took place in private session.

AoB

- **Social Contract:** Discussed earlier on the Agenda.
- **ECCLR Committee:** The Chair has been asked to give evidence at the Parliamentary Committee on 5th November. Scottish Water and WICS have also been invited.
- **EBR Group:** SG, PP, AR, SH all attended interviews w/c 30th October. Papers circulated for Study 1 and 2.
- **Delivery Plan:** PP/SG raised this with DM/SP, and the role of the Forum within this. The Minute of Agreement on the Strategic Plan will inform the Delivery Plan.
- Customer Forum to draft a **Minute of Agreement on the Strategic Plan:** share with the Forum for a prompt response and send to Scottish Water for comment. This should also include the areas where Scottish Water have also included Forum comments/insights over the last few months. The intention is that it can ultimately be signed by both parties, by the

time the Strategic Plan is formally agreed. It doesn't need the agreement of other stakeholders but in spirit of EBR will be shared with SAG (date to be agreed).

- **Formal agreement of the Strategic Plan:** Continue to exchange edits with Scottish Water, deal with agreement by correspondence.
- **Formal agreement on prices:** Detailed discussion ongoing.
- **Communities of Interest-** Date for the Environment Col pencilled in the diary for 13th November invites to be sent out via Scottish Water. The Forum have detailed invitees to Scottish Water, areas to be covered and purpose of the session. Vulnerable customers and business customer sessions to be followed up with Scottish Water to check dates proposed.
- The Scottish Government accepted change to the **Climate Change Bill (Stage 3)** with the results that the targets are tighter by five years. The Forum discussed the implications of this, further discussions in this area will be ongoing.
- **Future role of customers:** PP stated that early discussions have started around what the role of customer input should be within SRC21. Scottish Water needs to demonstrate it is continuing to deliver value, strategically and through the process elements. Possible three roles of future Forum a) a general sounding board for the view of the customer, b) to ensure validation of delivery progress and c) research. This needs to be independent and an empowered body (as per the current Forum via the agreement of the Strategic Plan and price profiles). The Forum agreed to discuss this at the next Forum meeting.
- **Customer Support document:** RP updated the Forum on the document; to be drafted in partnership with Scottish Water and published in line with the Strategic Plan. Timescales for drafting to be discussed and drafts to be passed between Scottish Water and the Forum for comment.

Meeting Closed.

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