

14<sup>th</sup> November 2019

**Thirty First meeting of the Customer Forum**

**Held at 09.30am Murrayfield Suite, Jurys Inn Edinburgh, 43 Jeffrey Street, Edinburgh, EH1 1DH**

**Attendees and in attendance**

Peter Peacock (PP)	Chair	Attendee	
Agnes Robson (AR)	Vice Chair	Attendee	
Jo Dow (JD)	Member	Attendee	
Rachel Bell (RB)	Member	Attendee	
Andrew Faulk (AF)	Member	Attendee	
Bob Wilson (BW)	Member	Attendee	
Stuart Housden (SH)	Member	Attendee	
Mairi Macleod (MM)	Member	Attendee	
Tom May (TM)	Member	Attendee	
Sue Walker (SW)	Member	Attendee	
Sam Ghibaldan (SG)	Director	In attendance	
Rachael Picken (RP)	Customer Forum Support Manager	In attendance	
Fraser Stewart (FS)	Customer Forum Research Support	In attendance	
Douglas Millican (DM)	Scottish Water	Attendee (SW section only)	
Simon Parsons (SP)	Scottish Water	Attendee (SW section only)	
Tom Harvie-Clark (THC)	Scottish Water	Attendee (SW section only)	
Molly Horsley (MH)	Scottish Water	Attendee (SW section only)	
Alan Sutherland (AS)	WICS	Attendee (WICS section only)	
Ian Tait (IT)	WICS	Attendee (WICS section only)	
David Satti (DS)	WICS	Attendee (WICS section only)	
Colin McNaughton (CM)	WICS	Attendee (WICS section only)	

**Introduction**

**1. Apologies**

There were no apologies.

**2. Declaration of interest**

There were no new declarations of interest.

**3. Minutes of the last meeting**

The minutes of the previous meeting (October 2019) were approved subject to minor changes related to the Annual Performance Review minutes.

## **Matters Arising**

### **4. Actions from the October 2019 meeting**

The Forum discussed the outstanding actions.

## **Updates**

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

### **5. Performance Monitoring (Sue Walker, Mairi Macleod, Sam Ghibaldan)**

Last meeting held on 8<sup>th</sup> November 2019. SG, SW and MM attended.

Main updates were:

- It was now proposed that measures should be developed by January 2020; ready to shadow test in March 2020.
- Scottish Water outlined those measures being refreshed (e.g. CEM where the Forum had been involved) and new measures.
- To date measures have been developed internally within Scottish Water.

New areas of assurance outlined as:

- Progress in Investment Appraisal: the tracking of projects/programmes from the Development to Committed List.
- Delivering Outcomes for Scotland: the development of metrics associated with the long-term strategic plan.
- Net Zero Emissions: the composition of the metrics into the new emissions measure.
- Delivering Value for Scotland
- Asset Management Requirement List: the tracker for long term maturity in Asset Management.
- Financial Commitment: the tracking of expenditure plans in the Committed List relative to the financed expenditure level.
- The Forum noted that further work on RPI was necessary including measures to be developed around flourishing Scotland, communities and wider public benefits. The measures need to be fully aligned with the transformative activities in the Strategic Plan and wider Scottish water industry vision.
- The Delivering Value for Scotland measures need to be expanded beyond service measures.

The Forum agreed that it would provide Scottish Water with a paper outlining the measures it thinks should be included in the RPI work. The Forum would discuss these with Scottish Water. The Forum noted this would be an area of focus at the next SAG meeting.

### **6. Stakeholder Advisory Group (Chair, Agnes Robson, Sam Ghibaldan)**

The Strategic Advisory Group (SAG) had met on 28<sup>th</sup> October 2019.

The main points highlighted were:

- **Engagement and communication strategy** (around the Strategic Plan and price profiles). The Customer Forum view is each organisation should have its own independent communication or engagement plan, though these should be shared with other stakeholders. The Forum would prepare its core messages.
- **RCG:** SG presented on Future Strategy research findings at the October SAG. Well received presentation and discussion. Supporting document on Customer Insights was well received.
- **EBR Support Group:** PP, AG, SG and SH had completed interviews prior to SAG. The EBR Group had presented their findings to SAG.
- **Strategic Plan:** Further discussion around aspects of the Strategic Plan including prices.

## 7. ECCLR Committee update

The Chair and the Director had given evidence to the ECCLR Committee session on 5<sup>th</sup> November 2019. The Chair highlighted the main points covered in the discussions.

## 8. Strategic Plan update

Previously covered under Agenda item 6.

Publication sequencing in 2020:

- Principles of Charging (early January)
- Strategic Plan (end of Jan/early Feb)
- Prospects for Prices (WICS) (mid-February)

A further discussion with Scottish Water around the need for a Strategic Environmental Assessment is required. The current proposal is that this would be completed on the more detailed strategies to follow the Strategic Plan. The Forum considered that there should be a statement accompanying the Strategic Plan (if not a full SEA) to show the intent of how SEA will be approached in relation to the detailed strategies to follow.

## 9. Strategic Plan Supporting Document- Customer Insights

This document had been circulated to the Forum in advance of the meeting and members had been asked to provide any feedback to RP.

## 10. Minute of Agreement update

One meeting held with Scottish Water to date. Scottish Water and the Customer Forum to further discussions on 18/11/19. Document will be circulated around the Forum as appropriate in due course.

## 11. Research Coordination Group (Agnes Robson)

There has been no Research Co-ordination Group since the last Forum meeting. Date for next meeting to be confirmed.

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

Last meeting held on 10<sup>th</sup> October 2019. TM highlighted that at the last Technical session there was further discussions around internal meters and rural meter readings with Scottish Water and how this could be improved.

### 13. Environmental Panel session with Scottish Water

Environmental Panel session with Scottish Water and environmental representatives including Scottish Wildlife Trust, RSPB, NHS Scotland, Environment Link and the Sustainable Scotland Network was held on 13<sup>th</sup> November.

The aim of the session was to:

- Explore customer insights (with feedback)
- Gather thoughts and initial reactions to high level strategic plan/objectives
- Discuss partnership opportunities for the sustainability, biodiversity and carbon agenda.

Positive discussion as start of conversation/engagement with this Community of Interest, with follow up session in around 6 months offered, and early stage discussions around pilot/demonstration partnership opportunities.

### Internal discussion

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#### 14. Prices evidence

Discussion around the Prices paper drafted by FS. The document was drafted as an objective review of the body of evidence around customer insights on prices and the key findings.

The Forum had a discussion around the conclusions to be drawn from the paper:

- Need for an **ongoing engagement exercise** including a clear narrative to explain the wider service, prices and value
- Scottish Water require an ability to **engage directly with customers**
- Emphasise on the value customers place on Scottish Water being a **publicly owned company**; and the activities Scottish Water are currently (and could be) doing for the public (Future Strategy research and Pride research)
- WICS need to set the **long-term direction** and be clear on the message (drawn from the value customers placed on the regulatory framework in the Future Strategy research)
- Customers need to be given information around price rises to understand the need and **drive acceptability** (drawn from Future Strategy research)
- Scottish Water needs to be alert to not **losing the trust** of customers in raising prices
- **Established review points/re-assessment** of price rises should be factored in the process (based on household economics and wider societal benefits)
- Customers need reassurance on the **delivery of value** (Future Strategy research)
- Emphasise on the **adoption of circular economy principles and innovation** to keep prices lower (Future Strategy)
- **Mechanism for reassurance** for customers across the Strategic Plan areas

#### 15. Future role of customers in SRC21

The Forum heard the discussions to date around the need for a customer assurance mechanism. This included explaining the changing context in which Scottish Water operates and the implications of this for how Scottish Water engage and understand customers.

## Scottish Water

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Discussion around 3 focus areas:

- **Route map to net zero**
- **Sequencing of main elements of SRC21**
- **Looking beyond the Strategic Review**

### Route map to net zero

SP outlined the internal Scottish Water One sessions and the positive response from employees and outlined the 3 commitments made by Scottish Water to:

- Host or generate 300% renewable electricity by 2030
- Achieve net zero emissions by 2040
- Publish a route map in 2020

SP outlined the CAPEX and OPEX challenge to net zero and the simple route map (reducing footprint, maximizing renewables and offsetting). Scottish Water will look at minimising the impact of construction which is a bigger challenge due to the bigger investment programme in SRC21 and beyond.

Questions/comments from the Customer Forum were around:

- Discussion around making sure that offsetting is not the 'easy' option but focus remains on the reduction element.
- Some of the Asset Efficiency measures could be badged as 'spend to save' to appeal to customers.
- The reporting tools used for CAPEX and OPEX figures with Scottish Water clarifying the OPEX tool is well established and audited, whilst the CAPEX tool is emerging/developing but used across all UK water companies.
- Reflections this was hugely positive that Scottish Water were including embodied carbon as well as operational carbon.
- Impressed with the direction being set in technically challenging area which has the potential to be innovative and inspiring and should be widely promoted.

### Sequencing of main elements of SRC21:

THC outlined sequencing:

- OFWAT (E&W pricing): 16<sup>th</sup> December 2019
- Principles of Charging and Ministerial Objectives consultation: January 2020
- Strategic Plan: End of January 2020
- WICS Decision paper on Prospects for Prices for 2021-27: February 2020
- Customer Forum agreement on prices for 2021-27: March 2020
- WICS draft determination: May 2020
- Final Principles of Charging and Ministerial Objectives: June 2020
- Final determination: September 2020

## Looking beyond the Strategic Review

THC outlined areas beyond this phase of the Strategic Review which need further thought:

- **Future customer and community engagement** (including representation in the Investment Planning and Prioritisation). PP fed back that the Forum will be having a session on this in the near future, and then will engage with Scottish Water on ideas and areas of discussion. DM stated that it would be useful to have a stretching conversation on this topic to ensure the customer voice is maximised and achieves real value.
- **Delivery Plan:** Further work required in this area and the role of the Forum/voice of the customer.
- **Reporting Performance and Information:** PP noted this is on the November SAG agenda. The Customer Forum sense is that a wider stakeholder session is required on this to look at the RP&I needs in the context of the Strategic Plan. It was necessary to align the measures with the transformative activities outlined in the Scottish Water Strategic Plan and wider industry vision.

## WICS

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### 16. Prospects for Prices latest thinking

WICS outlined their current thinking around areas to be reflected in the Strategic Plan. This discussion was in private.

WICS noted that the OECD work (due to end with the Draft Determination) might continue with a possible extension until the Delivery Plan is completed (an additional 8-9 months).

WICS introduced the revised Prospects for Prices paper. This included the main changes and assumptions from the last Prospects for Prices paper and the implications for the price profile. WICS noted the significant uncertainty with the figures used in the assessment of the zero emissions costs and that the Commission were adopting what they considered a prudent approach.

The Customer Forum noted the position of WICS and will respond as required to the draft Prospects for Prices paper when circulated.

## Internal Discussion

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None

## AoB

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Meeting Closed.

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