

18<sup>th</sup> July 2019

**Twenty seventh meeting of the Customer Forum**

**Held at 10.00am at the Baird Boardroom, The Place Hotel, 34-38 York Place, Edinburgh  
EH1 3HU**

**Attendees and in attendance**

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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	
Simon Parsons (SP)	SW	In attendance (SW section only)	
Molly Horsley (MH)	SW	In attendance (SW section only)	
Nicola Penman (NP)	SW	In attendance (SW section only)	
David Satti	WICS	In attendance (WICS section only)	
Ian Tait	WICS	In attendance (WICS section only)	

**Introduction**

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**1. Apologies**

There were apologies from Tom May.

**2. Declaration of interest**

There were no new declarations of interest.

**3. Minutes of the last meeting**

The minutes of the previous meeting (May 2019) were approved subject to a minor wording change from the Research Coordination Group minute regarding the Environment Research (pg.2):

**Matters Arising**

- **Industry Vision:** As expected the decision to commission this was announced by the Cabinet Secretary for Environment, Climate Change and Land Reform (Roseanna Cunningham) at the

16th International Water Association Leading Edge Conference on Water and Wastewater Technologies on 11th June 2019.

- **Research Co-ordination Group:** Future Strategy Research. The Forum noted the tender had closed and the contract awarded to IPSOS Mori.
- **IPPF Prioritisation: Flourishing Scotland, Water and Wastewater Community Benefit/Partnership Fund.** There had been some discussion in the Flourishing Scotland session about the Community Benefit Fund. Eventually this was categorised as a “could do” but the purpose of a fund required further definition. PP had provided further thoughts in a paper to SG, Gail Walker (CAS) and Brian Lironi (SW).

#### 4. Actions: including update on Forum positions

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

- **Forum Positions Papers:** the Chair updated the Forum on the status of the Forum Position Papers, which had been revised since the June Customer Forum workshop. These had been shared and discussed with Scottish Water. From an initial conversation held with Scottish Water this resulted in a split into Strategic and Operational ‘asks’. At a high level Scottish Water indicated agreement with a number of the asks, with more detail to be discussed in the session later. It could be that operational needs that were not included in the strategic plan could be addressed by an exchange of letters between Scottish Water and CF. SW asked if the Position Papers now all pulled together are continually updated documents. PP confirmed that we can update these as required with new evidence, although it would be more difficult to have a large shift in position. Members should send updates to RP as required. An example of an update to document through ongoing dialogue with Scottish Water was CELL leakage definition as opposed to ELL as a result of increased focus on the 2045 net zero ambition.
- **Scottish Government Commissioning Letter update 26<sup>th</sup> June 2019:** The Chair outlined that parts of the revised Commissioning Letter are positive regarding the role of the Customer Forum going forward. AR indicated that a missing area so far this time is the definition of performance measures/targets in comparison to SRC15. PP and SW indicated that these will be later in the co-creation journey, to be agreed by the start of SRC21. The emphasis to date has been on understanding what measures are required.

## Updates

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#### 5. Scottish Government’s Updated Commissioning Letter

The document was circulated to Customer Forum members in advance.

The Chair highlighted specifics including:

- **Pg.2: SRC-** ‘In particular Ministers invite the Commission to ensure the processes of the Review give customers an enhanced voice in the consideration of levels of charges and service priorities. Ministers also wish for a wide engagement on the final determination of charges to ensure it is widely understood in terms of the investment and services it intends to support’.

- **Pg.2: Resilience** – ‘Ministers recognise the progress Scottish Water has made in developing a strategic approach to identifying the work required to ensure the resilience of the network and requests that the Commission provides assurance that Scottish Water’s approach is proportionate, fit for purpose over the long term and represents value for money for customers’. Scottish Water being required to complete further work here to seek to convince stakeholders of the need.
- **Pg.2: Partnership Projects** – ‘Ministers recognise the progress that Scottish Water has made in delivering improvements in partnership with other stakeholders, and in particular Local Authorities. They consider that, increasingly, delivering outcomes particularly in relation to the reduction of flood risk and compliance with bathing water standards will require Scottish Water to work closely with Local Authorities and communities’. SW and SH reflected that this is increasingly the standard approach adopted by Scottish Water.
- **Pg.3: Principles of Charging** – ‘Ministers would wish the Commission to give priority to measures that ensure a smooth transition of customer pricing and investment activity during the final year of 2015-2021 period and the following period. Ministers will consider the advice from the Long-Term charging group on the modernisation of water charges so as to ensure that these continue to deliver the principles of cost reflectivity and cost recovery’. JD questioned whether modernisation of water charges may refer to business surface water drainage charges- PP confirmed that there would be an opportunity to raise this with Scottish Water later in the meeting with WICS having signalled there was no regulatory block on reviewing charge structures by Scottish Water provided that the overall yield from such charges remained neutral.
- **Climate Change:** The revised Commissioning Letter makes greater reference to Climate Change impacts on the water industry, mitigations required etc. by Scottish Water than the previous version.

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

The Chair and Director stated the Strategic Advisory Group (SAG) had met on 20/21<sup>st</sup> June. The Chair had circulated a note to Customer Forum members after the meeting and highlighted the main points and the Forum discussed a number of the issues.

The rest of this item was taken in private.

## **7. Financial Framework Working Group (Chair, Agnes Robson, Sam Ghibaldan)**

The Chair updated the Forum of the discussion at the FFWG.

The rest of this item was taken in private.

## **8. Research Coordination Group (Agnes Robson)**

AR noted that the Research Co-ordination Group had met on the 16<sup>th</sup> July and highlighted the following points:

- **Future Strategy research:** there had been a briefing session with stakeholders on Tuesday 16<sup>th</sup> July (AM) with a focus on the discussion guide to be used at the customer sessions. The resultant actions were picked up at RCG.
- **Environment Research:** Final report issued.
- **Legacy Research:** Final report issued.
- **Fraser of Allander Affordability Research:** Reports received from CAS. Under all scenarios (central/high/low) and under any water charges' increase, fewer households are projected to spend more than 3% for water costs p/w, than the 12% finding of 2016 but there is high levels of water poverty c.20% in Band G properties indicating Council Tax Reductions may not capture all those at risk of water poverty. AR reflected that the main assumption here is around income growth but the model can rerun other scenarios if required, for example, with a no deal BREXIT or if current growth in incomes was short-lived. The Forum noted that notwithstanding the economic theory on wage growth that for the last decade the theory had not been borne out in practise and that real wages were today for a great many were still less than they had been a decade ago affecting general household affordability questions.
- **ESRI:** Studies had been discussed with WICS and other stakeholders at a presentation with Pete Lunn, (the Head of the ESRI's Behavioural Research Unit).
- **Strategic Plan supporting documents:** Looking at what goes into the Supporting document for the Strategic Plan- if this is all research or just Scottish Water.

#### **9. Customer Experience Flourishing Scotland Group update (Bob Wilson, Tom May, Rachel Bell)**

No meeting since the last Customer Forum.

#### **10. Prioritisation Workshops (Andrew Faulk, Stuart Housden, Rachel Bell)**

PP updated the Customer Forum. SH and SG attended for the workshop session for water prioritisation on 8<sup>th</sup> July 2019. This covered the first 3 years of 'no regrets investment'- and was presented as 'Needs' not projects at this stage. In general across many of the areas the Customer Forum and Scottish Water are well aligned; many views have been taken on board. SH noted that papers should be provided in advance for this level of material.

The Customer Forum agreed that at this time 'we understand the rationale behind the first tranche proposals and consider they represent a balance programme that takes on board many of the strategic approaches raised the SRC process including one-planet and a water system approach to planning and prioritisation. The Forum will consider overall broad support of the entire programme once we see the waste water and flourishing Scotland portfolios and any other relevant considerations in a balanced overall programme of relative priorities'.

Scottish Water are looking for a formal response to the workshop outputs.

#### **11. IPPF working group (Andrew Faulk, Stuart Housden)**

No meeting since the last Customer Forum. PP noted that there had been some discussion between the WICS and Scottish Water at the last FFWG of whether this working group should have its work absorbed into the FFWG in future.

## 12. Performance Monitoring (Sue Walker, Mairi Macleod)

SW updated the Customer Forum. Held another meeting in advance of the June SAG. The intention was from this meeting (subject to SAG agreement) that Scottish Water would look at the performance monitoring framework over the summer and come back with potential measures, originally in August, now pushed back to September.

There was discussion that the Framework needed to be aligned to the Industry Vision. Customer Forum question here over how the previous Scottish Water Vision and the Industry Vision fit together; and the split between Strategic and Operational measures and how these will be reported on. Scottish Water are looking at a suite of customer facing measures. SW, RB, AR and MM had a meeting on 26<sup>th</sup> June as to what measures/mechanism should be used. Scottish Water are looking at the Water UK mechanism to consider lessons which could be applied in Scotland. Scottish Water will develop a prototype to test with customers. SW reflected this is good progress and starting to see some movement in this area.

PP feed back to the Customer Forum regarding RPI at the June SAG. The rest of this item was taken in private.

### Scottish Water

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PP welcomed Scottish Water to the meeting.

Scottish Water (SP, MH, NP) attended the July Customer Forum meeting to present and discuss 4 areas. SP will update CF on 4 areas- focus later on position papers and alignment.

#### a) Update on the Strategic Plan

Slides were presented to the Customer Forum.

The first presented by SP detailed the split between the Strategic Plan vs. Supporting activities. In particular; SP ran through updates including:

- Scottish Government Water Industry Vision
- Updated Scottish Government Commissioning Letter
- The Strategic Plan time horizon is now 3-4 regulatory periods to cover the transition period
- Split of the Strategic Plan from the Supporting Documents
- Separation of the development of the first £2Bn investment from the Strategic Plan
- ‘No Regrets’ Investment will not have a supporting document and will feed their documentation through the OMG or new Scottish Government Governance group
- The August IPPG (led by the Scottish Government) will look at the first tranche of investment
- Scottish Water are currently writing a 2 page destination statement with Professor Adey re. the Asset Improvement Plan

The second slide detailed the Strategic Plan, Supporting Documents & Co-Creation Record Materials. SP outlined some documents would be available to stakeholders but not publicly such as co-creation records and technical papers.

The draft plan currently sits at 50-60 pages but will be streamlined. It will be shared in advance of the August SAG. Session with the Customer Forum in September to discuss feedback and alignment with the Customer Forum Position Papers, with early sections discussed at the August meeting.

**b) Scottish Water's purpose**

Slides were presented to the Customer Forum; detailing that 'Scottish Water's purpose is to support a flourishing Scotland'. Now reflects wider role.

SP also detailed that the initial Customer Forum comments on the Outline Strategic Plan, in December 2018, were that 'The key is the centre of the diagram...' (related to water and wastewater service).

"...We would like to think customer's feeling able to take ever greater pride in your performance would have value and add to what you are licensed to achieve, given the scale of the resource increases the Strategic Plan postulates, why shouldn't customers expect you to be a shining example of all that is best? We feel that if this bit can be got right then everything else flows from this more easily and we can perhaps be more relaxed about the fine detail."

- Customer Forum feedback: was:
  - will Scottish Water still have the 'Trusted to Serve' Vision? SP replied that this will stay, the Vision is well embedded in how Scottish Water operates day-to-day.
  - are the Vision and Purpose the right way around?
  - SP detailed some work ongoing into SW character. Hear more in future about purpose and the character of Scottish Water and the Vision is very much aligned to this.
  - Whether 'Trusted to Serve' was sufficiently ambitious. SW are already trusted by the majority of customers- therefore it is about now not the future aspirations of Scottish Water.
  - The Chair considered that 'Trusted to Serve' was seen as a foundation to work from but 'support a flourishing Scotland' is a huge shift from Scottish Water in this SRC21 process.

**c) Strategic Outcomes**

Slides were presented to the Customer Forum.

The first slide presented by SP detailed the 3 Strategic Outcomes:

**(1) Excellent water and wastewater services**

(SAG version: *Customers will receive consistently excellent water and waste water services*)

**(2) Great value now and in the future**

(SAG version: *We will be financially sustainable so that customers receive great value over time*)

**(3) A happy, healthy, prosperous Scotland**

(SAG version: *We will contribute to Scotland's health, wellbeing and prosperity [today and in the future]*)

These Outcomes link closely to the themes for the Water Sector Vision which are: world class service, financial sustainability and environmental sustainability. Started 2019 with 4 ambitions. Outcome 3 a happy, healthy, prosperous Scotland reflects the ambition contained within the 'flourishing Scotland' section of the Outline Strategic Plan, recognising the wider benefits SW can bring to people, communities and environment.

SP detailed that these were developed following the Sector Vision and the discussion on Scottish Water's Strategic Outcomes at May's Stakeholder Advisory Group (SAG) and hopefully reflected previous discussions with the Customer Forum.

- Customer Forum feedback: was:
  - Is it acceptable that Scottish Water do not have an outcome directly in relation to the environment? The Forum agreed re. need for environment focus. Scottish Water reflected that environment is integral to all 3 Outcomes.
  - 'A happy, healthy, prosperous Scotland' is a big and welcome ask but will be hard to define.

The second slide presented by SP asked the Customer Forum view on the wording of the third outcome. Scottish Water had presented 3 options for discussion on the slide:

- [We contribute to] A healthy, happy and prosperous Scotland.*
- Increasing the health and wellbeing of customers and the environment.*
- Increasing the health and wellbeing of customers, communities and the environment.*

Scottish Water preference is 1.

- Comments from the Customer Forum included:
  - People can relate to happy
  - This is consistent with National Outcomes
  - That the language is emotive and engaging
  - Questions on how this will be measured

**d) Customer Forum Position Papers**

Slides were presented to the Customer Forum. SP talked through these. SP thanked SG and RP for sharing these as they had allowed for productive discussions. Scottish Water tabled a paper to show all the Strategic Should Do's and Must Do's categorised as follows:

**Green** – broad alignment on customer interest and Forum ask is reflected in our early drafting. Forum should test this when they receive the draft.

**Yellow** - broad alignment on customer interest but not captured in early draft. May incorporate as our drafting develops but explain the 'ask' may be covered at a more strategic level. Ask the Forum to reflect and respond once considered the draft.

**Amber** – requires discussion to explore the understanding of the customer interest.

**Red** – significant gap in understanding of the customer interest.

*Slide 12:* Scottish Water presented the data from the CF Position Papers- detailing 97 'asks' of SW split into 70 to be addressed through the Strategic Plan; and 27 to be addressed as operational needs (relevant either to supporting documents or development of delivery plans).

SP outlined that for the July CF session SW conducted analysis on the 21 'Must Do' objectives and 33 'Should Do' activities for the Strategic Plan as well as the 'Overarching Principles'. Focus was to highlight some areas of alignment (Green/Yellow) but focus discussion around the Ambers.

*Slide 13:* Outlined the Strategic Plan Must Do Asks: Green (12), Yellow (6), Amber (3). SP-discussion around yellows and ambers.

### **Strategic Must Do Asks**

*Slide 14:* Detailed the Strategic Must Do Asks. Example of alignment (green or yellow). Examples provided related to Supporting Vulnerable Customers (Position Paper 4) and Asset Replacement Strategy (Position Paper 6). SP called out these examples (below).

Ask Number	Theme	CF Ask	Type of objective	Category	RAG
4	Supporting customer in vulnerable circumstances	SW should define more clearly the services available to customers in different vulnerable circumstances. This should be developed in partnership with organisations representing these customers where applicable.	Strategic	Must	Yellow
4	Supporting customer in vulnerable circumstances	SW should cooperate and work with partners to identify and maintain a register of customers in vulnerable circumstances (drawing on good practice from other industries in Scotland and the UK). Welsh Water is an exemplar in this space	Strategic	Must	Yellow
6	Asset Replacement Strategy	SW should have a leading asset management strategy that prioritises developing asset knowledge, with a 'road map' to achieve that, and independently assessed for its completeness/appropriateness.	Strategic	Must	Green
6	Asset Replacement Strategy	SW should have a regular review of progress toward delivering that asset management strategy, including maturity score improving and proposed timeline.	Strategic	Must	Green

MH detailed how the 'vulnerable customers' asks will be addressed (based on just concluded customer research) but the detail might not be in the Strategic Plan. AF indicated Welsh Water offer some good examples to look at.

*Slide 15:* Detailed the Strategic Must Do Asks (ambers and yellows) examples of discussion areas- examples provided were related to Licensed Providers and Business Customers (Position Paper 5), Lead in Water (Position Paper 15), Priority Substances (Position Paper 16) and One Planet approach (Position Paper 19) (See below):



Ask Number	Theme	CF Ask	Type of objective	Category	RAG	Comments
5	Licensed Providers and Business Customers	SW should encourage and reward the right behaviour from businesses e.g. through appropriate charging structures for surface water management solutions, preventing sewer blockages.	Strategic	Must		Influence through Principles of Charging
15	Lead in water	SW should review current policy re. public supply pipes. Current policy is replacement as SW find. Customer Forum support actively seeking and replacing pipes in public supply in known areas; all known pipes to be replaced within 2 regulatory periods.	Strategic	Must		Understand timing requirements
16	Priority substances and emerging pollutants	SW should comply with Priority Substances Directive Environmental Quality Standard by 2028	Strategic	Must		SW comply with licenses set by SEPA to meet directives – focus on source control
19	Circular Economy/One Planet Approach	SW should have a comprehensive environmental plan that includes an ambitious carbon target, carbon capture management approach, improved environmental quality of SW estate, circular economy approach, and the introduction of better access to SW estate.	Strategic	Must		Comprehensive plan?

SP picked up the Amber points:

- Licensed Providers (Position Paper 5): The Customer Forum put forward its understanding from discussion with the Commission that changes to the charging scheme are within Scottish Water’s power as long as they are revenue neutral. SP indicated two focus area would be water efficiency and surface water management. BW result might be unit cost might go up if less down but still right thing to do in the ‘One Planet’ approach.

Items from the handout discussed were:

- **Licensed Providers (Position Paper 5)**

7	5	Licensed Providers and Business Customers	SW will support a flourishing business community in Scotland: -Recognised by business as the best utility in UK to deal with -Actively looking for opportunities where SW can work with customers and LPs to reduce costs or facilitate growth, e.g. internal meters -Partner with Scotland’s businesses looking to do the right thing	Strategic	Must	Y
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SP asked for clarification whether this was an ask of Scottish Water or the LP- and why best? JD said this was about ensuring focussing on the end customer- aspirations for HH customer are clear- previously not seen the same ambition for business customers. SP will research include this? BW reiterated this was about ensuring the best outcome for the end business customer not the LP- not wedded to idea of best utility- but this was to convey that people may not relate to the ‘great wholesaler’ message- as they have little or no comparison.

SP indicated that Internal meters- will be in operational targets- but unlikely to be reflected in the Strategic Plan. NP indicated that this proposal will be sent out to the Market Participants Forum to explore further- to see if Scottish Water can get right solution(s) in place.

- **Surface Water Management (Position Paper 9)**

10	9	Surface Water Management	SW should develop a strategy to improve surface water management in order to reduce inflows to the system; this should be done in partnership with other stakeholders, including planning authorities.	Strategic	Must	G
11	9	Surface Water Management	SW should seek to take an increased leadership and advocacy role in this area, recognising the potential impacts of climate change on the system, and take a more proactive approach to working with Local Authorities and communities where there is the potential for future issues, to work towards Blue/Green city solutions and to contribute to the planning process.	Strategic	Must	G

SH- agreed that elements of these might be green but not all? Scottish Water only just starting to move towards leading and advocacy outside W/WW role- SH would struggle to see how Scottish Water doing this already. SP indicated that the Strategic Plan will include strong commitment on Surface Water Management (SWM). This will be directional rather than a separate plan outwith the Strategic Plan.

- **Internal Sewer Flooding (Position Paper 10)**

12	10	Internal Sewer Flooding	SW should have support for all customers affected by internal sewer flooding to manage the recovery process (bespoke advice, help with insurance as well as clean up)	Strategic	Must	G
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SP outlined that the Strategic Plan will recognise the bespoke service and that Scottish Water will do everything possible for customers in this scenario- was there another ask from the Customer Forum here? AF asked for follow up from the session to understand this area further following deep dive sessions.

- **Lead in Water (Position Paper 15)**

15	15	Lead in water	SW should achieve the proposed Lead standard of 5µg/l by 2029 (under EU Water Directive- TBC but change expected by 2019 and to be transposed to Scots Law by 2021).	Strategic	Must	G
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SP indicated this standard might not be in place until the 2030's, still working with DWQR on this. The Strategic Plan might see a commitment for lead removal from the Scottish Water network (i.e. not customer side). Approx. 70-80K lead pipes estimated on the Scottish Water network. Pilots ongoing on customer side replacement in 4 areas.

- **Priority Substances (Position Paper 16)**

17	16	Priority substances and emerging pollutants	SW should comply with Priority Substances Directive Environmental Quality Standard by 2028	Strategic	Must	A
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SP point of note that Scottish Water complies with the license from SEPA. Scotland complies with the Directive. Scottish Water will focus on source control e.g. work ongoing with H&I Council. Worst case scenario is bolt on to the WTW.

- **Circular Economy/One Planet Approach (Position Paper 19)**

21	19	Circular Economy/One Planet Approach	SW should have a comprehensive environmental plan that includes an ambitious carbon target, carbon capture management approach, improved environmental quality of SW estate, circular economy approach, and the introduction of better access to SW estate.	Strategic	Must	Y
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SP indicated that the Strategic Plan will have references to biodiversity, carbon management etc. Question from Scottish Water here mostly about the need for a separate 'plan'. PP indicated that this was to gain assurance via plan for measurement, real and tangible actions, and additionally a clear statement as these are important areas to address. SH indicated that when he and AF looked at comparison to other W/WW companies there was a diverse approach but there were some standalone plans that outlined these. It was to encourage Scottish Water to move from a piecemeal approach to a high level commitment with tangible actions and direction.

SP indicated there will be strong commitments in this area. A possible route to pick this up is via the Reporting and Performance route with a visible and strong measure carried into the Delivery Plan. Natural Capital will be picked up via the decision making processes.

### **Strategic Should Do Asks**

*Slide 16:* Outlined the Strategic Plan Should Do Asks: Green (25), Yellow (2), Amber (6).

*Slide 17:* Outlined Strategic Amber Should Do's- where there was a difference in the Strategic/Operational split.

Ask Number	Theme	CF Ask	Type of objective	Category	RAG	Comments
6	Asset Replacement Strategy	SW should have a consistent, published engagement process for all planned works and a general programme targeted at areas experiencing serial problems or close to Scottish Water assets.	Strategic	Should		Expectation for Strategic Plan?
12	Preventing Sewer Blockages	SW to improve performance in reacting to blockages when they do occur.	Strategic	Should		Explore what is meant by improve. Is this an operational ask?
12	Preventing Sewer Blockages	SW to continue with pilot approaches and roll out successful initiatives.	Strategic	Should		Operational?
12	Preventing Sewer Blockages	SW should roll out a programme encouraging customers to 'do the right thing' e.g. charging structure for LPs/businesses.	Strategic	Should		Operational?

- **Asset Replacement Strategy** (Position Paper 6)

PP indicated that the Strategic Plan should have a commitment to this engagement process. AF asked Scottish Water if we have a one page that explains if Scottish Water are going to be working in your area what to expect that you can find on the website etc.? Scottish Water unsure. AF indicated positives in this area there are some great Scottish Water examples of engagement- but is this consistent across all projects of all sizes?

- **Preventing Sewer Blockages** (Position Paper 12)

The Forum indicated that this was really indicating that the main current measure is in terms of response time if this had happened, but there should be a measure for efforts to try and avoid blockages in the future as this is where the biggest gains are in terms of customer experience.

- **Licensed Providers** (Position Paper 5)

As per previous point and action.

Items from the handout discussed were:

- **Reducing Leakage** (Position Paper 13)

14	13	Reducing Leakage	SW to report on leakage volumes and their carbon impact.	Strategic	Should	Y
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SP outlined that Scottish Water already reports on leakage levels and carbon impact. PP indicated that here there were things on the customer side of fence that Scottish Water could do e.g. Welsh Water repair some leaks for free on the customer side of the fence. Scottish Water will offer £500 but the initiative and criteria are not well known about. AR outlined how this was important if customers perceive leakage levels to be high and Scottish Water have messages around water efficiency.

- **Catchment Management Approach** (Position Paper 17)

23	17	Catchment Management Approach	SW should seek a better regulatory framework with other stakeholders for land use activities that adversely affect catchments, and appropriate incentives to encourage the take up of best practise by land managers.	Strategic	Should	A
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SP asked the Customer Forum what was meant by this- as this involves other stakeholders (e.g. SEPA). Scottish Water recognise the big opportunity here. SH indicated that this was included as there are some weaknesses in the current Regulatory Framework e.g. silt loads or discolouration- as many pre-date these types of issues/approaches. It embodies stronger partnership working- but may highlight gaps in current regulations to be addressed.

*Slide 20:* Outlined one of the Strategic Plan Overarching Principles which is classified as Amber (Customer Forum Position Paper 2- Sustainably Financed Company).

Ask Number	Theme	CF Ask	Type of objective	Category	RAG	Comments
2	Sustainably Financed Company	To ensure that achieving a sustainably financed company is consistent with customer charges that do not significantly increase affordability issues for charge payers.	Strategic	Overarching principle		Discuss in light of WICS latest assessment and FoA research
		The Customer Forum is concerned around two areas of affordability; for those who are the most vulnerable and receive council tax reductions/benefits and general affordability for those who would be resistant to future price increases.				

SP discussed that this fits into discussion around Prospects for Prices. Discussed in context of the recent Fraser of Allander research- AR highlighted variances in here around Council Tax Reduction/benefits and general affordability issues.

**e) Next steps**

SP outlined the next steps of Scottish Water engagement with the Customer Forum via the Customer Forum meetings.

These were:

**18th July:** Consideration of positions – Strategic ‘must’ and ‘should do’ asks

**13<sup>th</sup> August:** (1) Reflections on July Decisions, (2) Strategic ‘could’ and operational asks, (3) Early sections of the Strategic Plan that are ready. (Will be DM and THC).

**14<sup>th</sup> August:** Draft of Strategic Plan (and supporting Documents) issued to SAG for discussion on 21 August.

**10<sup>th</sup> September:** Customer Forum to reflect on Strategic Plan and its key points

**11<sup>th</sup> September:** Smaller CF and SW meeting to be arranged to review CF comments on the Strategic Plan draft

**3<sup>rd</sup> October:** Final discussions on Strategic Plan and Annual Performance meeting. PF will also attend.

PP point on the Customer Forum Position Papers and the Strategic Plan and those asks which fall into the Operational space. There needs to be agreement on how Scottish Water will address these-e.g. Letter of Intent or similar. SP confirmed this will be done. Format to be agree format with Scottish Water.

## **Internal discussion**

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PP asked Customer Forum members for reflections on the session:

- RB reflected on the Vision vs. purpose (Trusted to Serve vs. Flourishing). PP reflected that Scottish Water have come a long way to embrace their wider role.
- Discussion around the need for a Strategic Outcome around the environment and the need to emphasise this.
- Question over whether the Strategic Plan will include a reference to Price Profiles: how do the timelines for this fit together.
- Ongoing action: RP to test Customer Forum objectives and RAG status as sections of the Strategic Plan are shared.

## **Miscellaneous discussion points**

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### **Business Customer/LP discussion with WICS**

BW updated on discussions with WICS (AS). The understanding from discussion with the Commission is that changes to the charging scheme are within Scottish Water’s power as long as they are

revenue neutral This includes areas such as performance charges to LPs, unmanned sites, meter reads etc **Long Term Engagement Strategy diagram**

- SG and PP shared an initial draft of a forward the Strategy illustrative diagram. It was presented as an attempt to put on 1 page a visual of the Customer Forum message about the long-term strategy. The Forum was supportive of the strategy being set out.
- Attached to minutes for reference.

## WICS

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### 13. Prospects for Prices

WICS (IT and DS) attended the Customer Forum session and presented on:

- Addressing the Asset Replacement Challenge (Final paper)
- Prospects for Prices (addressing the asset replacement challenge) (Will be reviewed again by stakeholders before being published)

Also circulated to the Customer Forum members the price profile scenarios draft to IPSOS Mori for the Future Strategy research. IT outlined the four key elements across the four price scenarios. Not looking for comments on this at this stage- but if there are any specific will look to address. **ACTION** – (ALL)

## AoB

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None. Meeting Closed.

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