

13th August 2019

Twenty eighth meeting of the Customer Forum

**Held at 10.00am at the Murrayfield Suite, Jurys Inn Edinburgh, 43 Jeffrey Street,
Edinburgh, EH1 1DH**

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	Red
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	Green
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	SW	In attendance (SW section only)	Green
Tom Harvie-Clark	SW	In attendance (SW section only)	Green
Molly Horsley	SW	In attendance (SW section only)	Green

Introduction

1. Apologies

There were apologies from Andrew Faulk 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 (July 2019) were approved subject to x3 alterations.

- Section 10: Prioritisation workshop: Wording change (add in 'time')
- Section 12: Performance Monitoring: (Attendee change- Rachel Bell to Mairi Macleod)
- Scottish Water Section c) Grammar change

Matters Arising

- **Pg. 4 July 2019 minutes (Section 7 FFWG)** - PP highlighted potential for fundamental change in the way borrowing may work in future with the possible front loading of borrowing over

the coming period with a progressive tapering out of borrowing over a number of future years. The implication of this was that all future service investment beyond that period would be paid for without any borrowing, SW becoming entirely self-financing. This may have benefits in terms of bringing to an end the progressive debt burden SW carried and where customer bore the interest costs. On the other hand it was not clear how future peaks in demand for capital investment would be met easily within an established charges regime, nor what the inter-generational effects of no longer spreading costs for customers would be. The Forum noted the matter; but the issues will need to be understood further/be more transparent for all stakeholders and particularly customers if this is adopted- with any information for customer impact provided.

- **Pg. 4 July 2019 minutes (Section 4 RCG Future Strategy Research):** PP provided a brief update on the research project, the discussion guides for customers and the potential price profiles. SG/AR/FS/RP attending further meeting with IPSOS on 13/08/19.
- **Pg. 10 July 2019 minutes (Scottish Water section)** - TM question over amber status of 'SW should encourage and reward the right behaviour from businesses e.g. through appropriate charging structures for surface water management solutions, preventing sewer blockages'. Explanation from July 2019 via WICS explained.

Updates

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

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

The Chair and Director stated the Strategic Advisory Group (SAG) had met on 30th July for an EBR feedback session.

The main points highlighted were:

- EBR feedback session; constructive session for all stakeholders.
- Water Vision update: the co-creation process for developing the sector vision had been views positively by the stakeholders.
- There should be recognition within processes that agreement would not always be possible or full, this was not inappropriate and ways could usefully be found for disagreement to be acknowledged.
- Milestones for development of the Strategic Plan outlined and discussed and the role of stakeholders at each stage clarified. In particular clarification of when using the description 'co-creation' is truly correct in all circumstances.
- Stakeholders should seek to establish an agreed narrative for SRC21 embracing the extent to which there had been agreement and on what matters, what the process had been, who was involved, what roles each participant performed, etc. SW would speak to all stakeholders, working to understand initially the purpose of the narrative. Intent was a narrative that everyone could sign up to. SG and PP met Brian Lironi on 08/08/19 and discussed the Customer Forum Strategic Purpose diagram.

5. Financial Framework Working Group (Chair, Agnes Robson, Sam Ghibaldan)

- Planned meeting postponed.

6. Research Coordination Group (Agnes Robson)

The Research Co-ordination Group had not met since the last Customer Forum meeting and the next meeting is on 17th September. AR highlighted the following points in relation to research:

- **Future Strategy research:** IPSOS Mori briefing session with stakeholders on Tuesday 16th July focused on the discussion guide to be used at the customer sessions ongoing. Other points covered by PP previously.
- **Final reports:** Community Engagement Report received and to be circulated.
- **ESRI:** question here over whether there is further work required in this space and revisit e.g. Price trajectory (Study 1a) or customer understanding of risk. To be discussed at SAG or RCG.

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

No update.

8. Prioritisation Workshops (Andrew Faulk, Stuart Housden, Rachel Bell)

RP, SH and AF attended for the workshop session for wastewater prioritisation on 1st August 2019. This covered the first 3 years of 'no regrets investment'. In general across many of the areas the Customer Forum and Scottish Water are well aligned; many views have been taken on board. Papers were provided a week in advance for review. Broad agreement around needs with the Forum taking its consistent stance that nothing was agreed until everything was agreed. The Forum would give further feedback in correspondence.

Issues were raised by other stakeholders which were taken in private.

From the Deep dive on Flooding:

Surface drainage/storm water- SH noted from the session that it appeared no organisation is responsible in Scotland for this at a Strategic level. RB updated the Forum on the Customer Experience and Flourishing Scotland prioritisation session. Non contentious meeting presenting Scottish Water's draft proposal for the First Tranche of Priority Needs - Looking for broad support for Tranche 1. No major disagreement from stakeholders and received Customer Forum broad support-support wording to Scottish Water in written response as follows: *'The Forum takes the view that nothing should be finally agreed until everything is agreed and will consider the question of support of the entire programme once we see a balanced overall programme to address needs and opportunities and considering the question of the resources that can ultimately be made available'*.

Specifics:

- **Great wholesaler area:** BW fed back that LPs and business customers are referenced through specific actions but no wider narrative for business customers or LPs. Felt focus/upfront approach to LPs and business customers was missing.
- **Community Fund:** The Forum stated its preference for this to be included in Tranche 1.

- **Access:** SG updated the Forum. Plan here for c.£1M on 8-12 flagship projects. This had been marked for 'Plan' only in Tranche 1, but after discussion was now due to go through the full 'Plan, Prepare, Deliver' process. SH asked re. land audit and request for access to be considered in IPPF process. SG to note in response to SW.

9. IPPF working group (Andrew Faulk, Stuart Housden)

RP, AF and SH attended this session on 5th August. SH updated the Forum. This included a 're-orientation' session with stakeholders, using revamped IPPF illustration that shows the IPPF investment pathway at 2 levels of detail. This session concluded with the Chair gaining broad support from, all stakeholders on IPPF, both in terms of what it looks like today, and the future improvements that we need to work on going forward. The Forum maintained its overall position that nothing was finally agreed until everything was agreed.

Discussion around stakeholders and customers might be involved in Project Appraisals. The feedback from stakeholders was that they should not be involved in their 'approval' at the project gateways; more being involved in the off-line review of project investment appraisals, to help improve the process. Stakeholders may be invited by Scottish for involvement in an appraisal, where they feel we could add value.

10. Performance Monitoring (Sue Walker, Mairi Macleod)

No meeting since the last Forum session.

Miscellaneous discussion points

- **Decision papers:** Asset Replacement paper published at the end of July 2019. PP encouraged the Forum to revisit this paper as there had been some last minute changes from the version the Forum finally saw. 3 highlights around the areas of net zero carbon by 2045, the role of the Forum to agree the Strategic Plan with Scottish Water (pg.3) and the assumption of greater efficiency to fund carbon matters had apparently changed.

(ACTION 6: RP to circulate link to Decision Paper.)

- **Commission meeting:** PP/SG positively received session on 8th August.
- **Technical panel of LPs:** TM, BW, SG and PP attending on 22/08/19.
- **Meeting with Alan Sutherland (WICS):** PP/SG met AS on 12/08/19. This had been a useful and wide-ranging discussion touching in particular on the emerging draft strategic plan and climate matters.
- **Prioritisation sessions:** PP reflected that these are all now complete, possibly to be presented in combined programme at August SAG. The expectation of SW may be that all 4 areas have broad agreement so Tranche 1 agreed, but Customer Forum do not agree with that position. There is a need to look at what can be achieved within an acceptable financial envelope and any necessary trade-offs within the confirmed financial resource. To be discussed at SAG.
- **Catchment management:** SH noted he has a catchment management session with SW on 09/09/19.

Internal discussion

- **Draft of Strategic Plan (pre-SAG)**

PP provided a brief update- SW attending later in the day.

RP provided an update on the first draft of the Strategic Plan in comparison to the Customer Forum Position Paper and 'asks' of Scottish Water. Indicated some of the 'asks' of Scottish Water were achieved c.54%, partly c.6% and not achieved c.40%. Majority of longer term, 'big ticket' items picked up- some shorter term items are missing- potential these could be picked up elsewhere via an exchange of letters. To be revisited after the Scottish Water session; and further discussion with Customer Forum members on their areas of interest. This will be finalised as a first view and provided to Scottish Water.

Themes of feedback from the Forum members (reflecting that they are grateful to get to review at this point and the comments below are very much constructive in the context of a very first draft):

- Reflection that the Strategic Plan and Scottish Water thinking has come a long way in the last 12 months; in particular around the net zero carbon agenda, the climate emergency and flourishing Scotland.
- Question as to why net zero/climate emergency theme is not picked up as a specific Strategic Outcome in its own right.
- Something in here around being a public interest company- reflects recent Anglian approach to distinguish themselves. Public sector role to be a positive for Scottish Water.
- Need for more dynamism and energy with regards to specific actions; some focus on business as usual methods.
- Inconsistency in some areas of the document for example; with regards to the environment- in some areas Scottish Water are sympathetic to the environment, and in other areas they seek to enhance, and with regards to terminology around net zero carbon emissions. Also clear that this has been written by a number of people and pieced together; tone of message needs improvement.
- Needs to be more visionary and aspirational, with clearer leadership in some areas- clarity in aspirations lost in comparison to the Water Sector Vision. Introduction/exec summary from DM needs to be more inspirational.
- Needs a clearer narrative; clarity and purpose required. Scottish Water are starting to tell the story- but not hit by a clear message.
- Positive that they are trying to achieve the message of listening to customers- 25,000- although wording/message needs to be clearer.
- Easy to read and not too much jargon, aims and risks clear in each section.
- Some areas of the document need to be more positive; for example ageing assets section- needs to reflect Scottish Water action to date
- Questions around the document length and intended audience. Reflection that co-creation may have added to this- with all stakeholder having a number of 'asks' to

be covered- the Forum themselves may have added to this. Needs a version which is 2-3 minutes to read and layers below for more detail if required.

- From an LP/business customer perspective clear that the aim was for a reliable service and the need for investment to enable this. Needs something around economic and political uncertainty. Message around 'doing the right thing for Scotland' as there will always be winners and losers.

Scottish Water

PP welcomed Scottish Water to the meeting.

Scottish Water (DM, THC) attended the August Customer Forum meeting to present and discuss:

- Strategic Plan initial thoughts
- Overview and update on Strategic Asks
- Discuss Strategic 'Could's' and Operational Asks

Strategic Plan

THC provided the SW perspective. This was a draft created since the June SAG. Building on last 3 years work from Strategic Projections, stakeholder deep dive sessions, research and the co-creation work over last 12 months. It is a combination of this bottom up work and top down work (Sector Vision) and the Strategic Outcomes from that. Outlined timeline going forwards, SAG 14th August Scottish Water Board at the end of September and publish mid-December. Customer Forum will be able to provide further feedback at a session in September.

DM clarified that this has not been to the SW Board. The aim of this very early draft shared with stakeholders is to ensure that there are all the pieces of the jigsaw present (also be to confirmed at SAG) and following this look at the detail and the structure revisions.

Focus of discussion areas around:

- How does the overall narrative of the plan feel to the CF?
- Does the content in the draft Plan reflect most of the strategic asks in your position paper?
- Are there any significant gaps in the draft plan? Right pieces of the jigsaw.

PP provided the Customer Forum perspective. RP had begun analysis of and will complete that after the session today and feedback to Scottish Water. At a first review not clear that there are any significant gaps. Reflected to Scottish Water that the Forum recognise that this is pre-first draft- and carried that expectation- grateful for chance to see an early draft for comment. PP fed back on the points from the Forum discussion (internal discussion session note above).

DM welcomed the feedback and noted that from this initial feedback there is nothing that the Customer Forum have asked for that Scottish Water can't do. Very much remains the Scottish Water intent that Strategic Plan is one that Scottish Water own, and the Customer Forum can agree and endorse. Recognition that the current document will not appeal to everyone. Wholly agrees with the need to simply and clarify, but also need to ensure that all primary 'asks' are captured. The next version post August 2019 SAG is to slim down the document and lift it to a more strategic level. Customer Forum will then need to look at again regarding levels of clarity and commitment. This should be the focus of the September session as this will shape what goes to the Scottish Water

Board at the end of the month. Indicated that DM liked the idea of a slimmer document with a shorter 2-4 exec summary and potential for more supporting documents.

- Overview and update on Strategic Asks
- Discuss Strategic 'Could's' and Operational Asks

Scottish Water ran through Strategic Asks (Must Do and Should Do covered at the July 2019 session) and the Could's. Also went on to cover the Operational Asks.

AoB

None. Meeting Closed.

-----END-----