

19th March 2020
Thirty Fifth(b) meeting of the Customer Forum
Meeting of the Customer Forum
Held via video / tele- conferencing facility

Attendees and in attendance

Peter Peacock (PP)	Chair	
Agnes Robson (AR)	Vice Chair	
Jo Dow (JD)	Member	
Rachel Bell (RB)	Member	
Andrew Faulk (AF)	Member	
Bob Wilson (BW)	Member	
Stuart Housden (SH)	Member	
Mairi Macleod (MM)	Member	
Tom May (TM)	Member	
Sue Walker (SW)	Member	
Sam Ghibaldan (SG)	Director	
Rachael Picken (RP)	Customer Forum Support Manager	
Fraser Stewart (FS)	Customer Forum Research Support	

Meeting note

1. Apologies

There were apologies from Jo Dow and Rachael Picken.

2. Declaration of interest

None declared.

3. General update since last meeting

At the 18th March 2020 meeting Scottish Water had updated the Forum’s charging discussions team on the company’s response to Covid-19:

- Scottish Water is deprioritizing a range of activity. The principal priority remains maintaining the delivery every day of their vital water and wastewater services.
- Scottish Water has temporarily stopped the routine flushing of pipes as it results in interruptions to supply.
- The CEO is leading Scottish Water’s response to Covid-19. Operational changes have been implemented to ensure business continuity.

The Forum expressed its support for the actions Scottish Water had outlined.

4. Price discussions between the Forum and Scottish Water

In advance of the meeting members had been sent three papers: the draft price agreement (previously known as the narrative) between the Forum and Scottish Water; a paper setting out the price concept; and a paper on the future Forum.

The Chair outlined the aim of the current Forum meeting which was to agree the way forward to continue discussions with Scottish Water.

The Chair provided an update on developments since the previous Forum meeting (9th March 2020) and the remit given by the Forum. Since the last meeting there have been constructive discussions with Scottish Water, seeking to finesse thinking and agree a way forward.

However, in the last 10 days, or so, the global Coronavirus crisis has hit the UK and is expected to have a major economic impact not just in the UK but around the world. In terms of agreeing prices in the current Strategic Review of Charges (SRC) it is clear there is considerable uncertainty about the future context.

Key points made in the Chair's update to the Forum:

- Personal debt levels are likely to increase, which will have a bearing on how much extra customers are willing and able to pay.
- There may be impacts on the Scottish Water supply chain, leading to Scottish Water potentially being unable to do everything it would like to do both in regard to SR15 delivery and the pressures on the early stages of SR21 delivery.
- The uncertainty surrounding Covid-19 shouldn't be underestimated and that it could have implications for the timetable for the Strategic Review of Charging.

In relation to the impact of the pandemic, and in the context of the strategic review process, the following points were made in discussion:

- People's priorities in both the short and long term could change as a result of the pandemic. For example, economic concerns could be pronounced and dominate, or the role of the water industry in providing proper sanitation or stimulating green economic recovery could increase in relative importance.
- Given the uncertainties ahead it would be a mistake to get hung up on the detail. But equally, it is important not to lose sight of the long-term requirements to achieve net-zero and maintain service excellence.
- Not all decisions need to be made now. Once more was understood about the Covid-19 impact the year one price (2021-22) could be determined in the Autumn, within WICS' theoretical range.
- That building the views of customers into price setting through the National Engagement Programme, as proposed in the structure of the price agreement, would be important to ensure they remain central to price setting in the context of COVID-19. In that regard the potential core components of the price agreement are:
 - A one-year settlement to allow the NEP to get going;
 - An interim decision point during the NEP to determine a price trajectory;
 - A confirmation point at the end of the NEP to confirm the price trajectory.
- At this point it would be necessary to give Scottish Water the time and space to engage customers and with the aim of securing their assent to the trajectories needed to deliver the Strategic Plan.

- The trajectories in the circulated papers remain illustrative. The straight lines are not fixed; so, there is scope for incremental increases along the way if required.
- The Forum is keen for innovation, efficiency and upskilling of employees, etc. to continue being a focus. It is likely this will appear in the Transformation route map that is still to be published.
- The NEP may be delayed given the current focus on responding to COVID-19.
- The Covid-19 crisis is having a massive impact on LP's and business customers as well as domestic customers. Not least on revenues and water consumption levels. There is an increased risk of bad debt as a result. Some retailers can absorb these, others won't be able to, so uncertainty exists.

The Forum fully supported the approach that has been taken so far, and agreed:

- That it is inevitable that Covid-19 will have a significant impact on the timing of price changes in the SRC process.
- To endorse the proposed price agreement.

The Forum further agreed that:

- The agreement should reflect the fact that the Forum and Scottish Water had reached an agreed position on prices, but inevitably this would be changed by Covid-19.
- Once the agreement with Scottish Water was finalised it should be informally shared with WICS.
- If the position as set out above could be agreed (including any minor text change) the Chair had the authority to formally sign it off.
- The Forum's consent would be necessary for any material changes to the position set out above before any formal agreement with Scottish Water.

The Forum noted Scottish Water's position that it would be more appropriate to include more detail about commitments previously made in the Strategic Plan and the associated Minute of Agreement in the Delivery Plan, the Net Zero Route Map and the Transformation Plan.

Future Customer Forum update

The Forum noted that Scottish Water planned to take the draft paper to the Strategic Advisory Group the following week, and that the proposals have been amended as follows:

- It is proposed that a future Forum would report to the non-Executive part of the Scottish Water Board.
- An MoU with other stakeholders on how it would work in practice (and with them) would be put in place.
- The future Forum would assess and report on whether Scottish Water is appropriately understanding and incorporating customer views in decision making.

Points arising from the Forum discussion:

- Where documents refer to customers/communities, it should be clear that we are referring to domestic and non-domestic.
- Principles (page 2, para 5) – Add a reference to direct engagement with DWQR and SEPA.
- Add text on the diversity of the membership as an explicit strength of the Forum.

- Need to be clear about the purpose of the paper: set out clearly why is a future Forum needed.
- There is a strategic challenge to have the customer interest at the heart of everyday decisions of the company.
- The proposal should be clearer that the Forum could commission and publish independent research.

AoB

Date of future meetings

Due to the fast-moving nature of current discussions and the Covid-19 outbreak it may be necessary to have further discussions with Forum members at short notice.

Meeting Closed.

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