



CONTROLLED

Minutes of the sixteenth meeting of the Water Forum

Severn Trent Centre, Coventry

08 January 2015

Present:

<i>Chair</i>	Bernard Crump
<i>Consumer Council for Water (CCWater)</i>	Steve Grebby (by phone), David Wurr
<i>Environment Agency</i>	Adam Lines
<i>Natural England</i>	Ian Butterfield

In attendance:

<i>Severn Trent Water</i>	Tony Ballance, Neil Corrigall, Andrew Fairburn, Vanessa Mallinson, Laura Bennett (for Social Tariff agenda item).
---------------------------	---

Apologies for absence:

Richard Butler (CBI), Sarah Faulkner (NFU), Bruce Laughton (East Midlands Councils), DWI representative.

1. Governance

The Chair welcomed attendees to the sixteenth meeting of the Water Forum and introduced Steve Grebby who was representing CCWater from a policy point of view.

There were no declarations of interest.

The Forum reviewed the minutes from its meeting on 15 September 2014. The Forum approved these minutes.

STW provided an overview of the re-organisation of the Senior Executive team and the move to a flatter management structure.

The EA representative provided an update on the EA re-organisation. There are now five account managers covering the water companies, each account manager will be the EA representative on the local Customer Challenge Group.

CONTROLLED

The Chair provided an update on a number of changes within CCWater in line with the requirements of public appointments.

Actions:

- STW to provide Forum members with the new high level STW structure.
- EA to provide Forum members with information on the EA structure.

2. Overview of the Final Determination

STW provided an update on the outcome of the final determination. The final determination allowed for the average annual combined bill to be 1% lower than the 2013 business plan submission. STW bills will fall in real terms by 5% with average household combined bills remaining the lowest in England and Wales to at least 2020.

STW are undertaking an analysis of the final determination for presentation to the Board for decision. Companies have two months to consider Ofwat's conclusions in detail and decide whether to appeal to the Competition and Markets Authority.

The Chair asked the Forum members whether the Water Forum wished to submit a response on the Ofwat consultation on modifying the licences for Anglian Water (ANG), Severn Trent Water (SVT) and South West Water (SWW) to allow 'in period' revenue adjustments during a price control. The Forum agreed that they would not respond to the consultation.

The Forum noted the update on the Final Determination provided by STW.

3. Menu Choices

STW provided an overview of the proposed approach to menu choices it will be providing to Ofwat.

The Chair questioned whether the Forum would like to challenge the choices that STW is proposing to submit to Ofwat. The Forum agreed not to challenge the submission STW will make as the choices will not have an impact on customer bills in the next five years.

The Forum noted the information provided on menu choices.

4. Social Tariffs

STW provided an update on the social tariff that will be introduced from 1 April 2015. The tariff will offer a set of discounted tariff bands based on each customer's weekly disposal income. It shall be administered on our behalf by a trusted third party, who will offer each customer full holistic debt management advice in assessing individual circumstances.

The scheme will be closely monitored when it goes live in April to gauge demand and impact, particularly as the scheme is open to all customers, not just those who are in debt.

CONTROLLED

The Forum welcomed the scheme and noted the information provided on social tariffs.

Action:

- STW to provide CCWater details of the additional factors that will be applied by the third party to award additional reductions to customer bills.

5. Lessons Learned

The Chair led a discussion on the lessons learned over the course of the price review; a summary of the outputs is included below:

What went well	What didn't go so well
Exceptional balanced Chair	
Good membership of the Forum – particularly from local authority and business representatives	Contributions from Forum members varied – need to ensure all members have enough knowledge to be able to contribute.
Very good assurance process using external third party	Would have been beneficial to have started assurance process earlier?
Sufficient tension between Water Forum and STW to enable good quality challenging and robust discussions. Strong relationship was developed.	
STW very open and transparent, responded to all challenges	STW could have challenged the Birmingham resilience plans more before presentation to the Forum.
The Forum added value before the final business plan submission – the diverse ODI set is reflective of the quality of the debate and the good consultation process	Additional guidance from Ofwat on how the Forum could assess the plan (efficiency) would have been beneficial to the members.
Good quality information provided at the Forum with opportunities to feed in views and have further discussions with wider STW team	
Good report writing process followed	Would have been helpful if Ofwat provided assessment criteria for a good Water Forum report – or attended a meeting.

CONTROLLED

What went well	What didn't go so well
ST Board integral to the PR14 process	Forum would have liked to have had more attendance of Board members at meetings
Excellent research programme that contributed to the development of the plan	Greater input to the development of the research programme would have been welcomed.
Did best possible job with Willingness to Pay information.	Reference to Willingness to Pay needs to be removed as it is confusing. Will need to change in the future.

Actions:

- STW to request views from other Water Forum members

6. Future Ways of Working

The Chair led a discussion to canvass views on the future of the Water Forum, STW will reflect the outputs of the discussion in a paper that will be presented to the Severn Trent Executive Committee.

The discussion is summarised below:

Membership:

- The forum will need to change to reflect the requirements of the different stages of the price review process;
 - Within a price review the forum will require a wider membership to capture views. For PR19, the forum is likely to help shape future ODIs.
 - Outside a price review the forum is likely to require more specific membership to review performance. Members could be drawn from those groups who have an interest in one or more of STW's ODIs.
- Academic representatives could attend the Water Forum to provide insight into current thinking on longer term developments that affect the Water Industry.
- The forum would benefit from increased engagement with business customers.

Role:

- The forum would operate as a challenge panel to scrutinise STW performance and challenge the application of ODIs during AMP6.
- The Water Forum is not a decision making body, it will not be involved in making decisions on regulatory actions.
- Could the forum be used to help STW prioritise schemes in the investment programme?

CONTROLLED

Chair:

- Each Customer Challenge Group followed a different approach in the appointment of their Chair, with the majority appointing the CCWater Regional Chair into the role.
- This created a number of challenges for CCWater:
 - Fulfilling the role of Chair for a number of CCGs that were all working to the same timescale was more time consuming than anticipated.
 - With a CCWater Chair, in some CCGs it was difficult for the CCWater reps to provide input;
- CCWater proposes that for future CCGs, Companies appoint an independent Chair with possibly the original Chair as a member of the CCG.
- As we move to a more competitive environment, consideration needs to be given on the scope for the same Chair to be appointed to a number of CCGs.
- CCWater have offered to support the recruitment of the independent Chair through:
 - Identification of eligible and suitable candidates;
 - Provision of a CCWater contract of employment for the candidate;
 - CCWater to remunerate the successful candidate.
- The CCWater view is that if a Company Non Executive Director is appointed to the role of Chair, this could be perceived that their primary duty is to shareholders.
- Similarly, CCWater has a concern that if a company appoints an independent Chair they could be seen as being captured.

Action:

- STW to develop options paper for presentation to Severn Trent Executive Committee.

7. Any other business

The date of the next meeting is still to be agreed, likely to be in line with next half year results.

The Chair stated that as this meeting was the last one David Wurr would attend, he thanked him for his contribution to the Water Forum.