



Minutes of the twentieth meeting of the Water Forum

Draycote Water, Rugby

9 November 2016

Present:

<i>Chair</i>	Gill Barr
<i>Consumer Council for Water (CCWater)</i>	Bernard Crump, Christina Blackwell
<i>Environment Agency</i>	Bill Darbyshire
<i>Natural England</i>	Ian Butterfield
<i>CBI</i>	Richard Butler
<i>East Midlands Councils</i>	Stuart Young
<i>Independent Members</i>	Nick Baker, Rish Chandarana, Karen McArthur

In attendance:

<i>Severn Trent Water (STW)</i>	Tony Ballance (Director, Strategy and Regulation), Shane Anderson (Head of Economic Regulation), Harriet Towler (Outcomes Manager), Min Grimshaw (Head of Asset Strategy), Leah Fry (Head of Customer Strategy & Experience), Mike Keil (Asset Strategy Manager), George Cullen (Strategic Insight Lead), Paul Dowell (Planning & Risk Controller), Laura Bennett (Credit Services Leader), Hayley Burdett-Ward (Secretariat), Malcolm Horne (Head of Asset Management) (morning only), Neerja Upadhyay (Business Planning Controller – infrastructure) (afternoon only).
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Apologies for absence:

Jan Britton (Sandwell Council), Steven Wade (Independent).



1. Welcome

The Chair welcomed attendees to the twentieth meeting of the Water Forum – including new members joining for the Forum for the first time. The Chair summarised a productive dinner held the night before with the Forum and the Chair of Severn Trent.

The Chair outlined objectives for the day's session. She explained that as an off-site workshop, the Forum would divert from its usual format to:

- understand more about the business planning and price review process, and
- work collaboratively with Severn Trent to design the work programme for the Water Forum.

The Forum discussed its revised principles of working, emphasising that in order to get the maximum benefit for customers, the Forum's challenge needed to be focused and constructive.

3. Our Business Plan in context

To help induct new members, presentations were given by Severn Trent on:

1. Severn Trent (and the industry)
2. What is a business plan (for a regulated water company)?
3. What makes a good plan (from Ofwat's perspective)?
4. Who are the stakeholders in our plan?
5. How are decisions about our plan made?
6. How is our operating environment changing?
7. How did we undertake research for PR14 (and what did we learn)?

Action(s):

- STW to schedule a further session to explain industry financing in more detail.

4. Our roadmap for PR19

Severn Trent displayed the critical milestones and dependencies in their plan for PR19 and highlighted that there would be particular focus on the evidence base for their proposals.

In response to a member's concern, the Forum was assured that Severn Trent would work to ensure that it was properly consulted at each stage relevant to its remit, and prior to any final decision making by the Severn Trent Water Board.



5. Approach to identifying strategic challenges

Severn Trent presented the outcome of an internal process that they had undertaken to identify what they believed were the key strategic challenges that they would face in the future. The presentation covered the four factors considered to drive the process of identifying the strategic challenges:

- Lessons learned from PR14
- External factors and changes
- Business risks
- Customers' priorities

As a result the strategic challenges identified are:

- Water resource resilience
- Supply resilience
- Reducing the impacts of flooding
- Improving the environment
- Adoption of private supply pipes
- With an overarching challenge of affordability

The Forum challenged Severn Trent to explore further explain why and how it had reached this shortlist. Members also suggested Severn Trent should consider opportunities with the digital and IT revolution and working in partnership to help tackle the issues.

Severn Trent explained that the challenges will feature in a publication, its first PR19, in early 2017 and they will use this to kick off wider stakeholder conversations, with the approach to engagement being deliberately broad. A member of the Forum raised concern that segregating the strategic challenges into separate stakeholder discussions may not provide a rounded view. Severn Trent would consider how to ensure a range of expertise attended each workshop.

Action:

- STW to provide opportunity to discuss all of the challenges that arose to establish whether the final five challenges chosen were the right five.

6. Responding to challenges for market research

The Forum discussed the need for a strategic framework for market research and customer insight, emphasising the importance of a clear rationale for the chosen approach and research tools used.

The Forum's market research expert set out a potential construct which, building on Ofwat's principles, was designed to give a full picture of the needs, wants and behaviours of Severn Trent's customers. Other members and Severn Trent expressed their support for the construct. Severn Trent agreed to review and build on the construct.



Severn Trent provided an update on its most pressing area of research – willingness to pay and supporting valuations approaches. Severn Trent agreed to engage with the Forum’s market research sub-group as it developed an invitation to tender, and the subsequent supplier appointment process.

7. Individual workstream plans

The Forum divided in to three individual workstreams to agree how and when to engage with Severn Trent:

- Customer research and engagement
- Retail and vulnerable customers
- Investment to deliver environmental, resilience and other outcomes.

8. Feedback and next steps

Individual workstreams feedback to the group on progress and next steps. It was discussed that the retail workstream in particular had more work to do to agree a full workplan, which Severn Trent agreed to progress. The Chair requested that each workstream be prepared to feedback on progress at future Forum meetings.

The Chair thanked everyone for attending.