

response to the water industry commission's consultation on its approach to the 2010-14 price review

March 2007

About the Scottish Consumer Council

The Scottish Consumer Council (SCC) was set up by government in 1975. Our purpose is to promote the interests of consumers in Scotland, with particular regard to those people who experience disadvantage in society. While producers of goods and services are usually well-organised and articulate when protecting their own interests, individual consumers very often are not. The people whose interests we represent are consumers of all kinds: they may be patients, tenants, parents, solicitors' clients, public transport users, or simply shoppers in a supermarket.

Consumers benefit from efficient and effective services in the public and private sectors. Service-providers benefit from discriminating consumers. A balanced partnership between the two is essential and the SCC seeks to develop this partnership by:

- carrying out research into consumer issues and concerns;
- informing key policy and decision-makers about consumer concerns and issues;
- influencing key policy and decision-making processes;
- informing and raising awareness among consumers.

The SCC is part of the National Consumer Council (NCC) and is sponsored by the Department of Trade and Industry. The SCC's Chair and Council members are appointed by the Secretary of State for Trade and Industry, in consultation with the First Minister. Martyn Evans, the SCC's Director, leads the staff team.

Please check our web site at www.scotconsumer.org.uk for news about our publications.

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The SCC assesses the consumer perspective in any situation by analysing the position of consumers against a set of consumer principles.

These are:

ACCESS

Can consumers actually get the goods or services they need or want?

CHOICE

Can consumers affect the way the goods and services are provided through their own choice?

INFORMATION

Do consumers have the information they need, presented in the way they want, to make informed choices?

REDRESS

If something goes wrong, can it be put right?

SAFETY

Are standards as high as they can reasonably be?

FAIRNESS

Are consumers subject to arbitrary discrimination for reasons unconnected with their characteristics as consumers?

REPRESENTATION

If consumers cannot affect what is provided through their own choices, are there other effective means for their views to be represented?

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SCOTTISH CONSUMER COUNCIL

RESPONSE TO THE WATER INDUSTRY COMMISSION'S CONSULTATION ON ITS APPROACH TO THE 2010-14 PRICE REVIEW

The Scottish Consumer Council (SCC)'s purpose is to make all consumers matter. We have a particular remit to represent the interests of disadvantaged consumers, and those who, for any reason, are denied access to or excluded from the provision of essential services like water. Our remit is to represent and promote the interests of household consumers of water services in Scotland.

We welcome the fact that the Water Industry Commission is consulting on its approach to the next price review at this very early stage. This reflects very positive improvements that we have seen in the way in which the Commission communicates with stakeholders and the investment that it has made in making its publications and its website more accessible.

We have no comment to make on the issues to be covered in the review, other than that they are comprehensive, and we welcome the staged process that will go some way to making what is a complex process more understandable to stakeholders.

The Commission has statutory duties to promote the interests of consumers of water services, and indeed customers are identified as key stakeholders in the consultation document. However, while we welcome the commitment to engaging with stakeholder groups, we believe that the proposed approach to the review does not go far enough to demonstrate to us that the interests of ordinary consumers will be integral to its thinking. There is no evidence that the Commission intends to engage directly with consumers and, without this engagement, there will be a risk that the outcome of the review will be flawed. This brief response makes some suggestions on ways that the consumer interest could be built into the review process and we would be happy to discuss these further with the Commission and to work with it to help make the process as inclusive as possible.

Consumer Research

We believe it is vital that the price review is informed by a sound base of consumer research evidence, particularly on issues such as willingness to pay and affordability. If such research is planned, then the Commission has not demonstrated how it will be used to inform or feed into the review process.

Outreach

In addition to quantitative research, we believe that the Commission needs to do more to reach out to consumers in different parts of Scotland. Public meetings are not always the best way to obtain balanced qualitative information. We do suggest, however, that the Commission carries out targeted focus groups with consumers across Scotland. Consumers are not homogenous and it is important that the review is informed by the needs of particular groups, such as those on low incomes, or those who live in the islands.

Public Information

We acknowledge the resource implications that can accompany public information campaigns. Nevertheless, we believe that the Commission should consider making more information about the review available to the general public. This could be done by working with local authorities to include information in council tax bills and on websites, and by following the lead set by the Scottish Executive in sending leaflets to public libraries, CABs etc during the consultation on the Q&S III programme.

Capturing the Consumer Interest in the Regulatory Process

The consumer interest should be at the heart of any framework of economic regulation and therefore integral to the organisational, cultural and policy environments that exist in regulatory bodies. We recommend that the Commission considers using the Ofcom Consumer Panel's Toolkit for Regulators, "Capturing the Consumer Interest."¹ The Toolkit aims to provide a practical means of how regulators can assess how well they are taking account of and identifying the consumer interests in regulatory policy development and implementation. It also shows how regulators can best demonstrate what they have done in addressing consumer interests and the basis for their actions.

Being Accessible to all Consumers

The Commission needs to do much more to demonstrate how it will involve consumers from different ethnic minority groups, particularly those for whom English is not the first language.

And the review process will also have to give serious consideration to ensuring that information is made accessible to disabled people. The SCC manages the Scottish Accessible Information Forum. The Forum (SAIF) is a national membership body of disabled people and information providers which works to improve accessible information for disabled people by producing and promoting standards and guidelines. We recommend that the Commission follows the national information standards that have been set and published by SAIF, and which have been endorsed by the Scottish Executive, which provides the funding for SAIF².

¹ http://www.ofcomconsumerpanel.org.uk/publications/capturing_the_consumer_interest.pdf

² http://www.saifscotland.org.uk/publications/rev_stdndrd/revised_standards.pdf

Stakeholder Group Information Days

The introduction of stakeholder information days during the most recent review was very welcome and we are pleased that they will continue. However, we suggest that they need further development so that more two-way dialogue is enabled and in order that they become more effective discussion and consultation mechanisms rather than information sharing events. Suggestions include changing the title to “stakeholder seminars”, asking stakeholders to make presentations on their priorities, having a roundtable format and ensuring that there is timely and structured feedback on action taken as a result of the seminar.

For the same reasons as outlined above, and in order to ensure inclusiveness across Scotland, we firmly believe that the Commission should consider holding stakeholder seminars out of the office and in venues across Scotland. More consideration also needs to be given to attracting a wider group of stakeholders, including groups representing the interests of low income groups, ethnic minorities and disabled people. It would also be beneficial to have separate seminars for business and household consumer interests.

In conclusion, we welcome the Commission’s early commitment to effective consultation on the next price review but believe that much more needs to be done to engage with ordinary consumers and also to embed the consumer perspective in the regulatory process. Consumers should be the key beneficiaries of regulation and we would be happy to work with the Commission to help make this happen.