

Minute of the fifty-first meeting of the Water Industry Commission for Scotland
Held on 3 November 2009 in Stirling

- Present:** Sir Ian Byatt (Chairman)
Professor David Simpson (Deputy Chairman)
Professor John Banyard
Dr Michael Brooker
Mr Charles Coulthard
Mr Alan Sutherland (Chief Executive)
- In attendance:** Mrs Katherine Russell (Director of Corporate Affairs)
Mr John Simpson (Director of Analysis)
Mr Ian Tait (Director of Investment – Item 6)
Ms Shona Coan (Financial Controller – item 4)
Mrs Donna Very

Chairman's opening remarks

The Chairman welcomed everyone to the meeting and thanked them for attending.

1. Apologies for absence

Nil.

2. Minute of previous meeting and review of action points

2.1 Declaration of conflicts of interest in relation to the Agenda

No conflicts of interest were reported.

2.2 Minute of last meeting (07/09)

The Commission agreed that the minute was an accurate account of the proceedings.

2.3 Review of action points (AP07/09)

The Commission noted it was in a satisfactory position.

3. Current issues

3.1 Working with stakeholders and other current issues (CP138/09)

The Commission noted this paper.

3.2 Update from CMA

The Chief Executive of the CMA, Dr Jeremy Atkinson, provided a written update on the company's activities over the last month.

The Commission noted this update.

4. Corporate Affairs

4.1 Office work plan (CP139/09)

The Commission noted this paper.

4.2 Update on the framework contracts/consultancy approvals (CP140/09)

The Director of Corporate Affairs reported that the 3 Monkeys contract had now been terminated.

The Commission noted this update.

4.3 Finance Paper (CP141/09)

The Commission noted the financial results for August 2009.

4.4 Update from the Audit Committee (CP142/09)

The Commission noted the paper with approval and thanked the Audit Committee and Financial Controller for their helpful work.

4.5 Update on Risk Register (CP143/09)

The Commission had previously raised concerns that there were no rigorous processes in place to ensure the identification of new risks. The Commission agreed that a six monthly strategy meeting, to review potential risks facing the Commission, should be put in place.

4.6 Annual Accounts (CP144/09)

The Commission noted that the Annual Accounts have now been approved by Audit Scotland and are pleased with the general accounting of the office.

5. Competition

5.1 Oral update on licensees

No activity reported.

5.2 Update on Communications (CP145/09)

The Director of Corporate Affairs provided the Commission with an update on the activities being undertaken to communicate the work of the Commission.

The Commission noted this paper.

5.3 Licence Fees (CP146/09)

The Commission discussed the proposed changes to the licence fees policy statement and agreed that any revision to the statement should be after consultation with existing and potential market participants.

6. Investment

6.1 Oral update on investment delivery including overhang

6.2 Investment update (CP147/09)

The Director of Investment provided an oral update on the latest information available on Scottish Water's progress with delivering its investment programme.

For the period ending August 2009, Scottish Water had completed 4 of the 19 quality outputs, with 7 outputs remaining behind target. This was a marginal improvement in performance since end of July reporting. Scottish Water forecasted recovery in sign-off by the end of September but there is a noticeable shortfall in progress at the earlier delivery stages.

As at the end of August 2009, Scottish Water's forecast for total investment for the period 2009-10 has risen to £643.4 million, an increase of £1.5 million. This figure is significantly ahead of the Delivery Plan central forecast of £625.9 million.

The Commission expressed disappointment with this update and will continue to monitor the situation closely.

7. Strategy

7.1 Update on the Oxera Project (CP148/09)

The Chief Executive provided the Commission with an update on the recent Overview Group meetings held on 12 and 13 October at Oxera offices in Oxford. The Chief Executive reported that the sessions had gone well and progress was being made.

The Commission noted this update.

7.2 Scheme of Charges (CP149/09)

Paper formally withdrawn and will be resubmitted at the December meeting.

7.3 Update on customer numbers (CP150/09)

The Commission noted this paper.

7.4 Regulatory Contract paper (CP151/09)

The Commission are content with the regulatory contract subject to some amendments. An updated version will be circulated to members.

The Commission noted this paper

7.5 Final Determination (CP152/09)

The Commission discussed the outline for the Final Determination. The key messages are to be circulated to members for final comment.

The Commission thanked the office for all their work on the Final Determination.
