

**Minute of the fiftieth meeting of the Water Industry Commission for
Scotland**

Held 6 October

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)
Mrs Donna Very
Mr Colin McNaughton

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 (06/09)

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

2.3 Review of action points (AP06/09)

The Commission noted it was in a satisfactory position.

3. Update on current issues

3.1 Working with stakeholders and other current issues (CP100/09)

The Commission noted this paper.

Other current issues:

The Chairman reported that he and Craig Mackenzie (Analyst) had given evidence on the Draft Determination to the Transport, Infrastructure and Climate Change Committee.

The Chairman also reported that he will speak at an Ofwat breakfast briefing on 14 October.

The Chief Executive reported that he had met with Scottish Water and Business Stream.

The Chief Executive gave a speech at a Holyrood Seminar – ‘Managing Scotland’s Water: Balancing the challenges’. A copy of this speech has been made available on the website.

The Director of Corporate Affairs confirmed dates of publication for the Customer Service Report, Costs and Performance report and Investment Report.

Dr Brooker attended a National Audit Office conference, ‘Improving your Board’s performance: an event for public sector Non-Executive Directors’.

Mr Coulthard reported that he had attended a Beesley Lecture, ‘Promoting Innovation in the Electricity Industry’.

3.2 Update from CMA

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

The Commission noted this update.

Corporate Affairs

4.1 Office workplan (CP123/09)

The Commission noted this paper.

4.2 Update on framework contracts/consultancy approvals (CP124/09)

The Commission noted this paper.

4.3 Finance Paper (CP125/09)

The Commission noted this paper.

4.4 FOI paper (CP126/09)

The Commission discussed the introduction of charging for Freedom of Information requests.

The Commission are in favour of such charges being put in place and delegated authority to the Chief Executive.

4.5 Revised key messages for Investment Report (CP127/09)

The Commission agreed the revised key messages for the Investment Report, which will be published in November 2009.

5.1 Oral update on licensees

The Chief Executive gave an oral update on licence provider activities. The Commission noted this update.

5.2 Update on communications (CP128/09)

The Director of Corporate Affairs updated the Commission on activities being undertaken to communicate the work of the Commission.

The Commission noted this update.

5.3 Update on progress on amending wholesale/retail split (CP129/09)

The Commission discussed progress being made on refining the separation of wholesale and retail activities. The Commission agreed that further consultation is required with licensed providers, stakeholders and Scottish Water prior to any transfer of such activities. The Commission agreed that a working group similar to the Licensing Framework Implementation Group (LFIG) should be established to take forward this work.

5.4 Update on Waterwatch non-household complaints handling (CP130/09)

The Commission noted the recent exchange of correspondence.

6. Investment

6.1 Oral update on investment delivery including overhang

6.2 Investment update

The Chief Executive provided the Commission with an oral update on Scottish Water's progress with its capital investment delivery for the period ending August 2009.

Scottish Water's forecast for total investment for 2009-10 has risen to £643.4m, which is an increase of £1.5m since the figures reported at the end of July 2009.

6.3 Capital Monitoring (CP132/09)

The Commission noted the outcome of recent meetings held with Scottish Water to discuss ways of improving its capital reporting. The Commission were pleased to note that some progress had been made but that further joint work should continue in order that a common position on reporting is achieved.

6.4 Approval of water resource study (CP133/09)

The Commission considered the strategic resource zone programme update and agreed that a working level dialogue should be held with Scottish Water on its approach.

7. Strategy

7.1 Ofwat determination v WICS determination (CP134/09)

The Commission discussed the key features of the Commission's and Ofwat's draft determination.

7.2 Oxera project working papers (CP135/09)

The Commission noted the working papers and were optimistic good progress would be made.

7.3 Update on OPA (CP136/09)

The Commission noted recent correspondence with Ofwat.

7.4 Draft determination representation (CP137/09)

The Commission noted the key points arising from stakeholder representations to the Draft Determination.