

Minute of the seventieth meeting of the Water Industry Commission for Scotland
Held on 7 December 2011 in Stirling

- Present:** Professor Gordon Hughes (Chairman)
Professor David Simpson (Deputy Chairman)
Mr Charles Coulthard
Mr Alan Sutherland (Chief Executive)
- In attendance:** Mr Ian Tait (Director of Investment)
Mr John Simpson (Director of Analysis)
Mrs Katherine Russell (Director of Corporate Affairs)
Ms Shona Coan (Financial Controller for item 3.1 and 4.3)
Mrs Donna Very

Chairman's opening remarks

The Chairman welcomed everyone to the 70th meeting of the Commission.

1. Apologies for absence

None

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 Minutes of last meeting (07/11)

The Commission agreed the minute was an accurate record of the meeting.

2.3 Summary of action points (AP08/11)

The Commission reviewed the action points from the previous meeting and noted that this list was in a satisfactory position.

2.4 Oral update on current issues

The Chief Executive provided the Commission with an oral update on current work-streams.

3. Information papers 1 – Standing items

3.1 Finance and contracts paper (CP82/11)

The Commission noted this helpful and informative paper. The Commission discussed activity reporting and requested that Commission costs on competition issues be monitored.

3.2 Quarterly Investment update (CP83/11)

The Commission noted the position with Scottish Water's progress on delivering its investment programme.

3.3 Communications update (CP84/11)

The Commission noted this update.

3.4 Update from CMA

The Commission noted the written update provided by CMA.

4. Information papers 2 – Any other issues

4.1 Scottish Water's quarterly and Annual Performance Dashboard (CP85/11)

A discussion took place on the format of Scottish Water's Annual Performance Dashboard. The Commission agreed that this information could be presented to different audiences in different formats.

4.2 Audit Committee update (CP86/11)

The Commission noted this update and recommended that another independent member is recruited to the Audit Committee.

4.3 Risk Register (CP87/11)

The Commission noted the Risk Register update and requested that it be reviewed with clear mapping to the Commission's strategy and resources.

4.4 Update on Competitive Market (including CMA) (CP88/11)

The Commission noted this update. The Commission requested that an information paper be circulated outlining how the transfer of activities to retailers is to be implemented.

4.5 Update on work towards possible Anglo-Scottish Market for retail services (CP89/11)

The Commission noted this update.

4.6 Progress on setting up of Customer Forum (CP90/11)

The Commission noted this update.

5. Decision papers

5.1 Annual Charges Scheme (CP91/11)

The Commission noted and approved the Charges Scheme. The Commission would like to review the structure of the Charges Scheme in the long term.

5.2 Governance update (CP92/11)

The Commission approved the division of responsibilities of the Chief Executive and Chairman's roles. They also approved the proposed schedule of reserved matters and the revised Rules of Procedure and Code of Conduct. The Commission agreed that there was no requirement for a Remuneration Committee.

5.3 Performance Report (CP93/11)

The Commission approved the report.

5.4 Unallocated Investment update (CP94/11)

The Commission noted the current position with regard to the £180m of unallocated finance provided in the November 2009 final determination. The Commission are reluctant to approve, unless there is clear evidence that the £180m will be used on high priority outputs which have been identified for delivery in the 2015-2020 period.

5.5 Severn Trent application for retail licence (CP97/11)

The Commission agreed to delegate authority to the Chief Executive to handle this application.

6. Discussion papers

6.1 Recruitment and Retention (CP95/11)

The Commission discussed the issue of staffing levels. The Commission noted that the office approached the Government Economic Service to secure staff on a secondment basis, but at this time they too have insufficient resources. The Commission are therefore content with the outlined proposal to establish a recruitment campaign to secure analysts from the current graduating class.

6.2 Innovation (CP96/11)

The Commission welcomed the initiative on Innovation.

Chairman's closing remarks

The Chairman thanked everyone for attending and brought the meeting to a close.

The next Commission meeting will take place on **Wednesday 21st March 2012**.