

Minute of the sixty-fourth meeting of the Water Industry Commission for Scotland

Held on 1st March in Stirling

- Present:** Sir Ian Byatt (Chairman)
Professor David Simpson (Deputy Chairman)
Dr Michael Brooker
Mr Charles Coulthard
Mr Alan Sutherland (Chief Executive)
- In attendance:** Mr Ian Tait (Director of Investment)
Mrs Donna Very
Miss Kirsty Love

Chairman's opening remarks

The Chairman welcomed everyone to the 64th meeting of the Commission.

1. Apologies for absence

Professor John Banyard

2. Minute of previous meeting and review of action points

2.1 Declaration of conflicts of interest in relation to the Agenda

None

2.2 Minutes of last meeting (01/11)

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

2.3 Summary of action points (AP02/11)

The Commission pointed out that the Communication Strategy paper should have been for discussion rather than information.

3. Information papers 1 – Standing items

3.1 Update from CMA

The Commission noted this paper and welcomed the activities of Procurement Scotland which have, by operating through the competitive market, resulted in substantial savings to the public purse.

3.2 Update on current issues (CP16/11)

The Commission noted this paper. It questioned whether a regulatory impact assessment was made for the Reservoirs (Scotland) Bill and noted that it would have been desirable to have been involved.

3.3 Finance and contracts paper (CP17/11)

This paper was noted by the Commission.

3.4 Update on investment (CP18/11)

The Commission noted Scottish Water's progress on delivering its investment programme given recent adverse weather conditions. Although there are still delays on long-standing projects, Scottish Water is ahead on other projects.

3.5 Update on communications (CP19/11)

The Commission noted this paper, and the progress made on the communication strategy. The Commission approved the communication targets as set out in the circle template, however, they requested clarification of categories. It was agreed that, as and when any further progress is made on any of the red boxes in Categories A through to D, the Commission should be informed. The communication strategy will otherwise be presented to the Board every three months.

4. Information papers 2 – Any other issues

4.1 Metering trials (CP20/11)

This paper provoked an interesting discussion. The Commission noted this paper and agreed that a further update on metering trials should be presented at the April meeting. The Commission requires additional explanation on exactly what work is involved in the water-efficiency trials and how they are linked to the metering trial allowed for in the price determination.

4.2 Willingness to Pay Studies (WTP) (CP21/11)

The Commission welcomed the work being done on WTP. It also welcomed the working level discussions that are to take place with SEPA. It noted the acknowledgement in the SEPA paper that the Water Framework Directive recognised the importance of timing in the implementation of directives for reasons of affordability. The Commission believes customers should be consulted on these issues and would like Consumer Representatives to be involved, as appropriate, in this area. The Commission looks forward to being kept up to date on any further progress.

4.3 Reform of Consumer and Enforcement Bodies (CP22/11)

The Commission recognises the importance of consumer involvement and emphasises the need for regulation of the water industry through the support of a strong, well resourced research advocacy body. The Commission also recognises the synergy value and efficiencies of cross sector work for the benefit of water customers in Scotland. The Chairman is to respond with the Commission's thoughts and reactions to Mr Douglas Sinclair, Chairman of Consumer Focus Scotland.

4.4 Mission, Strategy and Governance (CP23/11)

The Commission noted that this document was edited after the Commission had approved it at the January commission meeting. During this editing, it was decided not to include an executive summary. Although the final result is acceptable, in future it would be desirable to return the paper to the Commission before publishing on our website. It was noted that the summary which had been originally agreed at the January meeting can be used by Commission Members should they require to do so, despite the fact that it is not part of the published document.

5. Decision papers

5.1 Default tariffs (CP24/11)

Following discussions with Licensed Providers (LPs), the office looked again at ensuring the default sewerage tariffs allowed LPs to raise revenues in line with the final determination. A revised charges scheme was agreed by the Commission.

6 Discussion papers

6.1 Ready Reckoner (CP25/11)

The Commission discussed this paper and greatly welcomed the ready reckoner. The Commission would like some further information on how to use the reckoner and encourages the office to explain the features and benefits. A web-based calculator will be available in June 2011.

6.2 Shortage of Borrowing (CP26/11)

The Commission discussed this paper. This paper, which provides a snapshot of current conditions, was noted and welcomed. The Commission however, asks the office to be ready to update when necessary and thanks staff for it being a very helpful piece.

6.3 Rules of Procedure (CP27/11)

The Commission noted the existing Rules of Procedure. The Chairman of the Audit Committee will present them to the Audit Committee at its forthcoming June meeting, for discussion and recommendations, before submitting them to the Commission at its September meeting.

Chairman's closing remarks

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