

**Minute of the sixty-fifth meeting of the Water Industry Commission
for Scotland**

Held on 5 April 2011 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:** Mr Ian Tait (Director of Investment)
Mr John Simpson (Director of Analysis)
Mrs Katherine Russell (Director of Corporate Affairs)
Mrs Shona Coan (Financial Controller for items 3.3, 4.2, 6.1 and 6.2)
Mr Richard Khaldi (Senior Analyst for items 4.1 and 4.3)
Dr David Tyler (Senior Engineer for item 3.5)
Mrs Donna Very

Chairman's opening remarks

The Chairman welcomed everyone to the 65th 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

None

2.2 Minutes of last meeting (02/11)

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

2.3 Summary of action points (AP03/11)

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

3. Information papers 1 – Standing items

3.1 Update from CMA

The Commission noted the written update provided by CMA.

3.2 Update on current issues (CP28/11)

The Commission noted this paper and asked that they are kept informed of publications that have material implications for the Commission. The Commission also noted the Joseph Rowntree Foundation report and that Scotland has its own approach through council tax bandings/discounts.

3.3 Finance and contracts paper (CP29/11)

The Commission noted the most recent financial results report for the year to 31 January 2011. The Commission welcomed the continued prudence but noted that it had been appropriate to return money back to Scottish Water and licensed providers.

The Commission also noted that where a policy change is proposed which has material financial implications, it should be put to the Commission for approval before it is submitted to the internal approvals process.

3.4 Update on communications (CP30/11)

The Commission noted this paper and welcomed the recent visit by the Cabinet Secretary for Finance and Sustainable Growth.

3.5 Metering Trials (CP31/11)

The Commission examined carefully the letter and attachments that Douglas Millican sent to Bob Irvine on 15 March. There was some disagreement among Commission members on this matter, but based on the majority the Commission concluded that the Chairman should write to the Scottish Government, at official level, to indicate the serious doubts it had about whether the study set out in the papers, would in practice, provide an adequate evidence base to assess relative cost benefits to other savings relative to water metering.

4. Information papers 2 – Any other issues

4.1 Update on retail workshops (CP32/11)

The Commission is delighted by the progress being made in this area and look forward to an update in September. The Commission encourage the office to write up the process that had been followed to get the agreement and publish on the website.

4.2 Audit Committee update (CP33/11)

The Commission noted this paper and welcomed the work being done on establishing an activity based costing of the Commission's activities. The

Commission recognised that this will take time and it is important to maintain budget holder involvement.

The Chairman and Chief Executive are due to receive the annual effectiveness review from the Audit Committee.

4.3 Update on competition (CP34/11)

The Commission greatly welcomed this paper and note the importance of improving data quality for good regulation and customer protection. The Commission noted the statement by the Cabinet Secretary concerning the possible continuation of a price freeze for customers. This could be a departure from the current Final Determination of charges.

5. Decision papers

5.1 Ready Reckoner (CP35/11)

The Commission agreed that the ready reckoner was an excellent and helpful tool and suggested that some minor amendments be made prior to publication on the website.

5.2 Draft Annual Report (CP36/11)

The Commission noted this paper and was content with the structure of the Annual Report subject to some minor drafting amendments.

6. Discussion papers

6.1 Risk Register (CP37/11)

The Commission discussed the progress made since the last Commission review of the Risk Register.

6.2 Internal Audit forward plan (CP38/11)

The Commission agreed that the internal audit work plan was satisfactory.

6.3 Governance of the Customer Forum (CP39/11)

The Commission agreed that subject to approval of expenditure for the Customer Forum and some minor drafting amendments to the schedule, they are happy to approve.

Chairman's closing remarks

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