

Eighty second meeting of the Water Industry Commission for Scotland

Held in Stirling on 11 March 2014

Present: Professor Gordon Hughes (Chairman)

Mr. Alan Sutherland (Chief Executive)

Mr. Ross Finnie

Mr. John Reynolds

In attendance: Mr. Ian Tait

Mr. David Walters (Analyst; for items 3.1 and 5.1)

Mrs. Shona Coan (Financial Controller; for item 3.2)

Mrs. Claire Nichols (Consultant)

Chairman's opening remarks

The Chairman welcomed everyone to the 82nd meeting of the Commission.

1. Apologies for absence

Mrs. Libby Gawith and Mrs. Katherine Russell.

2. Minute of previous meeting and regular updates

2.1 Declaration of conflicts of interest in relation to the agenda

No conflicts of interest were reported.

2.2 Minute of last meeting (05/13)

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

2.3 Summary of action points

The Commission noted the summary of action points.

2.4 Chief Executive's report (11/14)

The Chief Executive provided an update on average household bills in 2014-15 for customers in Scotland and how these may compare with bills in England and Wales. Any final comparisons will only be possible after the conclusion of the price review south of the border.

The Commission discussed the Water Bill and its progression through the House of Commons and House of Lords, including debate around the issue of not allowing companies to exit from the retail non-household market.

The Commission discussed proposals for a single regulatory body and the issues that may be faced in recruiting for such a body (given the experience the Commission has had in recruiting and retaining analytical staff).

The Chief Executive reported that one of our analysts had gone on secondment to work with Ofwat on its price review on a temporary basis, as a development step, until February 2015.

3. Regular business

3.1 CMA update (12/14)

The Commission noted the paper and discussed progress in relation to the Assessor's project.

3.2 Budget update (13/14)

The Commission noted the paper. Commission members discussed the proposal to purchase new desks as the current desks are old and could pose a health and safety risk.

The budget was approved subject to a schedule of works on capital costs and an assessment of need in relation to the desks.

4. Office updates

4.1 The UKRN (14/14)

The Commission noted the paper. It was agreed that it was sensible for the Commission to have status as an observer, but that this could be reviewed at any point.

4.2 International consultancy (15/14)

The Commission noted the paper. Commission members reiterated that it would be important that any work explaining our role and regulatory model to international

organisations and governments should not get in the way of the Commission's own work. It would also be important to ensure that any commitments in this area are modest and have the full support of the Scottish Government.

5. Competition

5.1 Escrow arrangements (16/14)

The Commission noted the paper.

6. Strategic Review of Charges

6.1 The Innovation Panel (17/14)

The Commission noted that this was a useful introductory paper. It commented that overall the work of the Panel was a sensible approach that would be helpful for Scottish Water, and noted that it would be helpful to return to the topic later on in the year.

6.2 The Draft Determination (18/14)

The Commission discussed a number of changes that it required to be made to the version of the Draft Determination that was sent to it in advance of the meeting. The Chairman stated that he would provide a foreword for the determination. A draft press notice for comment by Commission members would be produced.

Chairman's closing remarks

The Chairman closed the meeting, thanking attendees and noting that the next meeting was scheduled for 29 April 2014.