

One Hundredth meeting of the Water Industry Commission for Scotland

At the office of the Water Industry Commission for Scotland, Stirling

On 6 April 2017

Preliminary: In the terms of the Rules of Procedure, Libby Gawith nominated Ross Finnie to Chair the meeting and this was agreed.

Present: Ross Finnie (Acting Chair)
Alan Sutherland (Chief Executive)
Libby Gawith
Donald MacRae
Jo Armstrong

In attendance: Katherine Russell, Director of Hydro Nation, Retail and Innovation
Ian Tait, Director of Network Regulation
Bob Irvine, Head of Water Division, Scottish Government
Ellen Millar, Secretary

Chairman's opening remarks

The Chair welcomed Bob Irvine from the Scottish Government to the meeting.

The Commission recorded the resignation of Professor Gordon Hughes and expressed its thanks for his considerable contribution during his 6 years as Chair of the Commission.

1. Apologies for absence

There were no apologies for absence.

2. Minute of the last meeting and regular updates

2.1 Declaration of conflicts of interest in relation to the Agenda

There were no such declarations.

2.2 Minute of the last meeting **(01/17)**

The Commission approved the minutes subject to minor changes.

2.3 Summary of action points **(AP01/17)**

It was noted that Item 3 should be amended to 'Ongoing' and not 'Complete'.

3. Regular business

3.1 Budget paper **(CP12/17)**

The Chief Executive provided the Commission with background information to the budget report 2017-18. The Commission requested additional information on consultancy expenditure, which was provided by the Chief Executive.

The Financial Controller confirmed there were no restrictions within the Scottish Public Financial Manual regarding the statement of comprehensive income showing a deficit.

The Commission reviewed the resource assumptions within the budget and requested that a paper on succession planning for the Office be presented at a future Commission meeting.

The budget for 2017-18 was approved by the Commission.

3.2 Audit and Risk Committee update **(IP03/17)**

The Commission noted the Audit and Risk Committee update. It requested that the Final risk register be circulated to Commission Members following the next meeting of the Audit and Risk Committee.

The Commission asked for clarification on how members are appointed to the Audit and Risk Committee. It was agreed that the Commission should review a shortlist of potential candidates for the external members of the Audit and Risk Committee before any appointment.

Mr Finnie, in his capacity as Chair of the Audit and Risk Committee, noted that the two internal audit reports that had been presented at the last Committee meeting had not been agreed with management. The Commission asked for confirmation that the programme of internal audit work for the financial year 2016-17 would be completed in time to provide assurance to the external auditors. The Financial Controller indicated that there should be a resolution to the current issues in time to meet the requirements of the external audit.

3.3 CMA update **(IP04/17)**

The Commission asked the main purpose of the information provided by the CMA. It was decided that that report in its current form was no longer required. The Commission asked for a report on market share, using the same data as that used for invoicing Licensed Providers, to be included in future Finance reports.

4. Hydro Nation

4.1 Hydro Nation Strategy (CP13/17)

The Commission noted the paper and were content with the proposed strategy and process for managing Hydro Nation expenditure. The Chief Executive noted that the existing approvals form would be developed to take in to consideration the additional information required for considering future expenditure on Hydro Nation activities.

5. Strategic Review

5.1 Strategic Review: Ready Reckoner (CP14/17)

The Commission noted and welcomed the paper.

5.2 Timeline for the Strategic Review of Charges 2021-27 (CP15/17)

The Commission approved the Timeline subject to noting that the wording should make clear that the Commission will make a recommendation, not a decision, with regard to “the appropriate trade-off between borrowing and the level of Capital Expenditure”.

The Chief Executive invited Members to participate in a bespoke training course that has been organized for members of staff.

5.3 Format for Decision Papers of the Commission (CP16/17)

The Commission approved the paper subject to: a change in the date of the establishment of the Customer Forum from 1st May to 15th May; and agreement that the template for the papers would reflect the fact that the papers would represent the initial, revised and then final views of the Commission which were to be made publicly available.

6. Competition

6.1 Default Tariffs (CP17/17)

The Commission discussed the paper. The Commission agreed with the points raised.

A.O.B.

The Commission requested that a Chief Executive Report be reinstated as a standing item to the Agenda. The Commission also requested that a standing item "Diary Dates" be added to A.O.B. for future meetings.

The next Commission Meeting is Thursday 1 June 2017.