

One Hundred and third meeting of the Water Industry Commission for Scotland

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

on 14 September 2017

Present: Donald MacRae (Interim Chair)
Alan Sutherland (Chief Executive)
Libby Gawith (via Telephone call)
Jo Armstrong

In attendance: Katherine Russell, Director of Hydro Nation, Retail and Innovation
Ian Tait, Director of Network Regulation
Richard Pollock, IT Manager, (Item 3)
Andrea Mancini, Head of Hydro Nation, (Item 5)
Donna Very, Office Manager
Ellen Millar, Secretary

Interim Chairman's opening remarks

The Interim Chairman welcomed everyone to the meeting.

1. Apologies for absence

Apologies were received from Ross Finnie.

2. Minute of the last meeting and regular updates

2.1 Declaration of conflicts of interest in relation to the Agenda

None.

2.2 Minute of last meeting (02/17)

The Commission approved the minutes of the 3 August 2017, subject to the following amendments.

Item 3.3 Audit Committee: amend to show that the Commission requested a copy of the Risk Register and add to Actions.

Item 8. AOB: change to "The Chair proposed a new format for future Commission Board Meetings, with a move to around 10 Meetings per year.

2.3 Summary of action points (AP04/17)

The Commission noted the summary of action points.

2.4 Members Update

(Oral)

The Chair provided an update on a Bank of England briefing that he had attended on the UK economy going forward.

2.5 CEO Update

(CP33/17)

The Chief Executive updated the Commission on the recent work of the office.

There was a discussion on transfer blocking within the retail market. The Chief Executive assured the Commission that the office will continue to monitor market switching practices closely to ensure these continue to serve the interests of customers.

The Chief Executive reported on his appearance, along with the Chair, at the Environment, Climate Change and Land Reform Committee meeting on Tuesday 12 September 2017. The published transcript from this meeting has been circulated to members.

The Chief Executive and the Chair met with the Cabinet Secretary, Roseanna Cunningham, at the Scottish Parliament on Wednesday 13 September 2017. The Chief Executive and Chair provided the Cabinet Secretary with an update on the progress being made on the Strategic Review of Charges 2021-2027. The Chair invited Ms Cunningham to a future meeting of the Commission.

The Chief Executive gave an update on the work on succession planning and the SRC21 project.

The Chief Executive has been invited by the international department of the Ministry of Water Resources in China to give a talk on economic regulation and price setting and will also give a presentation of a Scottish Water case study.

3. Regular Business

3.1 Financial Update

(CP34/17)

The Chief Executive provided an update on behalf of the Financial Controller and confirmed that financial performance remains on target.

3.2 Audit Committee

(CP35/17)

The Commission noted the very comprehensive Audit and Risk Committee update.

3.3 Cyber Resilience

(CP36/17)

The IT Manager discussed the Scottish Government's cyber resilience plans for all public bodies and provided an update on security arrangements being put in place by the IT team to ensure that the office complies fully with the Scottish Government's requirements. The IT Manager noted that a workplan is in place to ensure that WICS is compliant by March 2018 and he would provide ongoing updates on progress to the Audit and Risk Committee.

The Commission noted this update and the requirement to provide written assurance to Scottish Government by 31 March 2018 of compliance with the new cyber security requirements.

3.4 Restructuring Proposal

(CP37/17)

The Chief Executive introduced the paper and gave some background to the work. It was noted that the primary aim of the restructuring is to better align the staff structure, gradings and opportunities with the developing role of the office, ensuring a more integrated and team based approach to project delivery.

The proposal has been submitted to the Scottish Government Finance Pay Policy Remuneration Group for approval, with a decision expected on Friday 15 September 2017.

The Commission thanked the Chief Executive for this update and gave their full support for this restructure.

4. Strategic Review

4.1 Initial Decision Papers for the SRC21-27

(CP38/17)

The Commission discussed and commented on the drafts of Initial Decision Papers 10, 11, 12 and 13 for the Strategic Review of Charges 2021-27. The papers will be further developed to incorporate comments from Commission Members and other stakeholders and will be submitted for approval at the 5 October Commission meeting. It was noted that the publication date for these papers has been brought forward from the 25th October to the 18th of October 2017, the day before the Stakeholder meeting on 19th October 2017.

5. Hydro-Nation, Retail and Innovation

5.1 Live RVs

(CP39/17)

The Head of Hydro Nation gave an update on the work being undertaken to transition to Live RVs for non-household water charging. He is working closely with the CMA and Scottish Water to help ensure that the industry meets the Scottish Government's

requirement to transition to Live RVs in a way that seeks an orderly transition for customers.

The Commission noted this update and supports the proposed transition arrangements to Live RV-based charging.

The Commission gave delegated authority to the CEO for the approval of the wholesale charges scheme. This will be circulated to Commission members electronically. Members were invited to raise any issues with the Chief Executive.

The Commission noted the update and thanked the Competition team.

5.2 Hydro Nation Update (CP40/17)

The Director of Hydro Nation, Retail and Innovation gave an update on the work with the EU Commission's Structural Reform and Support Service (SRSS) on strengthening economic regulation in Romania. The office is liaising with the SRSS and the Romanian Public Services Regulatory Authority (ANRSC) to finalise the Technical Assistance programme of support. The project is expected to generate a positive contribution to the office overheads of over £65,000.

The Commission noted the update and thanked the Hydro Nation team.

6. Horizon Scanning discussion

The Chair introduced the Horizon Scanning discussion to the Agenda and asked that members consider suggestions for future topics for Commission meetings. It was agreed that more detailed information on the Tramlines approach and current performance against the tramlines set for 2015-21 would be a useful first topic. Another suggested topic was an update on the Scottish Government's consumer policy.

7. Meetings

7.1 Schedule for future Commission Meetings (CP41/17)

The Chair gave an update on the Schedule of future Commission Meetings and asked the Commission to update their diaries with the dates provided.

7.2 Other Meetings (CP42/17)

The Chair and Commission noted the schedule of future meeting and events.

8. AOB

There was no other Business and the Chair thanked everyone for attending.

The next Commission Meeting will be 5 October 2017.