

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

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

on 5 October 2017

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

In attendance: Katherine Russell, Director of Hydro Nation, Retail and Innovation
Ian Tait, Director of Network Regulation
Andrea Mancini, Head of Hydro Nation, (Item 5)
Ellen Millar, Secretary
Kerstin McEwan, Analyst

Interim Chairman's opening remarks

The Interim Chairman welcomed everyone to the meeting.

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

None.

2.2 Minute of last meeting (04/17)

The Commission approved the minutes of the 14 September meeting.

2.3 Summary of action points (AP05/17)

The Commission noted the summary of action points.

The Commission noted that Action Point 4 was expected to be presented at the Commission meeting in December 2017.

The Commission noted that, on Action Point 5, another update was expected at the next Commission meeting in December 2017. The Commission also received an

introduction to the Covalent software used to manage risk prior to the beginning of the meeting.

2.4 Members Update **(Oral)**

Libby Gawith provided an update on a recent conference she attended hosted by the Regulatory Policy Institute on challenges faced by regulators in the UK.

Jo Armstrong provided updates on her involvements with OFGEM's Low Carbon Innovation Fund, and on the customer engagement used in the Glasgow Housing Association.

2.5 CEO Update **(CP43/17)**

The Chair congratulated the Chief Executive and the office on the successful approval of the restructuring proposal by the Scottish Government Remuneration Group.

The Chief Executive gave an update on the latest Scottish Water performance dashboard. The Commission asked for a commentary providing greater clarity on what was meant by 'completion projects'.

The Chief Executive noted that there would be no financial update due to the timing of the meetings, however the Commission could expect a full update at the next meeting in December 2017.

3. Regular Business

3.1 Scottish Water's Performance Report 2016-17 **(CP44/17)**

The Commission approved the performance report, subject to minor changes.

4. Strategic Review

4.1 Initial Decision Papers for the SRC21-27 **(CP45/17)**

The Commission approved Initial Decision Paper 10 subject to the addition of axes labels.

The Commission approved Initial Decision Paper 11 subject to minor amendments.

The Commission agreed changes for Initial Decision Paper 12 which is now due to be finalised.

The Commission approved Initial Decision Paper 13 subject to minor amendments.

5. Retail and Innovation

5.1 Competition update (CP46/17)

The Head of Hydro Nation and Retail informed the Commission that a consultation document on a new license condition for Live RVs had now been published. This is due to close on 24 October, and the Head of Hydro Nation and Retail is committed to providing the Commission with any updates on responses to this. The Head of Hydro Nation and Retail also updated the Commission on how revaluation appeals are expected to affect the live RV process.

The Head of Hydro Nation and Retail also provided an update on transfer blocking developments.

6. Horizon Scanning discussion

The Chair discussed the financial tramlines. A paper on this is to be presented at the next Commission meeting in December 2017.

The Commission discussed consumer policy and plan to seek an update from the Scottish Government on Consumer Scotland in 2018.

The Commission discussed potential developments in utility regulation policy in Scotland. The Commission plans to invite Chris Stark, the Director of Energy and Climate Change, to a dinner in early 2018 to discuss.

The Commission decided to explore further the topic of innovation and how other regulators allow for this.

The Commission discussed customer engagement in the Glasgow Housing Association. They considered this experience could be useful to the Customer Forum. Jo Armstrong offered to try to arrange a meeting with the relevant group in the Glasgow Housing Association.

7. Meetings

7.1 Schedule for future Commission Meetings (CP47/17)

The Commission noted the schedule of future Commission meetings.

7.2 Other Meetings (CP48/17)

The Commission noted the schedule of future meeting and events.

8. AOB

The Commission discussed the mechanism for appointing new external members of the Audit Committee. The Commission agreed to extend the appointments of the current external members of the Audit Committee until September 2018. The Commission agreed to establish an appointment process run by themselves, the policy for which will be presented at the next Commission meeting for approval.

There was no further business and the Chair thanked everyone for attending.

The next Commission Meeting will be 7 December 2017.