

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

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

On 1 November 2018

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

In attendance: Ian Tait, Director of Network Regulation
Michelle Ashford, Chief Operating Officer
Colin McNaughton, Assistant Director Network Regulation
David Satti, Head of Strategy
Andrea Mancini, Head of Hydro Nation, Retail and Innovation, Item 5 onwards
Rhona Harper, Secretary to the Commission

Chairman's opening remarks

The Chair opened the meeting.

1 Apologies for absence

There were none. All members were present.

2 Minute of the last meeting and regular updates

2.1 Declaration of conflicts of interest in relation to the Agenda

No members declared any conflict of interest in relation to the agenda.

2.2 Minutes of the 114th meeting

Min 09/18

The Commission **approved** the minutes of the 114th meeting.

2.3 Summary of action points

AP10/18

The Commission **noted** the summary of actions. The following points were arising:

- Item 2, it was noted that there would be a revised Drinking Water Directive;

- Items 11 and 12, the documents are to be recirculated to those Commission Members that did not receive them;
- Item 13, it was noted that the Commission Governance Framework will need to align with both the Scottish Government Framework Document and Scottish Government public bodies unit; and
- Item 16, the Commission Members noted that the call to discuss the privatised companies' PR19 Business Plans for Ofwat was very useful and thanked the Assistant Director of Network of Regulation.

2.4 Members Update

Oral

There was nothing to report.

2.5 CEO Update

CP128/18

The Commission **noted** the CEO Update paper.

Strategic Review of Charges 2021-27

The Chief Executive outlined the current thinking on a briefing process for 2019. The process will keep Commission Members up to date as the co-creation of the Scottish Water Strategic Plan. In March 2019 the Commission will issue a draft decision on the appropriate range for customers' charges. The aim is to ensure that the Scottish Water led co-creation process can take account of this information as the Strategic Plan develops.

The Chief Executive provided additional information on the co-creation process; the roles of key stakeholders moving forward and the management of risk in the process.

OECD peer review

The Chief Executive provided additional information on the OECD feedback. It was largely very positive. OECD suggested that there could be further attention paid to clarifying the roles, responsibilities and boundaries of key stakeholders.

3. Regular Business

3.1 Finance Update

CP129/18

The Commission **noted** the report.

3.2 Audit and Risk Committee Update

CP130/18

The Commission **noted** the report.

The induction and training days for the new Audit and Risk Committee ("ARC") members have been arranged.

Given the frequency of ARC meetings, the Chair of ARC will seek approval from ARC in January to share a draft of the ARC minutes with the Commission prior to their formal approval. This is to allow Commission members to be more timeously briefed on issues discussed at ARC.

4. Strategic Review

4.1 Annual Performance Report

CP131/18

The Commission **agreed** the report.

4.2 Update on Joint Stakeholders Meeting October 25 October 2018

Oral

The Chief Executive provided a verbal update on the meeting.

4.3 2018 Decision Papers 6, 7 and 8.

CP132/18

The Commission discussed the final versions of 2018 Decision Papers 6, 7 and 8. The Commission **approved** 2018 Decision Papers 6, 7 and 8 for publication, subject to incorporation of the agreed amendments.

4.4 Methodology clarifications and refinements for SRC21-27

CP133/18

The Commission discussed the executive summary of the methodology clarifications and refinements publication. The Commission **approved the** methodology refinements and clarifications for publication subjects to the agreed amendments.

5. Retail

5.1 Retail Update

CP134/18

The Commission **noted** the report and approved the issue of the consultation.

6. Hydro Nation

6.1 Romanian Project Governance and Monthly Update

CP135/18

The Commission **noted** the report and confirmed that the format of appendix 5 contained a sound basis for the regular reporting moving forward.

The Chief Executive provided some additional information in response to various questions from the Commission Members.

6.2 Romanian Project – Second Quarterly Report

CP136/18

The Commission **noted** the report.

7 Horizon Scanning Discussion

The Commission asked that the office continued to seek out relevant developments in regulation for discussion.

8 Meetings

8.1 Schedule of Meetings and Conferences

CP137/18

The Commission **noted** the schedule of future meetings and events.

9 AOB

There was no other business.

The meeting was formally closed.

10 External Guest

10.1 Agnes Robson from the Customer Forum presented a progress report of the activity of the Customer Forum and research overview.