

**Minute of the fifty-seventh meeting of the Water Industry Commission for
Scotland**

Held on 1 June in Stirling

- Present:** Sir Ian Byatt (Chairman)
Professor David Simpson (Deputy Chairman)
Professor John Banyard
Dr Michael Brooker
Mr Charles Coulthard
Mr Alan Sutherland (Chief Executive)
- In attendance:** Mrs Katherine Russell (Director of Corporate Affairs)
Mr Ian Tait (Director of Investment – Item 6)
Ms Judy Tait

Chairman's opening remarks

The Chairman welcomed everyone to the meeting and thanked them for attending.

1. Apologies for absence

None

2. Minute of previous meeting and review of action points

2.1 Declaration of conflicts of interest in relation to the Agenda

None

2.2 Minutes of last meeting (04/10)

The Commission agreed that the minute of the previous meeting was an accurate account of proceedings.

2.3 Review of action points (AP04/10)

The Commission reviewed the action points from the previous meeting and noted that this list was in a satisfactory position.

3. Update on Current Issues

3.1 Working with stakeholders and other current issues (CP41/10)

The Commission noted CP41/10, an update on the work of stakeholders and significant external events, commented that it was an extremely helpful paper and thanked staff for producing it.

3.2 Update from CMA

The Commission noted the written update on the work of CMA submitted by its Chief Executive, Dr Jeremy Atkinson who unfortunately was unable to attend.

The Commission noted from the report that the CMA Board intended to reappoint its current Chairman for a period of three years and expected to receive formal notification of this by its July meeting.

4. Corporate Affairs

4.1 Draft Annual Report (CP42/10)

The Commission noted this paper and was content with the final draft of the Annual Report subject to some minor changes and clarifications.

4.2 Update on the framework contracts/consultancy approvals (CP43/10)

The Commission noted this report and welcomed efforts by the office to ensure Value for Money and full effectiveness when dealing with contractors.

4.3 Finance Paper (CP44/10)

The Commission noted the financial results report for March 2010 and the changes to the accounting definitions. As a result of these changes, the Commission requested to see accounts produced on a “like-for-like” basis, at the next meeting. The Commission also requested explanatory notes on the policies behind the new accounting format, and the likely implications of these changes for future policy.

5. Competition

5.1 Oral update on licensees

The Chief Executive provided an oral update on licenced provider activities. In addition, he provided a brief outline of the content of the 2009-10 Competition Performance Report, which was in preparation and due to be launched in September.

The Commission noted this update and welcomed the extent to which retail competition had led to improvements in service and also noted that positive developments in England and Wales were being monitored.

The Commission asked to see a copy of the draft Competition Report at the September meeting.

5.2 Update on Communications (CP45/10)

The Commission noted this update.

6. Investment

6.1 Oral Update

The Director of Investment reported that the first quarterly oral update for 2010-11 will be available at the July meeting.

6.2 Investment update to 31 March 2010 (CP46/10)

The Director of Investment provided a verbal update based on the investment update to 31 March (CP46/10)

The Commission noted CP46/10 and commented that whilst there were areas of underperformance it was pleased, overall, with improvements to date.

6.3 Glasgow Strategic Drainage Project (CP47/10)

At the last meeting the Commission requested further information on this project. The paper sets out this information in the context of the wider Metropolitan Glasgow Strategic Drainage Project.

After a discussion the Director of Investment was asked to prepare a further note for the July Commission meeting setting out WICS' possible role within the Glasgow Strategic Drainage Project.

7. Strategy

7.1 Scottish Water's OPA 2009-10 (CP48/10)

The Commission accepted Scottish Water's reported OPA scores for year 2009-10.

7.2 Consultation on Price Setting Framework (CP49/10)

The Commission considered this draft and asked for various changes to be made to the key messages, prior to a further draft being submitted to the July meeting.

7.3 Scottish Water Dashboard Proposal (CP50/10)

The Commission noted this paper. It was agreed that further discussions should be had with Scottish Water on the final format of the dashboard.

7.4 Increase in Scottish Water's Rates Costs (CP51/10)

The Commission noted that the outcome of Scottish Water's appeal against this proposed rates increase may affect prices from 2015 onwards.

7.5 Update on Vacant Premises (CP52/10)

The Commission welcomed this project and noted that this could have a potentially significant effect on bills from 2015 onwards.