

Minute of the seventy-first meeting of the Water Industry Commission for Scotland
Held on 21 March 2012 in Stirling

- Present:** Professor Gordon Hughes (Chairman)
Professor David Simpson (Deputy Chairman)
Mr Charles Coulthard
Mr Alan Sutherland (Chief Executive)
Mr John Reynolds
Mrs Libby Gawith
- In attendance:** Mr Ian Tait (Director of Investment)
Mr John Simpson (Director of Analysis)
Mrs Katherine Russell (Director of Corporate Affairs)
Ms Shona Coan (Financial Controller for item 3.2)
Mr Richard Khaldi (4.5-5.3)
Dr David Tyler (3.4 and 4.3)
Mrs Donna Very

Chairman's opening remarks

The Chairman welcomed everyone to the 71st meeting of the Commission.

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

No conflicts of interest were reported.

2.2 Minutes of last meeting (09/11)

The Commission agreed the minute was an accurate record of the meeting. The Commission convened in January and approved the revised scheme of charges. No other business was discussed at this meeting.

2.3 Summary of action points (AP01/12)

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

2.4 Oral update on current issues

The Chief Executive provided the Commission with an oral update on current work-streams and work with key stakeholders.

3. Information papers 1 – Standing items

3.1 CMA update

The Commission noted the written update paper from CMA.

3.2 Finance and contracts paper (CP01/12)

The Commission noted this update paper. Going forward the Commission would like to set the budget on a yearly basis.

3.3 Communications update (CP02/12)

The Commission noted this update and discussed the supplementary evidence to the EFRA Select Committee.

3.4 Quarterly Investment update (CP03/12)

The Commission noted the update on Scottish Water's position on delivering its investment programme and that the overall progress remains on course with the OMD.

4. Information papers 2 – Any other issues

4.1 Audit Committee update (CP04/12)

The Commission noted the appointment of PWC as internal auditor and KPMG as external auditors.

4.2 Risk register (CP05/12)

The Commission noted this update.

4.3 Update on leakage (CP06/12)

The Commission noted the update on the economic level of leakage (ELL) and the approach being used to assess Scottish Water's information.

4.4 Update on Scottish Water's dashboard (CP07/12)

The Commission noted the dashboard for the third quarter (2011-2012).

4.5 Update on implementing the transfer of new activities to retailers (CP08/12)

The Commission noted the current position.

4.6 Improving market information (CP09/12)

The Commission were provided with an update by the Chief Executive on the project to improve the quality of customer information held by Scottish Water and the Licensed Providers. The project will work towards establishing a robust process for recording and updating information, working towards an improved data set by December 2012.

5. Decision papers

5.1 Governance Code Revisions (CP10/12)

The Commission agreed that the revisions to the governance code should be put to consultation with the Licensed Providers. The office will update the Commission with the results of this consultation at the next meeting.

5.2 Extension to service level agreement (CP11/12)

The Commission approved the extension to the service level agreement (SLA) between Business Stream and Scottish Water for meter reading services until 31 March 2015. The Commission also approved the extension to the SLA for IT services for Oracle licence support.

5.3 Market code change (CP12/12)

The Commission delegated authority to the Chief Executive to amend the Market Code to expand the remit of the CMA. This would allow the CMA to run tests or revise its systems to take account of matters that are out with the Scottish retail market.

6. Discussion papers

6.1 Financial Tramlines

The Commission discussed the financial tramlines. The Commission agreed that the financial tramlines should be published on our website and a letter should be sent to Scottish Government to notify them that the tramlines have been published.

Chairman's closing remarks

The Chairman thanked everyone for attending and brought the meeting to a close.

The next Commission meeting will take place on **20 June 2012**.