

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

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

On 19 April 2018

Present: Donald MacRae (Interim 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
Rhona Harper, Secretary to the Commission

Interim Chairman's opening remarks

The Interim Chair opened the meeting and welcomed all.

1 Apologies for absence

There were no apologies.

2 Minute of the last meeting and regular updates

2.1 Declaration of conflicts of interest in relation to the Agenda

There were no declarations of interest.

2.2 Minute of last meeting

Min 03/18

It was agreed that:

- Item 2.5 would be amended in line 4 by deleting the words "Ross Finnie" and substituting "Jo Armstrong" in their place.
- Item 5.1 be amended by deletion of the words "for self-supply".

With these amendments, the minute was **approved** by the Commission.

2.3 Summary of action points

AP04/18

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

- the contribution from Ross Finnie with regard to how Food Standard Scotland is responding to Brexit related issues (scheduled for April) will be carried forward to May 2018;
- Chris Stark has left the Scottish Government. The Chief Executive noted that Chris Stark retains an interest in economic regulation. Lorraine King and Laura McGlynn will attend the May Commission Meeting to provide an update on consumer issues; and
- a market audit and competition review should be undertaken.

2.4 Members Update

Oral

Donald MacRae attended a Brexit Briefing hosted by Deloitte.

2.5 CEO Update

CP86/18

The Chief Executive provided an update on recent activity in the office.

SRC 21-27

Overall progress is good. The Chief Executive updated the Commission on the bilateral meetings with Stakeholders that had been held. These were positive with a common approach on some key matters emerging.

The Commission wanted to receive the slide pack dealing with the investment prioritisation process.

Ross Finnie asked the Chief Executive to give an overview of the thinking in the papers set out in Appendix 3a and 3b. Mr. Finnie had found these papers to be extremely helpful in capturing the shift in approach that the Commission were trying to get Scottish Water to reflect on when approaching the issue of capital maintenance. The Chief Executive provided some additional clarification.

The Interim Chair noted that there was a huge amount of effort in the draft 2018 Decision Papers. He considered these to be extremely valuable.

3 Regular Business

3.1 Finance Update

CP87/18

The Commission **noted** the report.

3.2 Audit Committee Update

Oral

Ross Finnie provided an oral update on the Audit and Risk Committee (ARC) meeting held on 17 April. Several issues had been addressed by the ARC. These included a detailed review of the risk register; an update on cyber security; an update on the incident management plan; the regular financial information; and the process to secure support in terms of both internal and external audit support.

The Commission **noted** the update. The Commission asked that, in future, the agenda for the Audit and Risk Committee be made available to the Commission members.

3.3 Review of the Scottish Water Delivery Plan

CP88/18

The Commission **noted** the report. The Chief Executive outlined some of the key issues to note.

4 Strategic Review

4.1 Draft 2018 Decision Papers

CP89/18

The Commission discussed the first batch of the draft 2018 Decision Papers. Issues arising will be taken forward, together with other Stakeholder comments, in preparing the final drafts. These will be available to the Commission at its July meeting.

It was **agreed** that the 2018 Decision Papers would combine background information and a presentation of the key issues.

5 Hydro-Nation, Retail and Innovation

5.1 CMA Update

CP90/18

The Commission noted the report.

5.2 WAREG Update

CP91/18

The Commission **approved** the report and noted that Katherine Russell is a Vice President of WAREG and acts as the Commission's representative.

6 Horizon Scanning discussion

The Commission noted that sessions with both SEPA (Natural Capital) and Scottish Government (Update on plans for Consumer Scotland) have been scheduled. The office will agree a date with Faisal Naru, a senior economic adviser at the OECD, to attend a Commission meeting.

7 Meetings

7.1 Other Meetings

CP92/18

The Commission noted the schedule of future meetings and events.

8 AOB

8.1 AOB

The Interim Chair asked the Commission to agree an amendment to the schedule of Commission meetings. Following discussion, it was **agreed** that the meeting on the 26th July would be extended with an earlier start time and a working session after lunch. The meeting on 14 August 2018 would be cancelled.

There was no further business.

The Interim Chair thanked everyone for attending.

The next Commission meeting will be 17 May 2018.