

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

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

On 21 February 2018

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

In attendance: Ian Tait, Director of Regulation
Katherine Russell, Director of Hydro Nation and External Relations
Michelle Ashford, Chief Operating Officer
Rhona Harper, Secretary to the Commission
Shona Coan, Head of Finance (items 3 and 5)

Interim Chairman's opening remarks

The Chair opened the meeting.

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 06/18

The minute was **approved** by the Commission.

2.3 Summary of action points

AP02/18

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

- An update on GDPR would be provided at the March meeting.

- An invitation has been extended to Chris Stark to attend a Commission meeting. Chris is interested in discussing further the Commission's approach to economic regulation of the water sector in Scotland.
- With reference to paragraph 4.1 of the Min 06/18 it was noted that the actuary would attend the March meeting to discuss the pension deficit and the balance sheet note/explanation that would be necessary.

2.4 Risk Overview Paper

CP71/18

The Commission noted the paper and commented that the risk process described in was robust.

It was **agreed** that the date on which the Audit and Risk Committee report would be available to the Commission would be confirmed after the next meeting of the Audit and Risk Committee.

2.5 Members Update

Oral

Donald MacRae attended a session run by the SG Public Appointments team on SG Finance, which was useful. Ross Finnie chaired a session.

Jo Armstrong noted that the Ministerial Task Force on Consumer and Market issues was taking an interest in the regulatory governance framework for the water industry in Scotland.

Ross Finnie agreed to speak at the April meeting on the Food Standards Scotland approach for Brexit.

2.6 CEO Update

CP72/18

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

SRC 21-27

Relevant work streams are all on target. There are a couple of big issues arising from our work – the prioritisation of investment and Scottish Water's use of its allowance for capital maintenance.

The Chief Executive noted that if Commission Members ever have any specific questions or issues that they want to inject into the brainstorm meetings, they should let him know. He could then ensure that these issues were included in the debate.

Ross Finnie commented that the expanded meeting notes were of great value in ensuring that Commission members are fully aware of the current discussions and issues.

3 Regular Business

3.1 Finance Update CP73/18

The Commission noted the report.

3.2 Audit and Risk Committee update CP74/18

The Commission noted the report and **approved** the Environmental Policy.

3.3 Budget 2018-19 CP75/18

The Commission approved the budget for 2018-19, including capital expenditure on the office refurbishment, desktop refresh and potential purchase of new accountancy software.

4 Strategic Review

4.1 Scottish Water Strategic Projections Update CP76/18

The Commission discussed and noted Scottish Water's Strategic Projections.

5 Hydro-Nation, Retail and Innovation

5.1 Hydro Nation update CP77/18

The Commission discussed the report.

The Chief Executive undertook to consider the presentation of the income and expenditure on Hydro Nation activities.

Post meeting note: please see the revised Corporate Plan, which is for discussion at item CP83/18 on the agenda for the 108th meeting.

5.2 Competition – Acorn Water Licence Application CP78/18

The Commission is minded to approve the licence application.

6 Horizon Scanning discussion

The Commission asked that SEPA be approached to agree a date for a discussion on approaches to Natural Capital accounting.

The office would seek to firm up a meeting with Chris Stark.

The Commission wanted to invite Faisal Naru, a senior economic adviser at the OECD, to a future meeting.

7 Meetings

7.1 Other Meetings

CP79/18

The Commission noted the schedule of future meetings and events.

8 AOB

8.1 AOB

There was no further business and the Chair thanked everyone for attending.
The next Commission meeting will be 22 March 2018.