

**Minute of the ninth meeting of the Water Industry Commission for
Scotland
Held on 28 and 29 November 2005 in Stirling and Edinburgh**

In attendance

Commission: Sir Ian Byatt (Chairman)
Professor David Simpson (Deputy Chairman)
Professor John Banyard
Dr Michael Brooker
Mr Charles Coulthard
Mr Alan Sutherland (Chief Executive)
Mrs Katherine Russell (Secretary to the
Commission)

Miss Harriet Towler

Apologies for absence: None

Chairman's opening remarks

The Chairman welcomed everyone to the meeting and thanked them for attending. He noted that he looked forward to announcing the outcome of the final determination on 30 November.

Minute of previous meeting

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

Update on current issues

The Chairman noted that he had recently held a meeting with John Elvidge where there had been a useful exchange of views about regulation.

The Chairman noted that he had recently received useful correspondence from Scottish Water about its proposed remuneration policy for senior members of staff.

The Chairman also noted that he had arranged a meeting on 14 December with key stakeholders in the industry to discuss the monitoring of the capital programme in the forthcoming regulatory control period. The Commission agreed that it would be important that, once the final determination was published, Scottish Water's delivery of required outcomes (the ministerial objectives) was monitored effectively.

Dr Brooker briefed the Commission on a meeting that he and three other members of the Commission had attended with the Chief Executive and Director of Regulation of AWG Plc on 10 November 2005. He noted it had been useful to discuss AWG's experience of proposing capital expenditure which had been revised by its regulator and later delivering its capital programme within these limits. He also noted that the importance of incentives for management and the key contribution made by the role of Director of Regulation had been useful points of discussion.

Mr Coulthard, Chairman of the Audit Committee, updated the Commission on outcome of a meeting that the Committee had held on 8 November 2005. He noted that a risk workshop would be held on 18 January 2006 and invited other members of the Commission to attend.

On a separate matter, Mr Coulthard noted that he had held a productive meeting with members of the Performance Management Working Group in the office. He noted they would soon be in a position to present their conclusions to the Remuneration Committee for consideration.

Meeting with SEPA

The Chairman noted that he and the Chief Executive would be holding a meeting with the Chairman and Chief Executive of SEPA later that day (28 November). The Commission agreed that it would be important to work with SEPA if the delivery of the ministerial objectives during 2006-10 (particularly environmental outcomes) is to be monitored effectively.

Meeting with the Minister (Ross Finnie MSP) and the Deputy Minister (Rhona Brankin MSP)

The Chairman noted that he and the Commission looked forward to meeting with the Minister and Deputy Minister. The Commission agreed that this was an important opportunity to brief the Minister and Deputy Minister on the key messages of the final determination, and the significance of monitoring the delivery of objectives during 2006-10.

Final determination – question and answer session

The Commission discussed questions that they expected to be asked at the press conference for the final determination on 30 November, and answers that best communicated its outcome.

Final determination – press notice and presentation

The Commission discussed how to present the key messages of the final determination on 30 November most effectively. The Chairman welcomed Mr Chris Winslow to the meeting to discuss the press release that would be issued. The Commission agreed a final version of the press release.