

**Minute of the first meeting of the Water Industry Commission for  
Scotland  
Held on 5 July 2005 in Dalmeny Park, Glasgow**

In attendance

Commission: Sir Ian Byatt (Chairman)  
Professor John Banyard  
Dr Michael Brooker  
Mr Charles Coulthard  
Professor David Simpson  
Mr Alan Sutherland (Chief Executive Officer)

Mrs Katherine Russell (Director of Corporate Affairs and  
Customer Services)

**Chairman's opening remarks**

The chairman welcomed everyone to the meeting and congratulated Alan Sutherland on his appointment as Chief Executive.

**Meeting arrangements**

The Commission discussed the format of the proposed minutes of meetings and it was agreed that the minutes would be non attributable. The minutes would be circulated to members within 48 hours, formally agreed at the next meeting of the Commission and then published on the Water Industry Commission website.

***Action***

It was agreed that any minutes of meetings on representations on the Strategic Review of Charges 2006-10: draft determination would be published on the website of the Water Industry Commission following publication of the final determination.

***Action***

It was also agreed that the Commission should put in place appropriate procedures regarding decisions and powers that would be reserved to the Commission as a whole and those that would be delegated to the Chief Executive Officer. Procedures used by other regulators were regarded as a useful template. It was agreed that Shepherd+ Wedderburn should be asked to adapt the procedures of other regulators to the duties of the new Water Industry Commission.

### ***Action***

Commission members requested a hard copy of Volume 1 of the Strategic Review of Charges: the draft determination.

### ***Action***

The Chairman requested that each meeting should have an agenda item – Current Developments.

### ***Action***

### **Audit Committee**

The Chief Executive Officer explained that it was likely to be the end of September before the affairs of the Water Industry Commissioner could be formally and finally wound up. He also reported that spending in the first 3 months was broadly in line with budget. The Chief Executive Officer explained the make up of the current Audit Committee and proposed that they continue until the affairs of the Water Industry Commissioner were finalised. The Chief Executive Officer also requested that the Commission establish a separate Audit Committee to monitor the financial procedures, processes and risks of the new Commission. This was agreed. The Chairman noted that he would consider whom to appoint as Chairman of the Audit Committee.

### **Indemnity Insurance**

Members expressed concern about the lack of indemnity insurance in the absence of crown immunity. The Chief Executive Officer was asked to make appropriate arrangements.

### ***Action***

### **Update on draft determination**

The Chief Executive Officer updated the Commission on the publication of the draft determination. He reported that the publication and the press conference had gone smoothly. There was also a general positive reaction at the Stakeholder meeting later in the day. The main issues arising concerned funding for development constraints and at one stakeholder meeting another concern raised was the reliability of customer information held by Scottish Water. He also advised that there was limited press coverage the following day, this coverage was generally positive. Unison had responded to the draft determination criticising the efficiency targets.

The Chief Executive Officer offered to brief members of the Commission in the following 3 areas:

- Details of the draft determination;
- Work on licensing; and

- Monitoring of Scottish Water's performance.

It was agreed that the Commission as a whole would appreciate an introductory briefing on progress to date in implementing the provisions of the Water Services etc. (Scotland) Act 2005. Two further meetings were agreed to discuss the principles of licensing that the Commission considered appropriate and to discuss more detailed licensing implementation issues. It was also agreed that Scottish Water would be asked to give a short presentation on both the 2002 and 2005 Acts and their work on the scoping study carried out in 2004.

Two members requested a separate briefing on issues surrounding the draft determination. It was agreed that these would be arranged separately in Stirling.

### ***Action***

While the Commission recognised the importance of monitoring, it was decided that licensing and receiving representations on the draft determination were the current most important priorities.

### **Representations on draft determination**

It was proposed that Scottish Water should be given the opportunity to present orally the key points of their representations to the Commission following submission of their formal written representation on the 23 September 2005. It was also proposed that the full board of Scottish Water be invited to a dinner following their representations. The Commission agreed unanimously.

### ***Action***

### **Proposed visit to Scottish Water**

Commission members expressed a desire to meet with Scottish Water at the earliest possible opportunity. It was agreed that this visit would be left to Scottish Water to plan in detail.

### ***Action***

### **Staffing Issues**

The Chief Executive Officer outlined the current organisational structure to members of the Commission. He also explained the background to the appointment of Directors and the remuneration structure within the Office. It was agreed that the Chief Executive Officer should organise a full review of the organisational structure, grades and level of salary.

### ***Action***