

# Ninetieth meeting of the Water Industry Commission for Scotland

Held at WICS offices, Stirling on 5 August 2015

**Present:** Professor Gordon Hughes (Chairman)  
Alan Sutherland (Chief Executive)  
Ross Finnie  
Libby Gawith

**In attendance:** Katherine Russell – Director of Corporate Affairs and Strategy (items 1, 2, 3 and 6 only)  
Shona Coan – Financial Controller (item 3.3 only)  
Laurie Macfarlane – Head of Analysis (items 3, 4 and 6 only)  
David Walters – Head of Competition (items 6 only)  
Erik Igelstrom – Analyst

## Chairman's opening remarks

The Chairman welcomed everyone to the 90<sup>th</sup> meeting of the Commission. The Commission expressed its condolences to Ian Tait.

### 1. Apologies for absence

Apologies were received from Ian Tait.

### 2. Minute of the last meeting and regular updates

#### 2.1 Declaration of conflicts of interest in relation to the Agenda

There were no declared conflicts of interest.

#### 2.2 Minute of last meeting (04/15)

The Commission agreed that the minute was an accurate record of the last meeting.

#### 2.3 Summary of action points (AP04/15)

The Commission noted the summary of action points. Bob Irvine and Jon Rathjen (Scottish Government) will attend the next meeting of the Commission.

## **2.4 Chief Executive's report (CP33/15)**

The CEO updated members on the recent work of the office.

The Commission discussed the planned workshop organised by PwC to explore the way in which the water industry may evolve to address developments in customer engagement and technology. The Chairman emphasized that this workshop is to be purely exploratory, and not connected with any current policy issues.

The Chairman requested a report on staff development within the office.

## **3. Regular business**

### **3.1 CMA update (CP34/15)**

The Commission noted this update, and noted that several new entrants are growing rapidly.

### **3.2 Financial and contracts update (CP35/15)**

The Commission noted this paper.

The recruitment of a Business Development Manager will be put on hold pending further decisions regarding the office's international work.

### **3.3 Annual Report and Financial Statements (CP36/15)**

The Commission noted and approved the annual report, financial statements and the Public Services Reform Act statement for publication, subject to the points and comments made. It also noted the external audit report on the financial statements, and will seek clarification on some points therein.

The Commission thanked Shona Coan and her team for their work.

## **4. Strategic Review**

### **4.1 Hydro Nation update (CP37/15)**

The Commission noted the update, and discussed the current and planned international activities of the office as part of the 'Hydro Nation' initiative. The Commission will ask the Scottish Government to clarify their position and expectations with regards to the office's international work.

### **4.2 Customer Forum update (CP38/15)**

The Commission noted the ongoing work on determining the future role of the Customer Forum.

#### **4.3 Update on new customer service measures (CP39/15)**

The Commission noted the update on the new customer experience measures being introduced for the 2015-21 period.

#### **4.4 Advisory Panel Issues (CP40/15)**

The Commission noted the update on the expert advisory panel established to support the development of the regulatory framework in advance of the next Strategic Review of Charges. Members discussed the composition of the panel and the content of the draft discussion papers.

#### **4.5 2010-15 performance report draft (CP41/15)**

The Commission noted and approved the report on Scottish Water's performance over the regulatory period 2010-15 for publication, subject to comments made.

#### **4.6 2014-15 annual performance report draft (CP42/15)**

The Commission noted and approved the annual report on Scottish Water's performance for publication.

#### **4.7 Improvements to monitoring arrangements (CP43/15)**

The Commission noted the progress with enhancing the output monitoring arrangements for the 2015-21 period.

### **5. Investment**

#### **5.1 Performance Update (CP44/15)**

The Commission noted the position with regard to Scottish Water's progress on output delivery.

### **6 Competition**

#### **6.1 Retail Update (Scotland) (CP45/15)**

The Commission noted the update on the Scottish non-household retail market.

The Commission discussed the current position regarding the Scottish Procurement tender for the national water and wastewater contract for the Public Sector and noted that the current contract with Business Stream has been extended further to 30 September 2015.

**6.2 Retail Update (England) (CP46/15)**

The Chief Executive confirmed that the office's formal involvement in implementing the English retail market has now come to a close. The Commission noted the update.

**6.3 Key Messages for the Competition Report (CP47/15)**

The Commission noted and approved the key messages for the forthcoming Competition Report subject to suggested changes. Following the publication of the report, the Commission requested that information on retail market shares be published regularly.

**6.4 Licence transfer request from Water2business (CP48/15)**

The Commission confirmed that it was minded to propose to consent to the transfer to Water 2 Business Limited the water and sewerage services licences granted to Wessex Water Enterprises Limited on 29 October 2009, subject to any representations from third parties.

The Commission delegated authority to the Chief Executive to make any further and final decisions concerning the consent and the issuing of any notices, related directions, waivers or consents.

**6.5 Licence application from Everflow (CP49/15)**

The Commission confirmed that it was minded to propose to grant water and sewerage licences to Everflow Limited, subject to any representations from third parties.

The Commission delegated authority to the Chief Executive to make any further and final decisions concerning the grant of such licences and the issuing of any notices, related directions, waivers or consents.

The Commission confirmed that it was minded to include, as an Ordinary Licence Condition, a requirement for Everflow Limited to fund and maintain an escrow account for the purposes of paying wholesale charges.

**Closing remarks**

The Chairman thanked everyone for attending and confirmed the next date of the Commission as 1 October 2015.