

# Eighty sixth meeting of the Water Industry Commission for Scotland

Held at WICS offices, Stirling on 11 November 2014

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

**In attendance:** Ian Tait – Director of Investment  
Alexa Cauthery – Communications Manager  
Claire Nichols - Consultant  
Donna Very – Office Manager

## Chairman's opening remarks

The Chairman welcomed everyone to the 86<sup>th</sup> meeting of Commission.

### 1. Apologies for absence

No apologies were received

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

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

2.1 There were no declared conflicts of interest.

#### 2.2 Minute of last meeting (05/14)

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

#### 2.3 Summary of action points (AP04/14)

The Commission noted the summary of action points.

#### 2.4 Chief Executive's report (CP58/14)

The Commission were updated on recent activities of the office.

The Director of Investment updated the Commission on a series of workshops he had attended which were based around the consultation paper -“Collaboration between Economic Regulators – Options for embedding joint working between economic regulators” published by the UK government. The Commission agreed that further discussions would need to take place at a political level if there were to be changes to the statutory duties of regulators.

The Commission noted that the Annual Report is awaiting sign off with the Auditor General. A copy of the Annual Report will be sent to members.

### **3. Regular business**

#### **3.1 CMA update**

The Commission noted the paper.

#### **3.2 Financial and contracts update (CP59/14)**

The Commission expressed some concern on expenditure in developing a pan-GB competitive framework. The Chief Executive explained that once the final agreement of the MoU between Open Water Market Limited and WICS is in place some of this expenditure would be reimbursed. The Commission requested some clarity on costs relating to Open Water.

The Commission requested a break down of costs associated with the Customer Forum.

### **4. Future planning**

#### **4.1 Combined Economic Regulator (CER) update (CP60/14)**

The CEO and Director of Investment provided the Commission with an update on a recent meeting they had with Scottish Government officials to discuss the role of the Combined Economic Regulator following the referendum. There is still a lot of uncertainty around devolved powers in Scotland post referendum. The political discussions regarding the CER are very much at an early stage and the office will continue to provide the Commission with regular updates on the regulatory developments in Scotland following the referendum.

#### **4.2 Innovation, Risk, Reward (CP61/14)**

The Commission were updated on the recent meetings held to discuss catchment management work and the work of the innovation hub. It was noted that Scottish Government remain keen for the office to be involved in this area of work.

#### **4.3 Customer Forum update (CP63/14)**

The Chief Executive provided an update on the recent meeting he had held with Margaret Lynch, CEO of Citizens Advice Scotland (CAS). CAS confirmed that they will become the accountable body for the Customer Forum, taking over the role from Consumer Futures. CAS will carry out an independent review of the role and work of the Customer Forum.

The Commission noted the update on the ongoing work relating to the future of the Customer Forum.

## **5. Strategic Review of Charges**

### **5.1 Final Determination (CP64/14)**

The Commission suggested some further amendments to the draft of the Final Determination. These changes will be made and to the draft and a final version will be circulated to Commission members for comment. The Final Determination will be published w/b 17 November 2014.

## **6. Investment**

### **6.1 Investment update (CP65/14)**

The Director of Investment provided the Commission with an update on Scottish Water's output delivery position as at the end of June 2014. The Output Monitoring Group (OMG), is closely observing the output delivery and is encouraging Scottish Water to address shortfalls. The Commission expressed their concern that the Overall Measure of Delivery (OMD) forecast is at the lower end of the target range and asked that this be fed-back to Scottish Water.

## **7. Competition**

### **7.1 Retail Update (Scotland) (CP66/14)**

The Commission noted the update on retail competition in Scotland. There are a number of English licensed providers expanding their presence in Scotland and are seeking to increase their Scottish customer base.

The Commission also noted that the tender for the national water and waste water contract for the Scottish public sector closed on 25 September 2014. Scottish Procurement is currently reviewing the bids.

The Commission noted this update.

### **7.2 Retail Update (England) (CP67/14)**

The Chief Executive updated the Commission on the Open Water work programme describing elements of work taking place and the timetable of work. There is still some concern that the delivery agreement had not yet been finalised. The Chief Executive explained discussions were ongoing between DEFRA and OFWAT. The Commission requested sight of the delivery plan.

The Commission noted this update.

## **Closing remarks**

The Chairman thanked everyone for attending and confirmed the next date of the Commission as 27 January 2015.