

Ninety seventh meeting of the Water Industry Commission for Scotland

At the Water Industry Commission for Scotland, Stirling

On 6 October 2016

Present: Professor Gordon Hughes (Chairman)
Alan Sutherland (Chief Executive)
Ross Finnie
Jo Armstrong

In attendance: Katherine Russell, Director of Corporate Affairs and Strategy
Ian Tait, Director of Investment
Charles Yates, Head of Competition
Simon Furse, Analyst

Chairman's opening remarks

The Chairman welcomed everyone to the 97th meeting of the Commission.

1. Apologies for absence

Libby Gawith and Donald MacRae sent 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 declared conflicts of interest.

2.2 Minute of last meeting (03/16)

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

2.3 Summary of action points (AP03/16)

The Commission noted the summary of action points.

2.4 Chief Executive's report (CP42/16)

The CEO updated members on the recent work of the office

The Commission requested that a draft of the timeline for the next SRC should be brought to the next Commission meeting. They agreed to hold a strategy session to discuss inputs to the first draft of an outline of the methodology before Christmas, and for the office to submit the methodology to the first meeting of the Commission in 2017.

The Commission queried the arrangements for the default of a major licensed provider.

3. Regular business

3.1 CMA Update (CP43/16)

The Commission noted this update

3.2 Finance and contracts update (CP44/16)

The Commission noted this update.

The Commission welcomed the new formatting of the finance report, but requested that the graphs are made bigger to facilitate easy reading.

3.3 Audit Committee Update (CP45/16)

The Commission noted this update

3.4 Annual Report Draft (CP46/16)

The Commission agreed the annual report draft. The Chairman's foreword will be submitted by Monday the 10th October.

4. Strategic Review

4.1 Hydro Nation (CP47/16)

The Commission discussed the Hydro Nation project in relation to the aims of WICS as an organisation, and the way that WICS fits in with the strategy of the Scottish Government. A Hydro Nation strategy paper will be prepared for the Commission early in the New Year.

5. Investment

5.1 Investment Update (CP48/16)

The Commission noted this Update

The Commission discussed the form of the new OMD, the performance of Scottish Water against the re-baselined delivery plan, and the role of the OMD. They also discussed the recent progress with the Glasgow projects.

6. Competition

6.1 Retail update (Scotland)

(CP49/16)

The Commission noted the update.

The Commission discussed the progress made with current license applications, and the results of the current market audit. They also discussed the likely impacts of vacant charging.

6.2 Updating Competition Regulation

(CP50/16)

The Commission discussed the proposed amended license application process. The Commission agreed with the principles of the proposal, but would like to see the exact wording and legal opinion.

The Commission discussed the proposed changes to the credit terms between Scottish Water and License Providers. The Commission discussed how the changes would help enable small company entry and that even though the changes would require the licensed providers to increase their working capital, it provides a competitive rate of interest. The Commission agreed that the work on the credit terms should go forward.

Next Meeting

The next meeting of the Commission will be held on 1 December. The Risk Workshop will take place on 30 November at 1400hrs.