

Minute of the seventy-third meeting of the Water Industry Commission for Scotland
Held on 28 September in Stirling

- Present:** Professor Gordon Hughes (Chairman)
Mr Alan Sutherland (Chief Executive)
Mr Ross Finnie
Mr John Reynolds
- In attendance:** Mr Ian Tait (Director of Investment)
Mr John Simpson (Director of Analysis)
Ms Katherine Russell (Director of Corporate Affairs)
Mrs Donna Very

Chairman's opening remarks

The Chairman opened the 73rd meeting of the Commission and welcomed new member, Ross Finnie.

1. Apologies for absence

Libby Gawith

2. Minute of previous meeting and review of action points

2.1 Declaration of conflicts of interest in relation to the Agenda

No conflicts of interest were reported.

2.2 Minutes of last meeting (02/12)

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

2.3 Summary of action points (AP03/12)

The Commission reviewed the action points from the previous meeting and noted that the Director of Investment would complete the outstanding action once the methodology paper had been signed off.

2.4 Oral update on current issues

The Chief Executive provided the Commission with an oral update on current work-streams.

The Chief Executive recently met with Yorkshire Water and held a workshop on the Scottish experience of the creation and opening of the retail market in Scotland.

The Chief Executive had recently participated in a high level working group meeting at DEFRA discussing implementing market reform.

Scottish Government confirmed that its lending to Scottish Water in 2013-14 will be £45million less than previously planned. Scottish Water's core business is not materially affected, however, as the announcement refers largely to the government taking back funds lodged with Scottish Water for the Caledonian sleeper service.

The Commission noted that the Chairman will make an introductory call on the new Cabinet Secretary, Nicola Sturgeon.

Since the last Commission meeting, Business Stream had appointed two non-executive directors, Amanda McMillan (Managing Director of Glasgow Airport) and Willie MacDiarmid (former Director of Energy Retail at Scottish Power).

The Commission noted that Laurie McFarlane and Adam Ralston have joined the Analytical team.

3. Information papers 1 – Standing items

3.1 CMA update

The Commission noted the written update paper from CMA.

3.2 Finance and contracts paper (CP24/12)

The Commission noted this update paper.

3.3 Communications update (CP25/12)

The Commission noted the current activities.

3.4 Investment update (CP26/12)

The Commission noted the update on Scottish Water's position on delivering its investment programme.

3.5 Update on Scottish Water's dashboard (CP27/12)

The Commission noted the dashboard for the first quarter of 2012-13. Based on this, Scottish Water are on track to achieve their key measures as set out in their Delivery Plan.

3.6 Update on Competition (CP28/12)

The Commission noted the update on recent licence applications and Satec's licence revocation.

4. Information papers 2 – Any other issues

4.1 Audit Committee update (CP29/12)

The Audit Committee Chairman updated the Commission on recent activities of the Committee. The Committee have appointed two new independent members, Marion Glen and Ross McNaught. The Committee will consider the workplan of the new external auditor at its next meeting.

4.2 Customer Forum (CP30/12)

The Commission discussed the role and remit of the Customer Forum. The Commission noted the remit letter had been sent to Scottish Water and the Chair of the Customer Forum outlining the key stages of the Strategic Review of Charges.

4.3 Regulated Industry Unit (CP31/12)

The Commission deferred this paper until the Strategy Day meeting being held on 21 November 2012.

4.4 Prepayment process (CP32/12)

The Commission noted the information note describing the prepayment process for wholesale charges.

5. Discussion papers

5.1 Prospects for investment, borrowing and prices (CP33/12)

The Commission noted the early indication of the scope of outcomes for charges in 2015-20. The Commission found the matrix very helpful.

6. Decision papers

6.1 Annual Report 2011-12 (CP34/12)

The Commission are content with the proposed outline of the Annual Report and have requested that a draft copy is circulated to Commission members for comment and sign off.

6.2 Performance Report (CP35/11)

The Commission approved the annual report on Scottish Water's performance for 2011-12.

Chairman's closing remarks

The Chairman thanked everyone for their attendance at this meeting and confirmed that the next meeting will take place on 12 December 2012.