

**Minute of the forty-ninth meeting of the Water Industry Commission for
Scotland**

Held 1 September in Stirling

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

In attendance: Mrs Katherine Russell (Director of Corporate Affairs)
Mrs Donna Very
Mr Richard Khaldi (Competition – Analyst) item 5
Dr Jeremy Atkinson (CEO – CMA) item 3
Mr Ian Tait (Director of Investment) item 6
Mr John Simpson (Director of Analysis) item 7

Chairman's opening remarks

The Chairman welcomed everyone to the meeting and thanked them for attending.

1. Apologies for absence

Nil

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 reported.

2.2 Minute of last meeting (05/09)

The Commission agreed that the minute was an accurate account of proceedings subject to some minor amendments.

2.3 Review of action points (AP05/09)

The Commission noted it was in a satisfactory position.

3. Update on current issues

3.1 Working with stakeholders and other current issues (CP100/09)

The Commission noted this paper and were pleased that regular meetings continued to be held with Scottish Water, SEPA and the Scottish Government.

3.2 Update from CMA

The Chairman welcomed the Chief Executive of the CMA to the meeting. Dr Atkinson informed the Commission that an audit of the market had taken place. This draft audit gave an assessment of data quality and how well the market processes were functioning.

Dr Atkinson reported that the CMA plans to publish its Business Review which will be circulated to all water companies in England and Wales, DEFRA, Ofwat and the Commission.

3.3 Anna Walker Review (CP101/09)

The Commission noted progress on the review and has submitted a response which will be published on the WICS website.

3.4 Scottish Government letter re Waterwatch (CP102/09)

The Commission discussed the Scottish Government's proposal to incorporate the Waterwatch complaints handling function for licensed providers into the Scottish Public Service Ombudsman (SPSO) and Consumer Focus Scotland as part of the Public Service Reform Bill.

The Commission agreed to send a letter to Scottish Government.

4. Corporate Affairs

4.1 Update on the office workplan (CP103/09)

The Commission noted this paper.

4.2 Update on framework contracts (CP104/09)

The Commission noted this update.

4.3 Key messages for customer services (CP105/09)

The Commission approved this paper.

4.4 Key messages for costs and performance (CP106/09)

The Commission approved this paper subject to some minor amendments.

4.5 Key messages for investment asset management (CP107/09)

The Commission agreed that the key messages needed to be amended and asked that a revised paper be submitted to the October meeting.

4.6 Finance paper (CP108/09)

The Commission noted this paper with satisfaction.

5. Competition

5.1 Oral update on licensees

See 5.5

5.2 Update on communications (CP109/09)

The Director of Corporate Affairs informed the Commission of the recent activities undertaken to communicate the work of the Commission. The Commission noted this paper.

5.3 3 Monkeys update (CP110/09)

The Director of Corporate Affairs provided an update on the 3 Monkeys contract. The Commission noted this update.

5.4 Oxera Project update (CP111/09)

The Commission encourages this work and notes that attendees will be participating in a personal capacity. The Commission looks forward to receiving copies of working papers.

5.5 Licence application (CP112/09)

The Commission assessed the information received from Wessex Water Services Limited in its application for a water services and sewerage services licence. The Commission were minded to grant Wessex Water Services Limited the licences it sought.

6. Investment

6.1 Oral update on investment delivery including overhang

6.2 Investment update (CP113/09)

The Director of Investment provided the Commission with an oral update on the latest information available on Scottish Water's progress with delivering its investment programme.

The Commission noted this update.

6.3 Richard Ackroyd response (CP114/09)

The Commission noted Mr Ackroyd's response.

6.4 Capital monitoring (CP115/09)

The Commission noted that discussions had taken place with Scottish Water on improving its capital reporting.

6.5 Water efficiency (CP116/09)

The Commission discussed the proposal to engage two academics to carry out an exploratory study of the scope of savings using incentives for water efficiency which could be had for non-household customers and Scottish Water.

The Commission noted the usefulness of this study.

7. **Strategy**

7.1 Customer numbers (CP117/09)

The Director of Analysis provided the Commission with an oral update on issues relating to Scottish Water's lack of clarity on reporting its customer base.

The Commission noted this update.

7.2 Issues arising on draft determination (CP118/09)

The Commission noted this paper.

7.3 Defining regulatory contract (CP119/09)

The Commission agreed this was an excellent approach.

7.4 Update issues from officials (CP120/09)

The Commission noted this paper and await views from Ministers on the principles of charging and investment outcomes.

7.5 OPA (CP121/09)

The Commission discussed Ofwat's recent announcement to use a Service Incentive Mechanism (SIM) to measure customer satisfaction with the level of service they receive.

The Commission agreed that the OPA had proved a useful tool in measuring levels of service in Scotland and were keen that it be continued. The Commission look forward to seeing the development of the new measures in England and Wales.