

One Hundred and sixth meeting of the Water Industry Commission for Scotland

At the office of the Water Industry Commission for Scotland, Stirling

On 25 January 2018

Present: Donald MacRae (Interim Chair)
Alan Sutherland (Chief Executive)
Libby Gawith (by phone)
Jo Armstrong
Ross Finnie

In attendance: Michelle Ashford, Chief Operating Officer
Ian Tait, Director of Network Regulation
Katherine Russell, Director of Hydro Nation and External Relations
Richard Pollock – item 3.2 Cyber Resilience
Rhona Harper, shadow Secretary to the Commission

Interim Chairman's opening remarks

The Chair opened the meeting.

The Chair welcomed Rhona Harper, who will take up the role of Secretary to the Commission from 1st March, to the meeting.

1 Apologies for absence

There were no 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 declarations of conflicts of interest.

2.2 Minute of last meeting (05/17)

Subject to the following points the minute was **approved** by the Commission.

Item 3.3 – Risk Register. It was **agreed** that a paper would be brought to the February meeting. This will be a summary paper explaining the process for defining and managing risks, including definitions and key terms used

Item 3.4. It was agreed that the second paragraph of the minute should be amended to read “ The Commission agreed that a tender seeking a new internal auditor should be sought at the end of this financial year.”

2.3 Summary of action points

(AP01/18)

The Commission noted the summary of action points. The following points were arising:

- Competition Update is still scheduled for the end of the Q1 financial year 2018/19;
- Jo Armstrong has the Glasgow Housing Association (GHA) contact and the details will be passed on to Donna Very to progress;
- SEPA had accepted the invite but not identified a candidate. IT will progress with SEPA;
- The GDPR paper is scheduled for the February meeting.

2.4 Members Update

(Oral)

Jo Armstrong confirmed that she had been appointed to the SG Ministerial Taskforce on Consumer and Market issues. The taskforce will look at a wide range of consumer and market related issues.

2.5 CEO Update

(CP58/18)

The Chief Executive provided an update on recent office activities.

SRC 21-27

The principal focus of the office is SRC21. Scottish Water appear to be progressing well with their Strategic Projections. There has been an identification of the investment requirements, the need for asset replacement and the impact on customers. The Commission will receive the document in February and Scottish Water will present the Strategic Projections at the next meeting of the Commission.

It was **agreed** that the Commission would receive an overview of the Office interaction with Scottish Water, relating to the Strategic Projections. This overview would set out issues and approaches that had been discussed. The overview would be prepared for the February meeting.

Hydro Nation

The CEO has been appointed to the Bureau of the Network of Economic Regulators of the OECD. The Commission recorded its congratulations.

Staff

The CEO reported that no suitable candidates had been identified in the last round of graduate recruitment. We are now taking steps to extend the pool of applicants as we do not seem to be attracting a sufficiently good level of responses. In addition, the

office plans to advertise some summer internships. The Commission **agreed** with this approach.

Appendices 3 and 4

Ross Finnie commented that the meeting notes in Appendices 3 and 4 were extremely valuable in providing information to the Commission members and that this was a very welcome source of information.

3 Regular Business

3.1 Audit and Risk Committee recruitment process (CP59/18)

The Commission confirmed that the process proposed is in order.

Libby Gawith proposed that the Chair of the Audit and Risk Committee (ARC) should recommend the potential candidates to the Commission for approval. This was agreed.

3.2 Cyber Resilience Update (CP60/18)

RP joined the meeting to talk about our steps to enhance cyber resilience. The next cyber update for the Commission will be in May. We are on track to meet the SG requirements in June.

It was noted that Robin McNaught from the ACR was very impressed with the approach to date by the office in respect of the cyber security requirements and that he was content that the solution was comprehensive.

3.3 Finance Update (CP61/18)

The Commission noted the report. It was agreed that the financial report would include an extra column on the cashflow projections to identify any in-year re-forecasting of budgets.

3.4 OMG Report (CP62/18)

The Commission noted the report.

4 Office Administration

4.1 Revision to the Corporate Plan 2018-21 and beyond (CP63/18)

The Commission noted the report and the CEO was delegated authority to agree a final form of the Corporate Plan with SG. Any revisions are to be broadly consistent with the current draft.

It was agreed that the surplus amounts from March 2018 be reflected in the table so that it was clear that there is no deficit.

5 Hydro-Nation, Retail and Innovation

5.1 Competition Update (CP64/18)

The Commission noted the update.

5.2 CMA Update (CP65/18)

The Commission noted the update.

5.3 Addressing non-paying owners

The Commission discussed and noted the paper.

6 Strategic Review

6.1 Financial Tramline Update (CP67/18)

It was **agreed** that the CEO and Libby Gawith would have a more detailed discussion on the paper in February.

The Chair noted that there had been a lot of work done to prepare this paper by the office and he appreciated these efforts.

6.2 SRC 21-27 Approach (CP68/18)

The Commission noted the report. Overall the Commission were very positive about the approach and noted that it provided the Commission with the same opportunity as other stakeholders to be engaged. The realignment of meeting, papers and processes meant that there was ample opportunity for the Commission to engage fully with the process.

7 Horizon Scanning discussion

SEPA would be approached again to agree a date to attend the Commission Meeting.

8 Meetings

8.1 Schedule for future Commission Meetings (CP69/18)

The Commission noted the schedule of future Commission meetings.

8.2 Other Meetings (CP70/18)

The Commission noted the schedule of future meeting and events. Commission members expressed interest in specific areas and information will be shared with them.

9 AOB

There was no further business and the Chair thanked everyone for attending.

The next Commission Meeting will be 21 February 2018.