

**56th Technical Panel Meeting
Approved Minute**

Present

Brian Saunders (BS) – CMA (TP Chair)
Amanda Hancock (AH) – CMA (TP Secretary)
Jeremy Atkinson (JA) - CMA
Charles Yates (CY) - Commission
Duncan Innes (DI) – Business Stream
Peter Strain (PS) – Castle
Belinda Oldfield (BO) – Scottish Water
Mike Brindle (MB) – United Utilities
Tony March (TM) – AWBN
Ian Grundy (IG) – Pure Utilities
Alastair Ross (AR) – Commercial Water Solutions
Paul Connelly (PC) – Blue Business Water
Stuart Baldwin (SB) – Aimera
Katy Spackman (KS) – NWG Business
Derek Ellery (DE) – DWF

Apologies

Paul Rogers (PR) – SSWB

1. Introductions and Minute

AH noted that no comments had been received on the minute of 20th October 2016. BS asked if the minute could be approved. The meeting agreed that the minute was approved.

2. Actions and Administrative Update

AH provided an update on the action log, noting that the only outstanding action was AP409. DI advised that there was nothing falling into negative margin in the coming year, but as they identified anything, SWBS would inform the Commission accordingly. AH asked if the action could be discharged, DI confirmed it could.

AH noted that no change proposals had been withdrawn or rejected since the last meeting, and no changes have been agreed or implemented.

MCCP188-CC Scottish Landlord Portal was implemented on 31st October 2016. AH advised that at the time of the meeting, no Landlords or LPs had utilised the portal.

AH noted that one new Commission Changes has been proposed, MCCP206-CC Credit Terms, which will be picked up in the Agenda under Item 4.

There was one new Bulletin, BU116 – Scottish Landlord Portal Deployment, issued on 28th October 2016. There were no new Guidance Notes issued since the last TP, and no new meeting dates proposed.

3. Change Proposals in Progress

There were no change proposals in progress at this time.

4. New Change Proposals

MCCP206-CC Credit Terms

CY introduced this proposal and confirmed that with the impending opening up of the Water Market in England and Wales, the Commission is looking to safeguard the Scottish market and as such would be introducing this new policy from March next year. CY further noted that there was a workshop following the TP / MPF where Participants would be taken through the change in detail.

BS confirmed that whilst there was no action on the TP as this was a Commission Change, he asked whether there were any comments from the meeting.

MB noted that the consultation period was still open, but that the CP seemed to indicate that this change was already fully formed and queried the benefit of commenting on the Consultation. CY confirmed that this was a done deal, but that the Commission would still welcome feedback from Participants, and that no radical changes were likely to be made.

TM noted that most LPs have long term contracts in place and this change felt very rushed. CY accepted this point, but confirmed with the opening up on the market down south, there was an increased risk to Scottish Water.

TM further asked for more consideration to be given on an individual basis depending on the LP, asking that SW look to evaluate the credit worthiness of LPs on an individual basis.

BS commented that the discussion seemed to be moving towards a policy area that should be picked up in the scheduled session this afternoon.

MCCP208 – Gap Site Process Change for Unmanned and Multi-site Organisations

This paper was introduced by TM who talked through the paper. TM confirmed that the proposal was looking to introduce an additional step to the process for sites that were unstaffed (i.e. public toilets). Currently, SW issues a letter directly to the site identifying them as a Gap Site and requesting they chose an LP or they will enter the allocator. TM commented that these letters often go unseen, and the customer therefore loses their ability to choose. TM would like an additional letter

to be issued to an alternative contact if there was one nominated by a customer (via their LP).

SB asked how the process would work. BO commented that it would be difficult to maintain a list. Both MB and AH asked for clarity on who would maintain the list, and who would be responsible for updating it. TM clarified that the list would be held by SW, and that LPs would be responsible for updates for their own customers.

A number of LPs expressed concern that a number of customers would in effect be taken out of the allocator process. TM explained that this was not the intent of the process, but that it was providing an additional step to try and keep properties that should not be in the allocator out (where the customer already has an LP). This would reduce the burden on the customer, the LP and also the prospective LP who would have to set up the customer on their systems and commence discussions, only for the customer to leave shortly thereafter.

BO commented that SW may be able to do this on a best endeavour basis, but would need more clarity on the proposed process and procedures that would be in place.

DI commented that SWBS would support this proposal, and noted that it was not designed to fix the issue, which would be difficult. It would make certain improvements to the process and reduce the number of allocations to LPs where the customer has an existing LP.

AP410 **BO agreed to document some areas of concern that would require further investigation, and then agreed to set up a call to progress these.**

AP411 **LPs to advise CMA if they would like to be part of this discussion.**

OCCP051 – Gap Site Letters Change for Unmanned and Multi-site Organisations

Given the discussion above on MCCP208, the meeting agreed to park OCCP051 until MCCP208 progresses.

5. Forward Planning Report

AH presented the report and confirmed that two new changes had been introduced, CMAPx170 and CMAPx171. The first was an enhancement to the SLP to include an on system report for landlords to pull a history of activity. Currently, LPs can run this report and it will be downloaded to their FTP site. As Landlords won't have an FTP site, the report will need to be available to them on system. CMAPx171 looks to apply schema validation rules to outgoing messages and, where a transaction is identified which contains invalid data, an e-mail will also be issued, in parallel to the message issue, identifying such data items and their transactions. It will then be the LPs responsibility to correct any invalid data.

MB asked if this could be circulated to the group for information. AH agreed to do this.

AP412 AH to issue CMAPx171 to the group for information.

AH noted that the Release Calendar had been updated confirmed that CMAPx157 CMA Beast Attack had now been removed as it had been delivered. The October 2016 Release had also been removed (SLP) as this had been delivered.

AH confirmed that there was no risk to delivery timescales for the March Release and it would be deployed a week early, on 17th March 2017.

6. CMA Governance Review

BS introduced the governance review and provided newer members with some background as to where the review had derived from. BS then handed over to the CMA Company Secretary, Derek Ellery to talk through the findings from the Governance Review Committee.

DE highlighted the five key areas that formed the basis of review. A summary of findings and discussion points are noted below.

Review of Articles of Association of CMA and Market Code

DE advised that the review had identified conflicting provisions in the Articles and the Market Code relating to the budgeting and financial administration of the company. JA added that these were two distinct and separate charges and therefore not conflicting. JA further queried whether there was a need for both. Currently the provision in the Articles which refers to an Annual Subscription is not utilised, and the recommendation from the Committee is that this is removed. MB asked how this would be undertaken. DE confirmed that this would be implemented in the same manner as the change in Vires for the CMA. BS asked the group for any initial feedback, but noted that Participants would have an opportunity to feed any comments back after the meeting. JA asked if any comments could be submitted by the 20th January, which would then allow the CMA to feed these back into the Board at the next meeting on 26th January.

Functional Aspects of the Board

DE advised that the Committee considered the role, remit and appointment processes for the Board. DE noted that MOSL's articles appoint Undertaker and New Entrant Directors for a period of two years, and queried whether the Scottish Market would also benefit from Directors holding a two-year term. BS added that these would be offset – so one position would potentially be vacated annually. A discussion then took place around the background of a one-year term and the potential benefits of extending it. BS summed up the discussion with broad support from the group of moving to a two-year appointment term, with both positions being off-set.

MB noted a key point that LPs nominated onto the Board are not representing the collective LP views, but providing an LP perspective to the Board. BO asked whether there was merit in having an annual forum. DE commented that this led onto the next point of discussion.

Engagement Among the Licensed Providers and the Members of the Company

DE advised that the Company's Articles make provision for the holding of a general meeting of members, including an annual general meeting, which to date has not taken place. JA confirmed that the Board would be happy to have this additional meeting, but would like to understand what information members would like to see in addition to what they already receive, and what the target audience would be for this meeting.

AP413 Feedback sought from Participants on the merit of an AGM, who would attend, and a note of any topics of discussion they would like to see on the agenda.

Directors Responsibilities and Roles

DE provided an overview of the composition of the Nominations and Audit Committee. The three non-industry Non-Executive Directors (NEDS) fulfil the role of advising on the appointment of the non-industry NEDS. The Committee has recommended the inclusion of at least one industry NED. DI asked what the role of the Audit Committee was. JA noted the preparation of accounts, recommendations to the Board on signing off accounts, and also included defining the scope of the Market Audit as key functions.

There was a discussion on the appointment and re-appointment of Non-Industry Directors, and DE confirmed that the Committee considered guidance in the Financial Reporting Council's UK Corporate Governance Code (April 2016). Any non-exec term which exceeds six years should be subject to rigorous review and any exceeding 9 years should be subject to annual re-election. DE confirmed views were sought from the TP on whether non-industry

AP414 Feedback sought from Participants on whether non-industry NEDs should be subject to annual re-election after 9 years in office.

DE added that the final point raised was around frequency of similar governance reviews, and it was the recommendation of the committee that once every five years was sufficient.

AP415 Feedback sought from Participants on the timescales for similar governance reviews to be undertaken following the recommendation that it be once every five years.

DI noted that a 5-year period seemed sensible, but that there should be an annual check to confirm continued compliance with the UK Corporate Governance Code.

KS added that in any event if something of relevance came up, there was nothing to stop this being reviewed independent of the governance review.

TM queried the make-up of the CMA Board, and that perhaps this could be reflected on the CMA website.

AP416 CMA to look at adding a section on the make-up of the CMA Board on its website.

7. Any Other Business

Temporary Disconnections – BBW

PC raised the issue of temporary disconnections and some issues BBW are experiencing. BS suggested that this would be better placed in the MPF and as such would be carried over.

Charging Notices

CY advised that the Scottish Government would be making a series of announcements today in relation to charges moving forward. TP members should already have information in their inboxes detailing the embargoed press release.

BO confirmed that the WCS had been approved and would be issued in the coming weeks.

BS asked if there was any further AOB items, no additional items raised. There being no further business, BS closed the meeting.

Action Summary

Action	Subject	Update
<i>From the minute of the 55th Meeting (20 October 2016)</i>		
AP409	SWBS to share examples of other services that may fall into negative retail margin in the coming year	Closed
<i>From the minute of the 56th Meeting (15 December 2016)</i>		
AP410	BO agreed to document some areas of concern that would require further investigation, and then agreed to set up a call to progress these.	
AP411	LPs to advise CMA if they would like to be part of this discussion.	
AP412	AH to issue CMACPx171 to the group for information.	
AP413	Feedback sought from Participants on the merit of an AGM, who would attend, and a note of any topics of discussion they would like to see on the agenda.	
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