



Our role and remit

The Water Industry Commission for Scotland (WICS) is a non-departmental public body with statutory responsibilities. Our mission is to manage an effective regulatory framework which encourages the Scottish water industry to provide a high-quality service and value for money to customers. We act independently of Ministers.



Setting prices

We have a statutory duty to promote the interests of customers. We principally do this by setting prices for water and sewerage services that deliver Ministers' objectives for the water industry at the lowest reasonable overall cost. The price setting process takes place every four years.

In November 2005 we published the price limits that would apply for the regulatory control period 2006-10¹. Over the four-year period, bills for most household customers will increase at 0.5% below inflation. Bills for business customers will rise by 1.5% less than the rate of inflation. The determination also set out the customer service improvements that Scottish Water should make over the four years.

As part of the price setting process we challenge Scottish Water to become more efficient. Since 2002, Scottish Water has cut its running costs by 40%, bringing savings to customers of more than £3 million each week.

As a result, customers' bills in Scotland now compare well with those in England and Wales. The prospects for future bills in Scotland are also good. Work is well underway in preparing for the next price review, which covers the regulatory control period 2010-14. We will publish our final determination of price limits on 30 November 2009.

Facilitating competition

It is part of our role to facilitate competition in the Scottish water industry. In April 2008 the Scottish water and sewerage market for all non-household customers was opened up to competition. We expect these new arrangements to bring significant benefits to Scotland's 130,000 business customers, offering better value for money and services that are more tailored to customers' needs.

We aim to ensure that competition is simple, fair and benefits customers. To make sure that customers' interests are protected at all times, we have put in place a number of measures. For example, only licensed providers can compete for custom; in order to qualify for a licence, suppliers first need to convince us of their competence and financial viability. Licensed providers then need to meet a number of conditions designed to protect customers.

In addition, the charges and services that customers receive are protected, as licensed providers are required to offer a standard, 'default' level of service, for a 'default' tariff.

¹ 'The Strategic Review of Charges 2006-2010: The final determination', November 2005.



Monitoring performance

Our role in monitoring and reporting on Scottish Water's performance focuses on three key areas:

- customer service
- investment
- costs.

We use a number of tools to challenge Scottish Water to improve in each of these areas and we monitor performance to make sure that it responds positively to these challenges. We collect regulatory information each year and publish our findings in three annual performance reports.

Formal arrangements are also in place to ensure that Scottish Water delivers the ministerial objectives on quality and customer service that were agreed at the 2006-10 price review. Performance in delivering the outputs is monitored jointly by the Output Monitoring Group, which comprises representatives from the Drinking Water Quality Regulator, Scottish Environment Protection Agency, Waterwatch, Scottish Water, the Scottish Government (on behalf of Scottish Ministers) and WICS. The group meets every three months to review progress against ministerial objectives (which are set out in an agreed programme of works) and against interim milestones for output delivery (set out in Scottish Water's agreed delivery plan).

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