



## 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 five years.

In November 2009 we published our Final Determination, which set charge caps for the regulatory control period 2010-15<sup>1</sup>.

The Final Determination ensures that customers will receive value for money. It challenges Scottish Water to improve its efficiency further and deliver all of the charging and revised investment objectives of the Scottish Government.

- Over the five-year period 2010-15 charges will rise by 5% below the rate of inflation.
- Households will enjoy a price freeze in the first year and, subject to inflation, the prospect of a further price freeze in 2011-12. Household charges will increase by less than inflation between 2012 and 2015.
- Many businesses and public sector organisations may be able to negotiate an even better deal under the retail competition framework or reduce their bills by helping Scottish Water to lower its costs.
- Charges for businesses and public sector organisations (except for some users of trade effluent services) will also be frozen in 2010-11 and will thereafter follow the same profile as for households.
- Customer service should improve so that it matches or betters the service currently provided by the top performing companies in England and Wales.

## 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. These new arrangements are already bringing significant benefits to Scotland's 130,000 business customers, offering better value for money and services that are more tailored to customers' needs.

<sup>1</sup> 'The Strategic Review of Charges 2010-2015: The Final Determination', November 2009.



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.

## 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 2010-15 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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**Water Industry Commission for Scotland**

Ochil House, Springkerse Business Park, Stirling FK7 7XE.

**T** 01786 430200 **F** 01786 462018

**E** [enquiries@watercommission.co.uk](mailto:enquiries@watercommission.co.uk)

[www.watercommission.co.uk](http://www.watercommission.co.uk)

