

News Release

Page 1 of 3

8 October 2020

WATER INVESTMENT TO RISE TO FUTUREPROOF SERVICES AND HELP TACKLE CLIMATE CHANGE

The Water Industry Commission for Scotland (WICS) today publishes its draft determination for the Strategic Review of Charges 2021-27 for consultation. It sets Scottish Water on the path to meet the challenges of maintaining high-quality services for current and future customers while tackling the impacts of climate change and transitioning to net zero emissions.

The determination allows Scottish Water to deliver £4.5 billion in investment, an increase of more than £1 billion from the investment allowed in the current 2015-21 regulatory period.

The increase in the maximum amount of charges that Scottish Water can levy on its customers each year is set at 2% above inflation on average over the period, equivalent to around an extra £9 a year in real terms on the average household bill.

This charges cap represents WICS' analysis of the lowest reasonable overall cost that Scottish Water will incur in meeting the Objectives that the Scottish Ministers set, including the target to achieve net zero emissions by 2040. As part of the draft determination, Scottish Water is being set very demanding efficiency targets to deliver more for less.

As Scottish Water is publicly owned, every pound it raises will benefit the customers and communities it serves. While the additional investment means that bills will go up over the next six years, in 2027 people will still be paying broadly the same in real terms as they were in 2002.

WICS' Chief Executive, Alan Sutherland said

"We understand that many customers are facing financial difficulties and that the economy is under pressure, particularly in light of the Covid-19 pandemic. But this pandemic has underlined just how important a reliable and high-quality water system is. Our draft determination will futureproof these services for current

News Release

Page 2 of 3

and future generations. This also reflects the priorities of customers that were identified through wide-ranging research.

To delay increased investment would put water quality, reliability and the 2040 net zero target at significant risk, with the likelihood of even higher bills to fix those problems in future. That would be poor value for both current and future customers.

WICS expects that Scottish Water will engage with and listen to its customers as it develops its proposals for charges each year.”

ENDS

Notes to editors:

1. WICS is the economic regulator of the Scottish water industry. It promotes the interests of water and sewerage customers by making sure they receive a high-quality service and value for money. Today it publishes its [draft determination of charges](#) for consultation.
2. Scottish Water must achieve the Objectives set for it by the Scottish Government every six years in its ministerial Objectives and Principles of Charging. The draft ministerial Objectives and Principles of Charging for 2021-27 and be found [here](#).
3. The Scottish Government commissioned WICS to conduct the Strategic Review of Charges 2021-27. The review began in 2017 and was conducted by WICS in accordance with the principles of Ethical Based Regulation, including collaboration between industry stakeholders to develop a long-term vision for the sector.
4. Every year Scottish Water must submit its Scheme of Charges to WICS for approval.
5. Scottish Water has [published a summary](#) of the customer research undertaken by industry stakeholders underpinning this Strategic Review of Charges.
6. The consultation on this draft determination is open until 19 November 2020. Following consultation WICS will consider responses and publish its final determination. It is anticipated that the final determination will be published on 10 December 2020.
7. The Scottish Government will set out its proposals for financial reliefs and discounts for customers as part of its final Principles of Charging, due later this year.

For further enquiries please contact: enquiries@watercommission.co.uk

News Release

Page 3 of 3

8. Following the Commission's final determination, Scottish Water has 60 days to accept the Commission's proposals or refer them to the Competition and Markets Authority.