

News Release

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10 December 2020

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

The Water Industry Commission for Scotland (WICS) today publishes its final determination for the Strategic Review of Charges 2021-27. The determination allows Scottish Water to deliver £4.5 billion of investment over the six-year period 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 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 six-year period. This means that no household will see their bill increase by more than £2 a month above inflation in each year. The average bill will increase by less than 80 pence a month – around £9 a year – above the rate of inflation each year. And, while the need for additional investment will mean that bills will likely have to 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.

This determination 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. Scottish Water is being set very demanding efficiency targets to deliver more for less and as Scottish Water is publicly owned, every pound it raises will benefit the customers and communities it serves.

WICS' Chief Executive Alan Sutherland said:

"This pandemic has underlined just how important it is that we have a reliable and high-quality water system, and charges must increase to protect these services for current and future generations. We recognise that the decisions we are making today are against a backdrop of unprecedented challenges for customers and businesses in Scotland. The approach we are taking is therefore to allow Scottish Water as much flexibility as possible when considering the phasing of charge increases. This should reflect the preferences of the customers and communities Scottish Water serves, as revealed through the 'national conversation'.

"We welcome the Scottish Government's initiative to increase the extent of discounts available to households through the Water Charge Reduction Scheme. This will mean that charges for those in receipt of full relief from Council Tax will see price increases below inflation over the 2021-27 period. We have also extended the measures in place to assist retailers and business customers until February 2021.

"Under our determination, no household in Scotland will see their bill increase by more than £2 a month above inflation in each year, with the average bill increasing by less than 80 pence a month. By paying a little more now, we can help ensure that Scotland's water industry remains fit for the future."

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

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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 [final determination](#).
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 final ministerial Objectives and Principles of Charging for 2021-27 can be found [here](#). Every year Scottish Water must submit its Scheme of Charges to WICS for approval.
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. 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.
5. WICS is also doing all that it can to keep its own costs as low as possible. Its recently published [Corporate Plan](#) explains that WICS' overall costs for 2021-27 will be held below the rate of inflation over the six year period. This will be possible through income earned by WICS staff working on international projects which will have allowed for a return of over £1.5m to Scottish Water and the retail market.