

Appendix 3: Overview of the Strategic Review process

	Description
Sept 2011	<p>Water Industry Commission for Scotland (WICS), Consumer Focus Scotland (CFS), Scottish Water (SW) and the Scottish Government (SG) establish the Customer Forum</p> <p>Scottish Water and the Customer Forum should engage in the Strategic Review process at an early stage. This will ensure that customers' interests are taken into account by Scottish Water as it develops its strategic vision and business plan.</p>
June - Sept 2012	<p>SG issues draft principles of charging and objectives</p> <p>The Scottish Government consults on its broad investment objectives for the industry and the principles of charges in 'Investing in and Paying for your Water Services from 2015'.</p>
Oct - Nov 2012	<p>WICS provides preliminary view on regulatory inputs</p> <p>The regulatory inputs will include, for example: levels of cash expenditure; our expectations for future efficiency savings; our expectations for levels of service; and the financial tramline parameters.</p> <p>The preliminary view may take the form of general reflections to help guide the discussions between Scottish Water and the Customer Forum ahead of the business plan. WICS would issue these reflections over a period of time following joint working with Scottish Water.</p>
Nov 2012	<p>SW issues draft 25-year strategic vision</p> <p>The strategic vision should include Scottish Water's views on what are acceptable levels of price and service and on the key regulatory inputs. Following discussions with the Customer Forum, Scottish Water would provide an analysis of the priority to be given to improvements in customer service. It would also set out its longer term ambitions for customer service and a transition plan detailing the resources and time necessary to deliver these.</p>

Feb 2013	<p>SG, WICS, Customer Forum and all other interested stakeholders provide comment on Scottish Water’s 25 year strategic vision</p> <p>During this period comments would be welcome from all interested stakeholders.</p>
Oct 2013	<p>SW issues final strategic vision and business plan</p> <p>The business plan should be presented as Scottish Water’s initial view on how best to proceed. It should deal with two aspects:</p> <ul style="list-style-type: none"> • The first should cover baseline levels of service (with an assumption that current level of service and expenditure is a reasonable starting point) and statutory investment requirements. • The second should cover discretionary customer service improvements identified by Scottish Water and the Customer Forum (and based on the engagement process) <p>The business plan should also highlight any opportunities for innovation or for approaches that will require a higher return to implement, but are good value to customers.</p>
Dec 2013 - Mar 2014	<p>WICS issues discussion papers</p> <p>These papers would cover both aspects of Scottish Water’s business plan and inform the engagement between Scottish Water and the Customer Forum and the quini-partite meetings between WICS, Scottish Water and customers.</p>

<p>Dec 2013</p>	<p>WICS, SW, CF, SEPA and DWQR start tri (quinti)-partite meetings</p> <p>Scottish Water, WICS and the Customer Forum would participate in tri-partite meetings covering the first aspect of Scottish Water’s business plan. This is the section covering the cost of delivering baseline levels of service.</p> <p>The Business Plan should be fully consistent with Ministerial objectives. It should also reflect customer views on appetite for risk, trade-offs and customer expectations.</p> <p>There would be further meetings on the delivery of the statutory investment requirements that would involve the DWQR and SEPA. The meetings would not seek to question the required outcome but could consider, for example, the scope and efficacy of approach set out in the investment areas appraisals and, in certain circumstances, the timing of delivery.</p> <p>Proposals to adopt innovative or longer term pay-back options would be discussed and agreed. WICS would comment in a discussion paper on the approach taken by Scottish Water in realising the potential benefits of this change to the regulatory framework.</p>
<p>Dec 2013</p>	<p>SW and Customer Forum start customer engagement</p> <p>Scottish Water and the Customer Forum would participate in discussions on the second aspect of Scottish Water’s business plan. At this stage, Scottish Water and the Customer Forum would finalise the level of resources as set out in Scottish Water’s business plan. Scottish Water and the Customer Forum will then provide further definition around the broad areas for customer improvements based on the customer research and the analysis of the gap between the current level of service across the country and the agreed targeted level of service. This should include both parties agreeing on the criteria for prioritisation of investment and the phasing of outcomes.</p>

Apr 2014	<p>WICS, SW, customer forum, SEPA and DWQR end tri (quinti)-partite meetings and customer engagement</p> <p>At the end of this process, the Customer Forum and Scottish Water would jointly prepare a document that sets out the areas on which they had agreed and any remaining issues of difference. The Customer Forum and Scottish Water may choose either jointly or separately to set out why they have not been able to agree on a way forward. WICS would take this/these document(s) into consideration in reaching its initial conclusions in its draft determination.</p>
June 2014	<p>WICS publish draft determination for consultation</p> <p>WICS sets out its preliminary view of the price profile consistent with the lowest reasonable overall cost of delivering baseline levels of service, the statutory investment requirements, financially sustainable innovations and initiatives, and discretionary improvements to customer service. Our draft determination will take the form of the agreement on the Business Plan between Scottish Water and the Customer Forum. In the event that there is no agreement, we would publish our draft determination, based on the information provided in the letters from the Forum and from Scottish Water, Scottish Water's business plan and all our earlier comments during the Strategic Review.</p>
Sept 2014	<p>SG, SW, Customer Forum and all other interested stakeholder provide representations on the draft determination</p> <p>During this period representations would be welcome from all interested stakeholders.</p>
Sept 2014	<p>SG publishes final objectives, principles of charging and technical expression</p> <p>Ministers decide on final objectives and principles of charging for the industry.</p>

Nov 2014	<p>WICS publish final determination</p> <p>WICS sets out its final view on the price profile consistent with the lowest reasonable overall cost of delivering baseline levels of service, the statutory investment requirements, financially sustainable innovations and initiatives, and discretionary improvements to customer service. Our final determination will take the form of the agreement on the Business Plan between Scottish Water and the Customer Forum. In the event that there is no agreement, we would publish our final determination, based on the information provided in the letters from the Forum and from Scottish Water, Scottish Water's business plan, the view of stakeholders and our work carried out during the Strategic Review.</p>
Jan 2015	<p>SW decides whether to accept final determination</p> <p>Scottish Water decides whether or not to accept the final determination or to require WICS to refer it to the Competition Commission.</p>
Mar 2015	<p>SW publish delivery plan</p>