

## Scottish Water's draft business plan: Overview of WICS notes for the Customer Forum

### Introduction

Scottish Water published its draft business plan for the six-year period 2015-21 on 30 October 2013. The Commission is pleased to note the focus on the customer and increased focus on innovation. Scottish Water has set out how it intends to realise its vision of becoming "Scotland's most valued and trusted business".

The draft business plan sets out the company's proposals in a number of areas, including the amount of revenue required from customers, projected expenditure, levels of service, and the improvements required to the quality of drinking water and the environment.

Many aspects of the plan are well argued and Scottish Water has set itself some important challenges. This is to be welcomed. However, there are also some areas where the Customer Forum may wish to discuss some of the underlying options and their associated outcomes for customers.

In line with the Strategic Review of Charges timeline<sup>1</sup>, the Commission will now publish a number of notes that will provide an objective assessment of the plan and will facilitate discussions between Scottish Water, the Customer Forum and other relevant stakeholders. The notes will highlight the strengths of the business plan and areas where the Customer Forum may wish to focus its discussions with the company. Although each note will focus on specific areas of the plan that are material to customers, final decisions should be taken 'in the round', reflecting the overall package of price and service levels agreed between the Customer Forum and Scottish Water.

The purpose of this paper is to confirm the areas that will be covered in each note and the current timeline for publishing them.

The content of the notes

The Commission intends to publish the following notes.

16. **Financial assumptions:** the financial assumptions that underpin the draft business plan, including both inflation and the interest rates related to new borrowing.
17. **Cash and financial strength:** an assessment of Scottish Water's proposals for the closing cash balances, and the level of financial strength over the period.
18. **Base expenditure and efficiency:** covering operating expenditure, capital maintenance expenditure and the level of cost efficiency proposed in the plan.
19. **Levels of service to customers:** covering the proposals for how levels of service performance are assessed and measured over the period.
20. **Additional customer service priorities:** covering additional priorities proposed by Scottish Water, including proposals for pilot studies and other such initiatives.
21. **Enhancement investment:** covering both the investment required to deliver Ministers' objectives and discretionary enhancement investment.
22. **Growth in the customer base:** covering the impact of growth in the customer base on revenues and investment levels.
23. **Chairman's strategic overview**

<sup>1</sup> The full timeline was published in the Commission's methodology document, 'Strategic Review of Charges 2015-21: Innovation and choice'.

## Current timeline

We set out below the dates on which we intend to publish the notes. These dates may be subject to change as the Commission continues to review Scottish Water's draft business plan. It may also be the case that we provide additional notes to those listed below (if requested to do so by the Customer Forum, for example).

<b>Notes</b>	<b>Finalised notes sent to the Customer Forum, and published on the WICS website</b>
<b>16 and 17</b>	22 November
<b>18, 19 and 20</b>	29 November
<b>21 and 22</b>	6 December
<b>23</b>	12 December

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