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Water Industry Commission for Scotland
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Our ref **PM/WIC/consult**

Your ref

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Date **5 July 2007**

10 JUL 2007

Dear Ms Russell,

Consultation Response: WIC Statagic Review of Charges - Methodology, Volume 2

I refer to the above consultation, and now enclose at Appendix A, details of the response prepared on behalf of Glasgow City Council. I would confirm that there is no objection to this response being made public. I would also advise you in relation to the recently published Volume 3 of this consultation, that a further response will be forwarded to you in due course.

Yours faithfully,

Bill Potts
City Plan Project Manager

APPENDIX A

Response on behalf of Glasgow City Council to Water Industry Commission for Scotland consultation

Strategic Review of Charges 2010-2014 Methodology: Volume 2 – Customer Revenue, Levels of Service, and the new Competition Framework

1. What are respondents' views on our approach to establishing the revenue and customer baseline for the Strategic Review of Charges 2010-14?

The measures outlined to produce a refined accuracy for the customer base and associated estimated revenue, particularly the detailed comparison between the Scottish Water network database and billing database, appear to have merit.

2. What are respondents' views on our proposals to encourage Scottish Water to continue to improve the level of service it provides to customers?

In the absence of necessary Scottish Water data to allow WIC's application of Overall Performance Assessment methodology, the use of an optional approach setting targets for cost reduction/improvement in service levels appears appropriate. Application of further refinements for the 2010-14 period, allowing WIC to identify scope for efficiency, should help progress towards eventual consistent benchmarking between Scottish Water and English and Welsh counterparts.

A key issue in relation to service level improvement is the need to limit any increase in charges to customers, in order to address issues of affordability for households on low incomes. WIC needs to ensure that increased targets for improvements in customer service levels adequately address the key concerns of customers, particularly in relation to prices. Customer consultation on such concerns is essential.

3. How do respondents view the changes we are making to reflect the new competition framework?

The commitment to a minimum basic service by all retailers, via the terms of their licence, is welcomed, as is the commitment to consult on the potential for departure from the wholesale charge, in the event that a customer puts in place measures to reduce the costs of supplying a water/sewerage service – ideally, in relation to the latter measure, all customers should have some indication of the potential impact of any such measures they may choose to implement, right from the onset of their agreement with their supplier.