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Our ref PM/WIC/2007

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Date 8 February 2007

Harriet Towler
Corporate Affairs Manager
Water Industry Commission for Scotland
Ochil House
Springkerse Business Park
Stirling FK7 7XE

Dear Ms Towler

Water Industry Commission Consultation on 2010-14 Price Review

I refer to your recent e-mail inviting comments on the approach to be adopted by WIC to the 2010-14 review of Scottish Water's charges.

Given the increasing need for certainty regarding Scottish Water's longer term investment programmes in relation to the development aspirations of all major cities in Scotland, I welcome this advance notice of the proposed Review approach and programme to be followed by WIC. Of particular importance, both in terms of the WIC programme, and also in relation to relevant Council service work programmes, is the early availability of the overall timeline, with clear indications of key consultation stages, the nature of the issues being consulted upon, and the schedule for the publication of the outcome of each consultation stage.

Having endorsed the principle of providing such a detailed timeline through to November 2009, I would, however, suggest that the proposed programme appears to make little or no allowance for any 'foul-up factor', which might de-rail such a constrained schedule. Would there be any benefit in scheduling regular 'stock-taking' periods at certain points, e.g. after each of the MSP briefings, to allow for such eventualities?

In addition to the above general comment, I would make additional observations as follows:

- (1) The principles underlying the overall approach to the next price Review are all relevant. The WIC's commitment to transparency is particularly welcome. Given the increasingly high profile of the Review process, and the commitment to maximum accessibility, is the WIC confident that the timeline referred to above makes sufficient provision for an effective response to be made to representations from a potentially increased range of stakeholders?
- (2) The WIC's intention to encourage wide participation in the Review process is laudable. To maximise its effectiveness, it may be appropriate, in relation to the various stakeholder information days scheduled, to focus such participation. My impression from the previous Review process was that such stakeholder events could, without such focus, range over an extensive series of important issues in the course of a single session, from highly sophisticated accounting techniques to the operational implications of particular capital investment programmes and strategies. The stated commitment to produce a straightforward explanation of each topic covered in the Review, and its implications, is a welcome step towards greater clarity and understanding. While continuity of representation at such events is obviously desirable in terms of consistency, on occasions, stakeholders may wish to ensure

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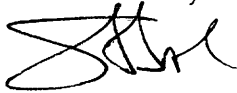
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they are represented by an appropriate specialist, to ensure the most constructive contribution to the debate.

- (3) The intention to maximise the use of an upgraded website in the course of the Review process is welcomed, particularly the availability of the e-mail update service to stakeholder subscribers. If such upgrading could incorporate an inter-active capability, whereby consultees/interested parties could raise queries/make contributions outwith the formal consultative structure, this could also enhance the inclusiveness of the whole exercise, provided that the WIC can adequately resource such a facility.
- (4) While the proposed regular MSP updates on the Review progress are appropriate, it might be worth combining such updates with a stakeholder session, in order that MSPs *can be* exposed directly to a range of perspectives on a particular issue, directly from participants, rather than relying upon a single interpretation, however accurate, provided by the WIC.
- (5) As a central location, Stirling remains the most appropriate venue for stakeholder sessions. This should not, however, preclude the possibility of WIC staff convening geographically based information sessions, e.g within specific local authority areas, at particular stages of the Review process, if requested. Such localised events proved useful in the course of the previous Review process.

I trust these observations may be of use in progressing the Review process.

Yours faithfully



Steve Inch
Director, Development and Regeneration Services