

# The Strategic Review of Charges 2010-15

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## The Final Determination: key messages

### Ensuring value for money for customers

- This Final Determination of charge caps ensures that customers will receive value for money. It challenges Scottish Water to improve its efficiency further and deliver all of the charging and revised investment objectives of the Scottish Government.
- Over the five-year period 2010-15 charges will rise by 5% below the rate of inflation.
  - Households will enjoy a price freeze in the first year and, subject to inflation, the prospect of a further price freeze in 2011-12. Household charges will increase by less than inflation between 2012 and 2015.
  - Charges for businesses and public sector organisations (except for some users of trade effluent services) will also be frozen in 2010-11 and will thereafter follow the same profile as for households.
  - Many businesses and public sector organisations may be able to negotiate an even better deal under the retail competition framework or reduce their bills by helping Scottish Water to lower its costs.
- Customer service should improve so that it matches or betters the service currently provided by the top performing companies in England and Wales.
- Scottish Water should remain in a strong financial position over the next five years – this bodes well for future charges. Charges would not be affected by any changes in Scottish Water's financing arrangements.
- There will be household metering trials, including the use of different types of tariffs, which may allow households to control the size of their bills and to influence the extent of their carbon emissions.

## The Final Determination: key messages

### Creating a greener water industry

- Scottish Water is financed to deliver more than £2.5 billion in maintaining its assets and improving its environmental and public health performance. We will monitor the delivery of all the agreed outcomes carefully.
  - In particular, we require Scottish Water to reduce its leakage by at least a third by 2014.
  - We expect Scottish Water to investigate the volume of rainwater and groundwater unnecessarily entering its sewerage system. This should help to reduce the impact of extreme rainfall and reduce flooding.
- Scottish Water is also now resourced to:
  - improve Glasgow's drainage (based on evidence from studies that are currently underway);
  - invest in renewable energy;
  - work with landowners to manage water catchments more sustainably; and
  - support property developers in introducing more sustainable practices.
- There are greater incentives for Scottish Water, and the licensed retailers and their customers, to develop more sustainable solutions. For example:
  - to ease peak demands on drinking water supplies by storing it at a customer's premises; and
  - to reclaim and recycle waste water rather than let it drain to sewer.
- Competition has brought environmental benefits. Non-household customers can now reduce their carbon footprint and environmental impact by demanding a more tailored service and benefitting from the link between carbon emissions and the use of water.