

## Our role and remit

The Water Industry Commission for Scotland (WICS) is a non-departmental public body with statutory responsibilities. Our mission is to manage an effective regulatory framework which encourages the Scottish water industry to provide a high-quality service and value for money to customers. We act independently of Ministers.



## Setting prices

We have a statutory duty to promote the interests of customers. We principally do this by setting prices for water and sewerage services that deliver Ministers' objectives for the water industry at the lowest reasonable overall cost. The price setting process takes place every six years.

In November 2014 we published our Final Determination, which set charge caps which cover the period between 1 April 2015 and 31 March 2021<sup>1</sup>.

The Final Determination ensures that customers will receive value for money. It challenges Scottish Water to improve its efficiency further and to deliver all of the Scottish Government's objectives relating to charges and investment.

In this determination we set out that;

- For household customers, Scottish Water will be permitted to increase its charges over the period 2015-21 by no more than CPI minus 1.8%. For the first three years of the period, 2015-16 to 2017-18, its charges will increase by 1.6% per year in nominal terms (in other words, irrespective of inflation).
- For business customers, Scottish Water will be permitted to increase its wholesale charges at no more than CPI minus 0.3% per year over the period 2015-21.
- The default maximum retail tariffs that retailers can charge non-household customers will be frozen in nominal terms in each year of the regulatory control period.

## Facilitating competition

It is also part of our role to facilitate competition in the Scottish water industry. In April 2008 the Scottish water and sewerage retail market for all non-household customers was opened up to competition. These new arrangements have brought significant benefits to Scotland's 150,000 business customers, offering better value for money and services that are more tailored to customers' needs.



We aim to ensure that competition is simple, fair and benefits customers. To make sure that customers' interests are protected at all times, we have put in place a number of measures. For example, only licensed providers can compete for customers; in order to qualify for a licence, suppliers first need to convince us of their competence and financial viability. Licensed providers then need to meet a number of conditions designed to protect customers.

In addition, the charges and services that customers receive are protected, as licensed providers are required to offer a standard, 'default' level of service, for a 'default' tariff.

## Monitoring performance

Our role in monitoring and reporting on Scottish Water's performance focuses on three key areas:

- Customer service
- Investment
- Costs

We use a number of tools to challenge Scottish Water to improve in each of these areas and we monitor performance to make sure that it responds positively to these challenges. We collect regulatory information each year and publish our findings in an annual performance report, which we publish [here](#).

Formal arrangements are also in place to ensure that Scottish Water delivers the ministerial objectives on quality and customer service that are agreed at the price review. Performance in delivering the outputs is monitored jointly by the Output Monitoring Group, which comprises representatives from the Drinking Water Quality Regulator, Scottish Environment Protection Agency, Citizens Advice Scotland, Scottish Water, the Scottish Government (on behalf of Scottish Ministers) and WICS. The group meets every three months to review progress against ministerial objectives (which are set out in an agreed programme of works) and against interim milestones for output delivery (set out in Scottish Water's agreed delivery plan).

This monitoring ensures that customers are getting the improvements that they are paying for.



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