

30 January 2024

Brian Strathie
Director of Finance
Scottish Water
The Bridge
Buchanan Gate Business Park
Cumbernauld Road, Stepps
Glasgow
G33 6FB

Your Ref:
2024-25 Charges Scheme Approval

Dear Brian,

Charges Scheme for 2024-25: Approval

On 25 January 2024, Scottish Water submitted a proposed Charges Scheme to WICS. The Charges Scheme covers the period 1 April 2024 to 31 March 2025 and contains the proposed retail charges from Scottish Water to customers and wholesale charges from Scottish Water to Licensed Providers. The proposed Charges Scheme sets out an 8.8% nominal increase for household and wholesale primary charges.

I am writing to inform you that the WICS' board has approved Scottish Water's proposed Charges Scheme covering primary and non-primary charges for the financial year 2024-25 with no amendments.

We note that the Scottish Water's intended price increase for the remainder of the current regulatory period would allow to uplift the revenue level to that set out in WICS' Determination by the end of the period. Future charges will be subject to the formal WICS' approval process. Based on the latest projections, however, we note this would still leave a c.£500 million shortfall in the investment relative to that expected to be delivered as part of WICS' Determination.

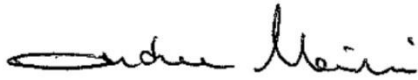
We therefore look forward to receiving the additional information about the final "investment baseline" that Scottish Water has agreed to submit to WICS. We will continue to engage constructively with Scottish Water to ensure that the "investment baseline" meets our requirements and allows Scottish Water to explain how it will deliver Ministerial Objectives for the water industry.

WICS, First Floor, Moray House, Forthside Way, Stirling FK8 1QZ

Chair: Professor Donald MacRae OBE FRSE

01786 430 200 | enquiries@wics.scot | wics.scot | scotlandontap.gov.uk

Best regards,



Andrea Mancini
Director of Price Reviews

CC Jon Rathjen (Scottish Government), Rosemary Greenhill (Scottish Government) and Jeremy Atkinson (CMA)