

2025-27 WORK PLAN

Our priorities for 2025-26 and 2026-27

March 2025

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INTRODUCTION



Work plan for 2025-26

Introduction

- We have prepared a draft work plan and budget for 2025-26 for the Board's approval.
- As part of our forward planning, we have also included known activities (which are shaded grey in the following slides) and an indicative budget for 2026-27 to give the Board as much visibility as possible of the office's future work.
- This work plan and budget should be considered alongside the financial sustainability review, financial plan, and procurement strategy. Together, these documents reflect our assessment of the final years of the 2021–27 Corporate Plan.
- We will confirm these activities and finalise the budget for 2026-27 in March 2026 for the Board's approval.

Our strategic objectives and outcomes

Work plan 2025-26 and 2026-27

To recap, three strategic objectives and nine strategic outcomes were identified in the Corporate Plan for 2021-27.

Our strategic objectives

Strategic objective 1

To support the sector to achieve its long-term vision and the Scottish Ministers' Objectives for the regulatory period.

Strategic objective 2

To challenge Scottish Water to achieve best in class levels of service for its customers and communities.

Strategic objective 3

To become an international leader in the field of economic regulation.

The 9 outcomes we will deliver

1

Supporting Scottish Water to be sustainable over the long term.

4

Supporting Scottish Water to become an analytically driven organisation that takes full account of benefits and costs in its option appraisals and decisions.

7

Acting as a cutting edge regulator that contributes to developing Scotland as a Hydro Nation.

2

Incentivising an efficient and effective Scottish water.

5

Acting as a hub of information and expertise to support decision making.

8

Ensuring that the office operates as efficiently and effectively as possible.

3

Helping ensure that the retail market maximises benefits for customers.

6

Promoting customer-centric decision making.

9

Sustaining a high-performance team, with a focus on continuous improvement.

Our strategic objectives and outcomes

Work plan 2025-26 and 2026-27

We have made the following changes to strategic objective 2, 3 and outcomes 7, 8 and 9:

Our strategic objectives

Strategic objective 1:

To support the sector to achieve its long-term vision and the Scottish Ministers' objectives for the regulatory control period.

Strategic objective 2:

To challenge Scottish Water to achieve high quality levels of service for its customers and communities.

Strategic objective 3:

To be a recognised as a trusted economic regulator at the forefront of best regulatory practice.

The 9 outcomes we will deliver

1

Supporting Scottish Water to be sustainable over the long term

4

Supporting Scottish Water to become an analytically driven organisation that takes full account of benefits and costs

7

Acting as a leading communicator, influencing and collaborating with others to deliver our regulatory approach

2

Incentivising an efficient and effective Scottish Water

5

Acting as a hub of information and expertise to support decision making

8

Ensuring that the office operates effectively and in line with our duties and obligations as a public body

3

Helping ensure that the retail market maximises benefits for customers

6

Promoting customer-centric decision making

9

Demonstrating best value in all that we do

Deliverables achieved during 2024-25

2024-25 work plan commitments

THEME 1 - An effective and efficient WICS

- Planning for organisational change initiatives (Jul 2024)
- Supporting the Scottish Government's independent review of WICS (Mar 2024)

THEME 2 - Strategic Review of Charges 2027-33

- Methodology consultation (Jan - Aug 2024)
- Final methodology (Aug – Dec 2024)
- Putting in place arrangements for customer involvement (Jan – November 2024)

THEME 3 – Scottish Water's costs and performance

- Annual return 2024 (Jun - Oct 2024)
- Our report on Scottish Water's performance (Oct – Nov 2024)
- Revised joint financial model with Scottish Water (May 2024)
- Revised regulatory accounting rules (January 2025)

THEME 4 – Retail market framework

- Public consultation on changes to Business Stream's governance code (Dec 2024)
- A revised non-household code of practice (Sep 2024)
- Assurance process for code of practice (Dec 2024)
- Reopening licence applications (Jun 2024)

THEME 5 – Contribution to Hydro Nation

- Clarified expectations of WICS Hydro Nation Duty with Scottish Government (February 2025)

THEME 6 – Cyber resiliency

- Renewal of Cyber Essentials Plus accreditation
- Agreeing an approach to desktop refresh
- Mobile device refresh

Deliverables achieved during 2024-25

Organisational change and audit recommendations

Clarify roles within WICS

- Employed HR support (Jul 2024)
- Established structure of the leadership team (Nov 2024)

Revise hybrid working arrangements

- Staff engagement on future working arrangements (Sep 2024)
- Re-established WICS office (Oct 2024)

Strengthen risk and assurance functions

- Risk identification workshop (Sep 2024)
- Risk mapping exercise (Sep 2024)
- Revise risk mitigation plans (Dec 2024)
- Finalise risk reporting (Feb 2025)

Revise compliance reporting

- Revised compliance reporting to leadership team, Board and ARC (Sep 2024)

Revise approval panel terms of reference

- Created a report to the Approval Panel to ensure expenditure is authorised in line with policy (Sep 2024)

OUR PRIORITIES FOR 2025-26 AND 2026-27



Priority work areas

Work plan 2025-26 and 2026-27

This year, we will focus on 5 broad themes to support us to deliver our strategic objectives and outcomes for the 2021-27 regulatory control period.

- 1 **Organisational Change**
- 2 **Strategic Review of Charges 2027-33**
- 3 **Scottish Water's performance**
- 4 **Market frameworks**
- 5 **Cyber resiliency**

Risk appetite

Work plan 2025-26 and 2026-27

Guiding risk approach over the next 2 years

Category	Risk appetite	Approach
Capability and capacity	Careful	WICS prioritises a high-performance workforce and cautiously manages risks related to skills, knowledge, and expertise.
Service delivery	Careful	WICS invests in processes, systems, and technology while ensuring value-for-money and efficiency. It takes a measured approach to risk to enhance service quality and digital transformation.
Strategic outcomes	Careful	Risks for business outcomes are carefully considered, with ongoing evaluation to minimise project delivery failures. WICS ensures alignment with government priorities and stakeholder expectations.
Reputation	Averse	WICS recognises that its reputation as a trusted regulator is critical. While innovation is encouraged, it will be implemented cautiously to minimise reputational risks. WICS actively mitigates risks that could undermine public trust or stakeholder confidence.
Compliance, fraud and corruption	Averse	Zero tolerance for fraud and corruption; strict adherence to legislative and regulatory requirements, ensuring high standards of governance and accountability.
Security, work health and safety	Averse	Strong security measures and a safe workplace environment are prioritised, with no tolerance for risks that could cause harm. Cybersecurity and data protection are key areas of focus.

Averse: No tolerance for risk; WICS will avoid actions that introduce significant threats.

Careful: Risks are taken cautiously, with strict mitigation measures.

Open-minded: Willing to take calculated risks when benefits outweigh potential downsides.

OUR KEY ACTIVITIES



Our key activities

Work plan 2025-26 and 2026-27

1

Organisational Change

What we will deliver	External support	Risk appetite	Timescales
Recruitment of a permanent CEO	Executive Search agency	Careful	Jul 2025
Recruitment of vacant director posts	Executive Search agency	Careful	Jul 2025
Recruitment of Board Members	Scottish Government	Careful	Aug 2025
Review of the Corporate Plan	None envisaged at this stage	Careful	September 2025
Full review of WICS Governance Framework	Legal advice	Careful	April 2025
Board self effectiveness review	None envisaged at this stage	Careful	April 2025
Role review of roles, reporting lines, pay bands and contracts	HR support	Averse	October 2025
Revised performance management process	HR support	Averse	May 2025
A WICS 'best value' framework	None envisaged at this stage	Averse	May 2025
A hybrid working solution beyond 2026	HR support	Averse	March 2026

Our key activities

Work plan 2025-26

2

Strategic Review of Charges 2027-33

What we will deliver	External support	Risk appetite	Timescales
Response to Scottish Water's Draft Business Plan	None envisaged at this stage	Careful	August 2025
Efficient size of SW's investment programme analysis	Engineering consultancy		August 2025
Continued support and analysis to SG's Policy Development	None envisaged at this stage		Ongoing
Scheme of Charges 2026-27	None envisaged at this stage		January 2026
Draft Determination	Engineering consultancy, communications support	Careful	June 2026
Final Determination	Engineering consultancy, communications support		October 2026
Scheme of Charges 2026-27	None envisaged at this stage		January 2027

Our key activities

Work plan 2025-26 and 2026-27

3

Scottish Water's performance

What we will deliver	External support	Risk appetite	Timescales
Annual Return 2025	None envisaged at this stage	Careful	October 2025
Operating expenditure efficiency analysis	Economics consultancy		August 2025
Performance Report 2025	None envisaged at this stage		November 2025
Review of Scottish Government Investment Group governance	None envisaged at this stage		December 2025
Annual Return 2026	None envisaged at this stage	Careful	October 2026
Performance Report 2026	None envisaged at this stage		November 2026

Our key activities

Work plan 2025-26 and 2026-27

4

Market frameworks

What we will deliver	External support	Risk appetite	Timescales
Implement changes to Governance Code	Legal advice	Careful	June 2025
Customer research on the Code of Practice	via Consumer Scotland		May 2025
Commence Market Health Check	None envisaged at this stage		October 2025
Publish Default Directions 2026-27	None envisaged at this stage		February 2026
Process licence applications, consolidations and revocations	None envisaged at this stage	Careful	Ongoing
Process customer enquiries	None envisaged at this stage		Ongoing
Review Market Health Check process	None envisaged at this stage	Careful	September 2026
Review Default Directions	Legal advice and economics consultancy		December 2026
Publish Default Directions 2027-28	None envisaged at this stage		February 2027

Our key activities

Work plan 2025-26 and 2026-27

5

Cyber resiliency

What we will deliver	External support	Risk appetite
Cyber Essentials Plus compliance <i>Maintain and achieve CE+ certification</i>	Independent audit to be carried out	Averse
Website disaster recovery tests <i>Validate website disaster recovery processes to ensure business continuity</i>	Independent audits to be conducted	
Independent vulnerability assessment of websites <i>Identify and mitigate security risks</i>	Independent review to be carried out	
Desktop refresh project <i>Modernise IT Systems by refreshing the desktop PC IT equipment with replacement monitors and laptops</i>	Logistics support, capital purchase required (already approved)	
Technical upskilling <i>Enhance IT Team expertise in emerging technologies, system administration, and cloud security</i>	Training: Scottish Government grant funding secured to cover the cost	
Onboarding new employees <i>Systems procurement, setup and configuration, staff cyber awareness and systems training</i>	Various	

BUDGET AND RESOURCES

Budget and resources

Work plan 2025/26 and 2026/27

Budget 2025-26 and 2026-27

	2024-25 Est (£)	2025-26 Budget (£)	2026-27 Budget (£)
INCOME			
Scottish Water levy	2,324,815	2,348,061	2,371,541
Licensed Providers' levy	1,718,013	1,718,013	1,718,013
Rental income	91,594	-	-
Bank interest	117,994		
Total income	4,252,415	4,066,074	4,089,554
EXPENDITURE			
Staff costs	2,382,308	2,813,637	3,431,797
Professional services	414,289	489,859	412,948
Office and administration	183,964	214,331	200,292
Travel and subsistence	28,729	74,000	75,831
Other operating costs	47,760	95,000	96,485
IT services	126,837	130,005	133,222
Legal and compliance	87,824	122,109	130,498
Total expenditure	3,271,711	3,938,941	4,481,074
Net surplus	980,705	127,133	(391,520)

The work plan outlines the continuation of an ambitious programme of organisational change. As a small office, external support will be required to ensure this change is brought about as effectively as possible.

As WICS draws closer to the end of the current regulatory period, the financial requirements for the final two years have been defined.

A financial sustainability review has been carried out in coordination with the annual budgeting exercise. This review considers historic costs and requirements for the future as WICS evolves following the organisational change.

The review also addresses the cash surplus, estimated to be almost £6m by the end of the current financial year (2024-25). It analyses the potential impact of any decisions made regarding its use.

As part of the initiatives being delivered under the organisational change programme, assessing the long-term financial impact of key decisions, particularly those related to a revised structure, support from external consultants, and accommodation requirements, will be essential.

Budget and resources

Work plan 2025/26 and 2026/27

Budget 2025-26 by directorate

EXPENDITURE TYPE/DIRECTORATE	Pricing	Performance and Reporting	Markets	Finance and Corporate Services	Overheads	Total
Staff costs (salary, training, recruitment)	395,210	647,717	404,925	1,085,387	280,398	2,813,637
Professional services	265,000	75,000	100,000	49,859	-	489,859
Office and administration	5,377	5,377	4,187	7,758	190,865	213,565
Travel and subsistence	19,016	19,016	7,581	15,887	12,500	74,000
Other operating costs (comms, conferences)	37,355	12,355	16,774	13,516	15,766	95,766
IT services	-	-	-	-	130,005	130,005
Legal and compliance (audit, insurance)	-	-	-	-	122,009	122,109
Total	721,959	759,465	533,466	1,172,407	751,643	3,938,941

Moving to a budget where each directorate splits the projected expenditure provides greater accountability, transparency, and control over spending within specific business areas. This approach ensures that each directorate has a clear financial allocation, aligns resources with strategic priorities, and improves financial planning.

Additionally, transitioning from broad cost categories to a more detailed structure enhances cost tracking and decision-making. This refined categorisation allows for more precise financial management, helping identify efficiencies and allocate resources across the organisation.

KEY PERFORMANCE INDICATORS



Key performance indicators

An update on progress for 2024-25 and next steps

- The following slides provide an update on our delivery against KPIs were set out in our 2021-27 corporate plan.
- We acknowledge that the development of SMART KPIs will be required and embedded in our 2027-33 Corporate Plan.

Key performance indicators

2024-25

Key Performance Indicator (KPI)	2024-25 status	2025-26 status
KPI1: By February of each year of the Corporate Plan period, we will set out in an annual workplan the activities which we will undertake during the year. In the following year our Annual Report will include information on progress against our workplan.	Complete. Work plan and budget approved by the Board in April 2024.	Board approval anticipated in March 2025
KPI2: We will implement a regulatory framework that enables and supports Scottish Water to take full ownership of its relationship with customers and its decision making. We will report annually to the Board, and in our statutory annual report and accounts, on progress.	Complete. Methodology published December 2024 which includes arrangements for customer involvement.	Not applicable.
KPI3: By November of each year, we will publish our annual reports on Scottish Water's overall performance in delivering the requirements set out in the 2021-27 final determination and identify any gaps that have the potential to impact on the level of trust among stakeholders.	Complete. 2023-24 report published on 28 November 2024.	Planned
KPI4: Working with licensed providers, we will seek to put in place by December 2024 effective measures which ensure that all licensed providers have appropriate financial resilience.	Complete	Not applicable.
KPI5: By April 2023 we will introduce a voluntary market-wide process that allows licensed providers to demonstrate behaviours consistent with EBP.	Complete. Code of Practice in place.	Market Health Check process to be implemented.

Key performance indicators

2024-25

Key Performance Indicator (KPI)	2024-25 status	2025-26 status
KPI6: Our annual reports on Scottish Water’s overall performance will include an assessment of its progress in ensuring that project appraisals encompass a full assessment of the economic costs and benefits of investment. This assessment should include aspects such as the carbon impact, and of natural and social capital.	Not met: Not included in the SRC21 annual reports on Scottish Water’s performance	More appropriate to cover this in SRC27 draft determination when reviewing Scottish Water’s appraisals.
KPI7: We will report annually on requests for regulatory advice and information and expertise from industry stakeholders and international partners, and on the nature of support we have provided.	Our contributions were summarised in our 2023-24 annual report.	Not applicable.
KPI8: Our annual reports on Scottish Water’s overall performance will include an assessment of its progress in ensuring that customers and communities are involved in decision making. This will encompass assessing the extent to which customers could reasonably have confidence that their views are being heard and acted upon.	Not met: Not included in the SRC21 annual reports on Scottish Water’s performance	More appropriate to cover this in SRC27 draft determination through the approach to customer engagement.
KPI 9: We will support the Scottish Government’s Hydro Nation initiative by delivering projects and assistance, providing a minimum annual net contribution to our income from this work of £300,000.	Complete.	Not applicable.
KPI 10: We will ensure that our income and costs remain within budget targets over the regulatory control period and will report our financial performance on a regular basis to the Commission Board.	Complete	Regular reporting at Board meetings during 2025-26.
KPI 11: We will achieve the desired structure for the office by 2025 and ensure that progress remains on track in the interim.	Not applicable	Not applicable

Revised KPIs

2025-27

Key Performance Indicator (KPI)	Directorate	2025-26	2026-27
KPI1: By March of each year of the Corporate Plan period, we will set out in an annual workplan the activities which we will undertake during the year. In the following year, our Annual Report will include information on progress against our workplan.	Finance and Corporate Affairs	✓	✓
KPI2: By November of each year, we will publish our annual reports on Scottish Water's overall performance in delivering the requirements set out in the 2021-27 final determination and identify any gaps that have the potential to impact on the level of trust among stakeholders.	Performance and Reporting	✓	✓
KPI3: We will introduce a market health check process that allows licensed providers to demonstrate behaviours consistent with EBP.	Markets	✓	
KPI4: Our draft determination will include an assessment of Scottish Water's project appraisals and encompass a full assessment of the economic costs and benefits of investment. This assessment should include aspects such as the carbon impact, and of natural and social capital.	Pricing		✓
KPI5: Our draft determination will include an assessment of Scottish Water's progress in ensuring that customers and communities are involved in decision making. This will encompass assessing the extent to which customers could reasonably have confidence that their views are being heard and acted upon.	Pricing		✓
KPI6: We will ensure that our income and costs remain within budget targets over the regulatory control period and will report our financial performance on a regular basis to the Board.	Finance and Corporate Affairs	✓	✓

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WICS Economic
regulation for
Scotland's water

A series of white, wavy, horizontal lines that resemble a stylized water surface or a signal waveform, positioned below the WICS logo.