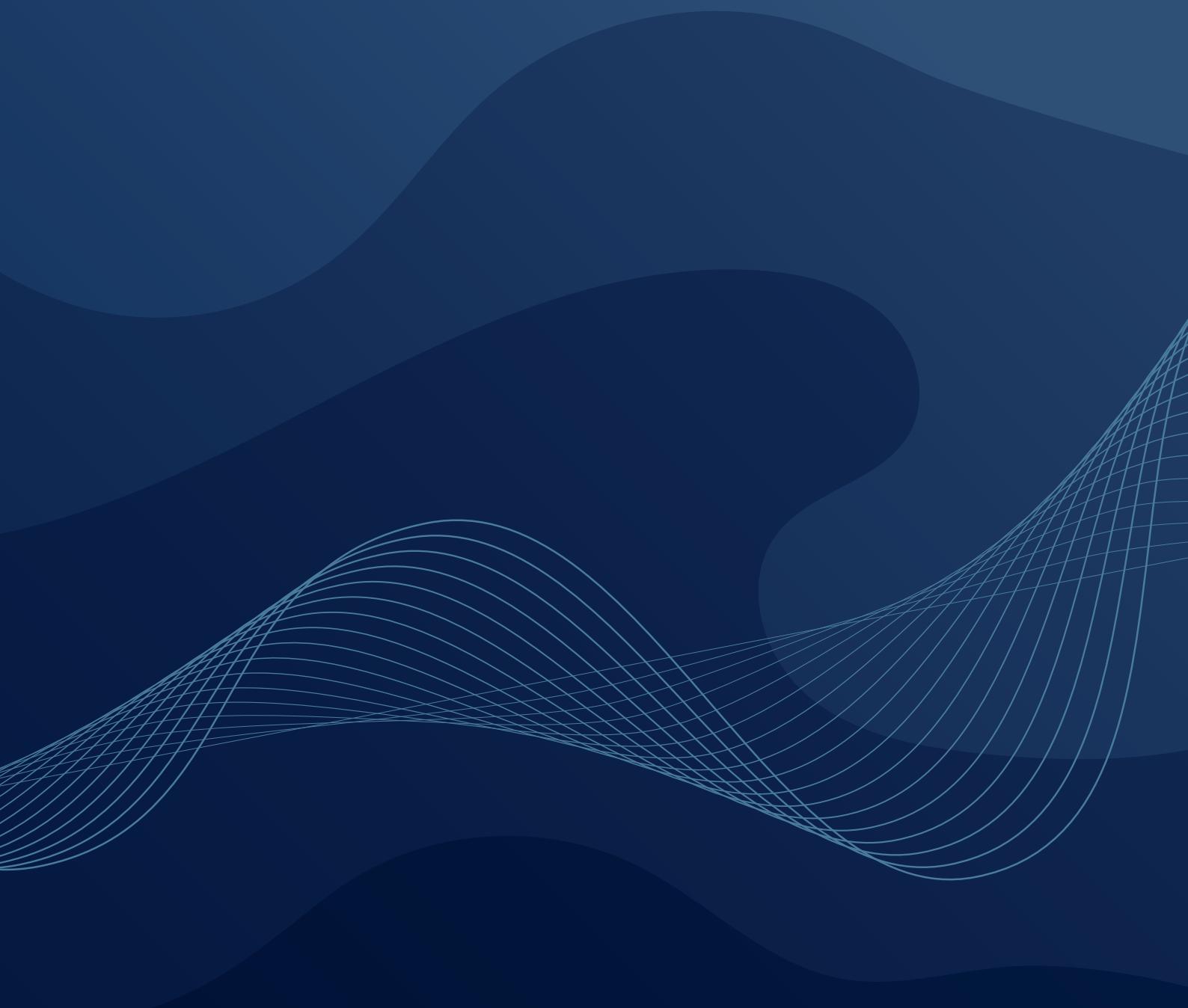


# Annual report overview

## 2024-25



## Our purpose

As the economic regulator, we make sure that the water industry delivers for the people of Scotland. We regulate Scottish Water to provide high-quality, efficient, and sustainable water and wastewater services for today's customers and future generations. We hold Scottish Water accountable for its performance and ensure it delivers the best possible value for customers.

Through the Strategic Review of Charges for the period 2027-33 (SRC27) we provide a transparent framework for long-term investment and customer charges, ensuring customers pay no more than necessary for essential services.

Scotland's model of public ownership and independent regulation continues to deliver:



### Lower bills

Average household bills in 2024-25 were £125 lower than they would have been without regulatory efficiencies.



### High investment

Scottish Water has invested more per person than any other UK water company since 2002.



### Customer satisfaction

Scottish Water ranks among Scotland's top companies for customer service and performs above UK water sector averages in the UKCSI.

## 2024-25 at a glance



### Delivering value for customers

**WICS' work in 2024-25 focused on outcomes that directly benefit customers:**

- Published the SRC27 methodology, embedding customer and community priorities in long-term investment decisions.
- Strengthened oversight of Scottish Water's costs, services, and investment plans.
- Improved the non-household retail market through a new Code of Practice and the Market Health Check, raising standards, transparency, and accountability.
- Ensured customer voices influence regulatory decisions through formal engagement mechanisms, including a Memorandum of Understanding with Scottish Water and Consumer Scotland.



### Building a stronger organisation

**Alongside regulatory delivery, we implemented a programme of organisational reform:**

- Leadership:** Introduced a streamlined structure of four directorates, enhancing oversight, accountability, and decision-making.
- Governance:** Strengthened the Commission Board with a revised governance framework and scheme of delegation.
- Financial stewardship:** Strengthened financial controls and policies, delivering under budget at 60p per person served. Leadership restructuring reduced staff costs by £350k annually and total expenditure fell by over 10%
- People and Culture:** Established an in-house HR function, enhanced staff engagement and training, and embedded hybrid working, improving wellbeing and organisational culture.
- Cyber Resilience:** Maintained Cyber Essentials Plus accreditation, strengthened Board oversight, and delivered organisation-wide cyber awareness training.
- Stakeholder Engagement:** Reset and structured engagement with the Scottish Government at Board, CEO, and operational levels while maintaining WICS' regulatory independence.



### Performance highlights

**Key performance highlights are outlined below:**

- Delivered all statutory functions and regulatory priorities efficiently.
- Published our independent report of Scottish Water's performance, providing robust scrutiny of investment and service delivery.
- Formalised customer involvement in SRC27 through a Memorandum of Understanding.
- Strengthened governance, risk management, and internal controls.
- Achieved strong financial performance, delivering services under budget and generating significant savings.

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## Theme: An effective and efficient WICS

**Focus:** Strengthen governance, accountability and value for money

**Key Achievements:**

- Four directorates, smaller leadership team
- Revised governance & risk framework
- Hybrid working embedded; wellbeing and culture renewed focus
- Total expenditure fell by over 10%
- Delivered under budget maintaining a low cost to the sector

## Theme: Strategic Review of Charges 2027-33

**Focus:** Ensuring customers pay no more than necessary for water services

**Key Achievements:**

- Final methodology published shaped by consultation and stakeholder engagement
- A clear framework to embed customer and community priorities in decision making
- MoU with Scottish Water and Consumer Scotland to ensure customer involvement throughout the process.

## Theme: Scottish Water's Costs & Performance

**Focus:** Monitoring investment, service levels and efficiency

**Key Achievements:**

- WICS' report on Scottish Water's 2023-24 performance published
- Developed new monitoring metrics for 2027-33 strengthening how we hold Scottish Water to account
- Revised regulatory accounting rules and financial modelling approaches to ensure greater transparency and consistency.

## Theme: Retail Market Framework

**Focus:** Improving service standards for business & public sector customers

**Key Achievements:**

- New Code of Practice introduced
- Market Health Check launched
- Licence process reopened; assurance strengthened

## Theme: Hydro Nation

**Focus:** Supporting knowledge sharing

**Key Achievements:**

- Clarified expectations of WICS Hydro Nation Duty with Scottish Government
- Paused revenue-generating work, having exceeded a minimum annual net contribution to our income from this work of £300,000.

## Theme: Cyber Resiliency

**Focus:** Strengthening our cyber resiliency

**Key Achievements:**

- Cyber Essentials Plus renewed
- Board-level cyber oversight and staff training

## Looking ahead

WICS is now a stronger, more resilient organisation, with clear accountability, disciplined financial management, and robust governance. These changes mean WICS is well placed to continue protecting customer interests, supporting the sector, and delivering value.

Key priorities for the coming years include:

### 2025-26

- Reviewing Scottish Water's final Business Plan submission for the Strategic Review of Charges 2027-33.
- Delivering an organisation wide review of roles and responsibilities.
- Engaging with the Public Audit Committee and delivering on final recommendations.
- Reviewing WICS' financial sustainability ahead of preparing the 2027-33 Corporate Plan.

### 2026-27

- Publishing draft and final determinations for the Strategic Review of Charges 2027-33.
- Maintaining a customer-centric focus and strengthening regulatory oversight.
- Achieving full organisational capacity by 2026-27.
- Developing the 2027-33 Corporate Plan with a focus on efficiency, innovation, and sustainability.

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