2027-33 Draft Corporate Plan

September 2026

WICS Economic regulation for Scotland's water

Delivering value in every drop

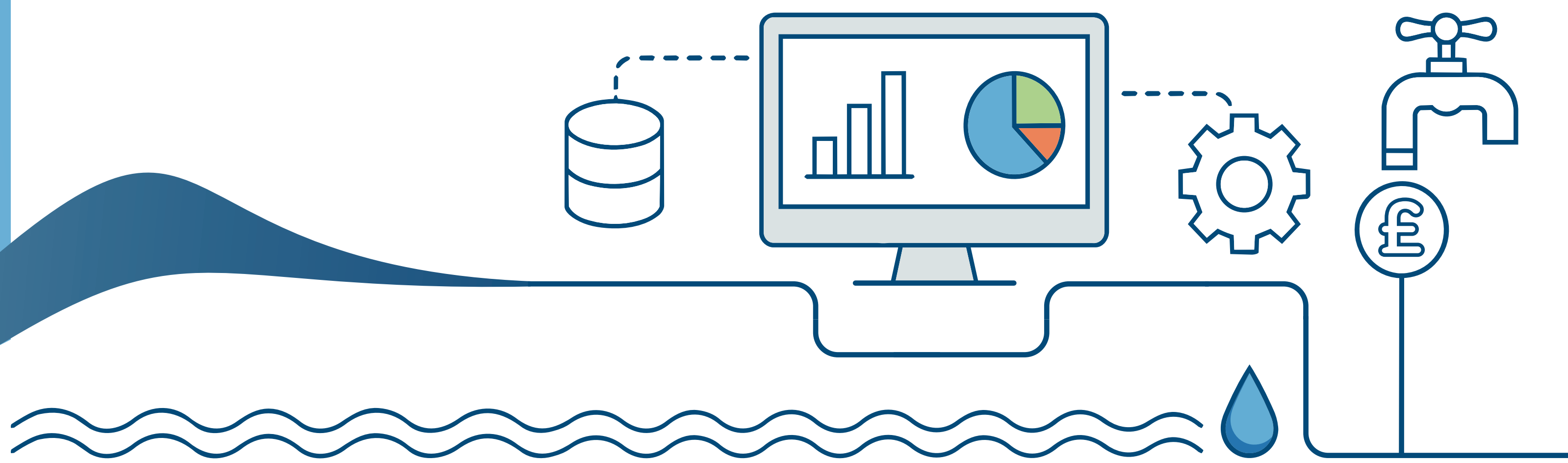
Our role

WICS is Scotland's independent economic regulator for the water industry. We work on behalf of current and future customers to help ensure water and wastewater services remain affordable, resilient and deliver long-term value.

Water is something we all rely on every day. It supports our homes, businesses, communities, public services and the environment.

Water and wastewater services depend on a huge amount of infrastructure across Scotland, from reservoirs and treatment works to thousands of miles of pipes. Keeping that infrastructure working, and investing in it for the future, requires long-term planning and careful decisions about how money is spent.

Economic regulation helps make sure those decisions are taken in customers' interests, balancing the need to keep bills affordable today while investing in services that will continue to meet Scotland's needs in the future. This is the role WICS plays on behalf of current and future customers.



WICS Economic regulation for Scotland's water

Who we work with

Delivering high-quality water and wastewater services depends on many organisations with different responsibilities working well together.

Customers help shape priorities and ultimately fund the system through the charges they pay. The Scottish Government sets the policy framework and long-term ambitions for the water sector. Scottish Water plans, invests in and delivers water and wastewater services across Scotland. The quality regulators, including SEPA and the Drinking Water Quality Regulator (DWQR), protect the environment and ensure drinking water meets the standards customers expect.

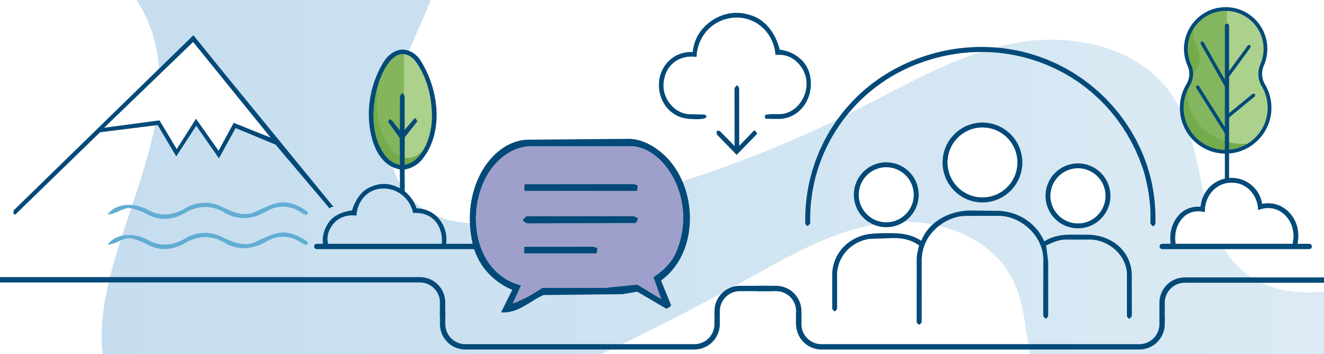
We work with organisations across Scotland's water industry because delivering value for customers depends on effective collaboration and clear accountability. While each organisation has a distinct role, customers experience one water industry and rightly expect those organisations to work together in the public interest.

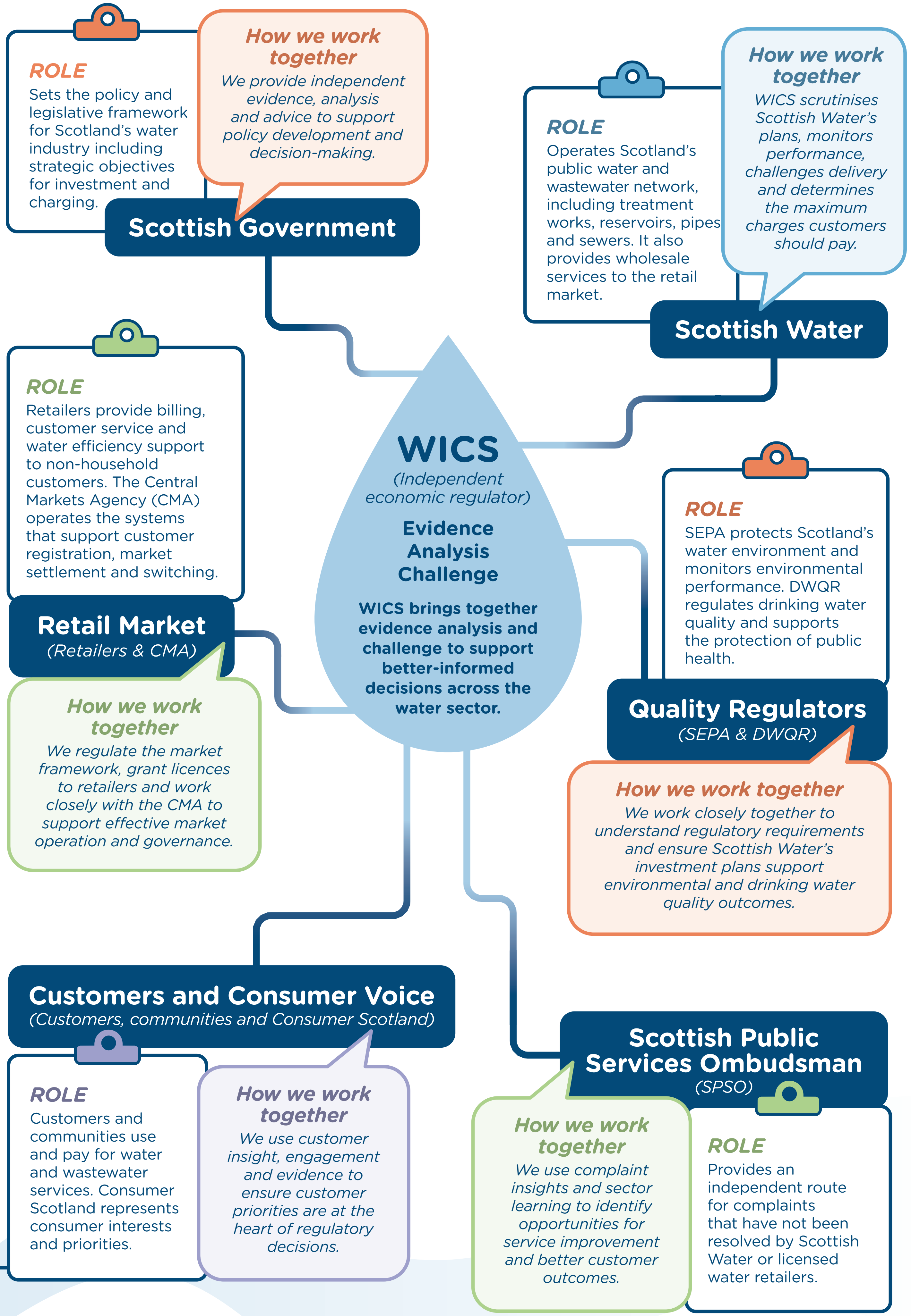
WICS sits at the centre of this system as the independent economic regulator. We bring together the evidence, analysis and challenge to help organisations understand the trade-offs among investment, affordability, resilience, and performance. By doing this, we make sure customers have confidence that their money is being used wisely, that Scottish Water is held to account, and that decisions made today support reliable, affordable and resilient services for the future.

Working together for better outcomes

We work collaboratively with a wide range of organisations to support our role as Scotland's independent economic regulator.

Strong relationships and open dialogue help us challenge effectively, make better decisions and deliver lasting value for Scotland's customers, communities and the environment.





Introduction

We are pleased to present our draft Corporate Plan for 2027-33 and invite customers, businesses and stakeholders to help shape how we deliver value over the next six years.

The role of economic regulation

Scottish Water's services are essential to every household, business and community in Scotland. They support our health, our economy and our quality of life. Most of the time, they operate as a silent service, but behind the scenes they rely on long-term planning, major investment and careful decisions about what customers should pay.

WICS is Scotland's independent economic regulator for the water industry. We work on behalf of current and future customers by challenging Scottish Water's plans, setting the maximum charges customers should pay, and holding the company to account for delivering value.

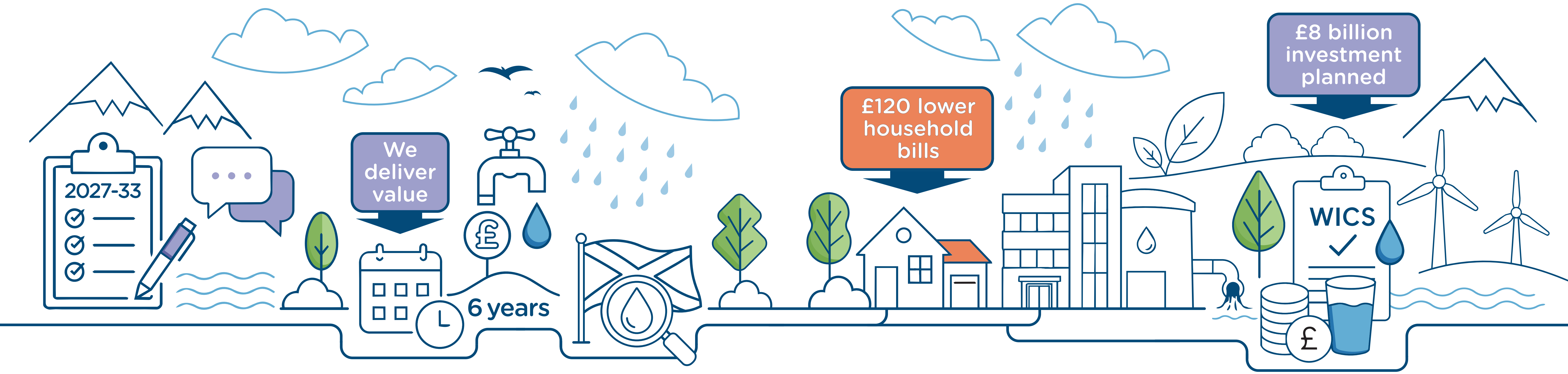
The value we deliver for customers

Our work ensures that customers pay no more than necessary for reliable water and wastewater services. Since Scottish Water was created, our independent economic regulation has kept average household bills around £120 lower than they would otherwise have been, while enabling significant investment and improvements in performance.

However, the challenges facing Scotland's water industry are becoming more complex. Maintaining high-quality services, renewing ageing infrastructure, protecting and improving the environment, responding to climate change, supporting economic growth and maintaining affordability all need to be balanced. These are not easy choices, and they involve difficult trade-offs.

Over the next regulatory period, the role of economic regulation will become even more important. Scottish Water is preparing to deliver almost £8 billion of investment between 2027 and 2033. Customers need confidence that this investment is necessary, efficient and capable of delivering the improvements they are being asked to fund.

We provide that independent scrutiny. We test whether costs are efficient, whether charges are justified, whether performance commitments are being delivered and whether decisions taken today protect the value and resilience of Scotland's water services for the future.



Our focus for 2027-33

Our work has helped transform Scotland's water industry, supporting major investment, improved performance and some of the lowest water charges in Great Britain. Our focus now is on delivering value in the areas where we can make the biggest difference for customers.

Areas of focus	What this means for customers
Ensuring customers pay no more than necessary	We will set charges using robust evidence, challenge costs and protect customers from paying in advance for costs that are uncertain or not yet justified.
Holding Scottish Water to account	We will monitor investment, performance and delivery so customers can see whether Scottish Water is delivering what it promised.
Improving the non-household retail market	We will support a fair, transparent and effective market for businesses, charities and public sector organisations.
Running WICS efficiently	We will apply the same value-for-money discipline to ourselves that we expect from Scottish Water and make clear our levy funding delivers value.

Maximising the use of our resources

Every pound spent running WICS is funded through the organisations we regulate and ultimately paid for by customers. We therefore have a responsibility to demonstrate the same commitment to efficiency and value for money that we expect from those we regulate.

Over 2021–27, we expect to spend £21.3m, £3.6m less than originally planned, delivered through organisational efficiencies, smarter ways of working and careful use of resources. Looking ahead, our indicative budget for 2027–33 is £29.06m. This will enable us to deliver more for customers and reflects a sustainable staffing model, moderate pay increases and higher costs. In real terms, this is a relatively small increase given the significant rise in costs over recent years. At around 33p for every £100 Scottish Water plans to invest, it funds independent scrutiny that helps ensure customers receive value for money. We will continue to look for opportunities to improve how we work through collaboration, innovation, digital transformation and wider public service reform.

Developing our people and culture

The quality of our regulation depends on the knowledge, judgement and expertise of our people. We will continue to invest in attracting, developing and retaining the skills needed to regulate an increasingly complex water sector and provide trusted, independent challenge on behalf of customers.

Making greater use of technology and data

Technology and data are essential to effective regulation. By improving data quality, integrating systems and reducing manual processes, we will help our people spend more time on high-value regulatory work and make better-informed decisions.

We are moving into 2027-33 in a stronger position to deliver as an exemplar public body and forward-thinking economic regulator. We aim to continue improving how we work so that customers and stakeholders can be confident in the value delivered through independent economic regulation.

Help shape our Corporate Plan

We welcome your views on whether these are the right priorities for 2027–33 and whether we are focusing on the areas that matter most to customers.

David Satti
Chief Executive Officer

Aidan O'Carroll
Chair

Key achievements

WICS has already delivered significant value: helping improve outcomes across Scotland's water sector while also reshaping our own organisation to reduce costs, strengthen capability and focus resources where they make the biggest difference.

Our contribution to Scotland's water sector

More affordable services

Bills are around **£120 lower** than would otherwise have been required.

Customers pay around **£100 less** on average than customers in England and Wales.

Scotland continues to benefit from some of the **lowest water charges** in Great Britain.

Long-term stewardship

Investment per person is **38% higher** than the England and Wales average.

Debt per person is around **half the level** seen in England and Wales.

Investment has increased in a way that balances affordability today with resilience for future generations.

More stable bills

Water charges have remained broadly **stable** compared with elsewhere in Great Britain.

Bill increases have generally been **lower** than many other household costs.

Better services

Customer service and operational performance have **improved**.

Greater confidence that customer money is being used **efficiently**, through independent challenge and scrutiny.

Delivering a more efficient WICS

A clearer organisational structure

Leadership redesign delivering around **£300k** of recurring **annual savings**.

Clearer accountability and stronger governance arrangements.

Stronger internal capability

Greater in-house expertise reducing reliance on external consultants.

Around **£200k** of recurring **annual savings** from reduced consultancy spend.

Smarter ways of working

Accommodation sharing and lease renegotiation reducing costs by around **£50k per year**.

Technology and digital improvements delivering around **£45k per year** in recurring savings.

More targeted investment in people

More **focused learning** and development arrangements generating around **£80k per year in savings**.

We aim to demonstrate the same commitment to efficiency and value for money that we expect from those we regulate. The changes made during 2021-27 have helped us deliver more with less. Without these efficiencies, the cost of running WICS would be around £675k higher each year.

Our strategy

Our strategy for 2027–33 is to protect the interests of current and future customers by securing long-term value through independent economic regulation. We will strengthen accountability for delivery, deepen our understanding of performance and risk, and focus our challenge where it can make the greatest difference for customers.

This means customers should be able to see how our work helps protect affordability, improve accountability and support better long-term decisions for Scotland's water services.

By applying this approach consistently, we aim to support a water sector that can make difficult choices with confidence, protect value for customers and remain resilient in the face of future challenges.

Our foundations

Our strategy is underpinned by five enduring principles that shape how we approach our role, make decisions and deliver value.

Customer value sits at the heart of everything we do. We will assess decisions through the lens of the value delivered to current and future customers.

Independence is fundamental to our role. We will continue to provide objective analysis, advice and regulatory decisions based on evidence and judgement.

Evidence and judgement are complementary. Good regulation requires robust evidence, but it also requires the ability to exercise informed judgement where decisions involve uncertainty, competing priorities or long-term trade-offs.

Collaboration and challenge are both essential. We will work constructively with stakeholders while providing rigorous independent challenge where it is required.

Long-term stewardship will remain central to our approach. We will consider not only the impact of decisions today, but also the consequences for future generations.

Our outcomes

Protecting current and future customers

Our foundations

- Independent Commission
- Customer Value
- Evidence and judgement
- Long-term stewardship
- Collaboration and challenge

Our outcomes by 2033

1. Customers pay fair charges that deliver long term value
2. Scottish Water is held to account for performance and delivery
3. Business customers benefit from fair and effective market regulation
4. Enabling the water sector to work together to deliver better outcomes for customers
5. WICS is a trusted, transparent and high performing regulator

How we will deliver them

- Customer value at the centre of decision making
- Evidence based and joined up decision making
- Better understanding of performance and risk
- Innovating for future challenges

What customers should see

- Fair, cost reflective charges
- Better investment decisions
- Greater accountability
- Improved services
- Long-term value

1 Customers pay fair charges that deliver long-term value

Every pound customers pay for water and wastewater services should deliver value. Our role is to make sure charges are no higher than necessary while enabling the investment needed to maintain and improve services.

We will deliver this by:

2027-33 charges	Future charges	Independent analysis	Challenging costs
Setting charge caps to ensure they remain fair and deliver long-term value	Preparing for future charging reviews so that charges remain fit for purpose	To help inform wider decisions that could affect future customer bills	Challenging costs before they are passed on to customers

What this means for customers

- Customers pay no more than necessary for water services now and in the future
- Water charges are fair and supported by evidence
- Customers are protected from paying in advance for costs that are uncertain or not yet evidenced
- Charging arrangements remain transparent and fit for the future
- Decisions affecting future bills are informed by robust and independent analysis

Success measures

1 Evidence that charges reflect efficient costs

2 Key charging review milestones delivered on time

3 Uncertain costs *(e.g. future energy prices)* reviewed before being passed on to customers

2 Scottish Water is held to account for performance and delivery

Customers expect Scottish Water to deliver the services and improvements they are paying. We will monitor Scottish Water's performance, investment programme and delivery plans throughout the 2027-33 period. Where performance falls short, we will challenge Scottish Water.

We will also work with other organisations across the sector to ensure that decisions remain transparent and focused on customer interests. This includes working closely with Scottish Water and others across the water sector to identify, at an early stage, issues that could affect customer charges or investment and work together to find effective solutions.

We will deliver this by:

Performance monitoring	Data and information	Working with the industry	Independent verification
Monitoring Scottish Water's investment programme and service performance	Improving the quality, transparency and accessibility of performance information	To identify risks, opportunities and areas for improvement	Independently verifying whether commitments and outcomes are being delivered

What this means for customers

- Greater confidence that investment is being delivered as promised
- Scottish Water's performance is clearly reported and easy to understand
- Underperformance is identified, scrutinised and challenged where necessary
- There is greater transparency about how customer money is being spent and the value it is delivering

Success measures

4 Annual performance assessment published on time each year

5 Evidence that underperformance is identified and challenged

6 Improved insight from data and analysis

3 Business customers benefit from fair and effective market regulation

Businesses, charities and public sector organisations rely on a retail water market that is fair, transparent and responsive to their needs. Our role is to ensure that the market works effectively, supports innovation where it delivers value, and provides confidence to customers and market participants.

We will strengthen the non-domestic retail market to ensure it is fair, resilient and focused on customer outcomes. We will provide clear, proportionate and evidence-based regulation that gives market participants confidence, supports innovation in the public interest and ensures that the market framework remains robust, transparent and fit for the future.

We will deliver this by:

Strengthening governance and regulation
Improving clarity and effectiveness of market rules

Monitoring market performance
Taking proportionate action where standards are not met

Enabling innovation
Smart technologies, better data and market development where is delivers value

Simplifying charging arrangements
Greater clarity for customers about the costs they pay

What this means for customers

- Better service and clearer information for businesses, charities and public sector organisations
- More accurate billing and improved understanding of water use
- A market that continues to evolve to meet future needs
- Innovation is encouraged where it delivers better outcomes and greater value for customers

Success measures

7 Annual Market Health Check completed

8 Material market issues resolved within agreed timescales

9 Market improvement programme milestones delivered

10 Market participant confidence measured annually (maintain or improve)

4 Enabling the water sector to work together to deliver better outcomes for customers

Customers experience one water industry, not a collection of organisations. Delivering value for customers therefore depends on effective coordination between those responsible for policy, regulation, assurance and service delivery.

WICS has a unique role in bringing together evidence, analysis and independent challenge to help organisations navigate difficult trade-offs and make better-informed decisions. By enabling joined-up working across the sector, we can help ensure that decisions are transparent, consistent and focused on the long-term interests of current and future customers. In 2027-33 we will play a more active role in enabling the water sector to work together and deliver better outcomes for customers.

We will deliver this by:

Enabling joined up decision-making
Working with others across the sector for more effective decisions

Leading independent analysis and challenge
Bringing together evidence, analysis and regulatory insight

Identifying and responding to emerging risks
Working with others across the sector

Facilitating collaboration
Collaboration across the sector to deliver better outcomes

What this means for customers

- The water sector works together on behalf of customers
- Decisions are informed by robust evidence and independent analysis
- Investment, affordability, resilience and performance are considered in a coordinated and transparent way
- Emerging risks and opportunities are identified
- Decisions across the sector are focused on delivering long-term

Success measures

11 Key cross-sector programmes and forums delivered as planned.

12 Emerging risks and opportunities identified and addressed through collaborative forums

13 Evidence that key sector decisions are supported by joint working and WICS' independent analysis

5 WICS is a trusted, transparent and high-performing economic regulator

Delivering value for customers depends not only on effective economic regulation, but also on WICS being well governed, efficient and resilient. We will continue to strengthen our organisational effectiveness so that we can respond to future challenges while making the best use of public resources. Our ambition is for WICS to have the expertise, capability and capacity needed to provide robust independent challenge, make evidence-based decisions and secure long-term value for current and future customers.

We will also be more visible and accessible to customers, providing regular updates on our work, publishing clear and accessible information about regulatory decisions, and actively seeking customer views throughout the 2027-33 period. This will help ensure customers understand how decisions are made, how their interests are being protected, and how their feedback has influenced our approach.

We will deliver this by:

Developing our people and culture
Investing in our people and skills to regulate a complex water sector

Better use of technology and digital tools
Improving efficiency and decision-making

Improving communication
Engaging with customers and stakeholders

Continuous improvement
Continually reviewing how we use our resources to maximise the value delivered via the levy

What this means for customers

- Customers are kept informed about decisions that affect them and have opportunities to provide feedback and influence our work
- A trusted regulator acting independently on customers' behalf
- Better-informed decisions based on strong evidence and expertise
- More value from every pound used to fund WICS

Success measures

14 All major regulatory decisions published with supporting evidence

15 Annual stakeholder confidence measured *(maintain/improve)*

16 Annual expenditure remains within approved budget

17 People Survey results within upper quartile of comparable public sector organisations

Financial plan

Our budget

Our proposed budget has been developed using our revised organisational structure and operating model. It reflects the significant efficiencies made during the current Corporate Plan period while ensuring WICS has the resources needed to deliver effective, independent economic regulation throughout 2027–33.

We will continue to review how we use our people, assets and financial resources, ensuring that investment is directed towards the activities that deliver the greatest value for customers.

We will strengthen internal capability wherever this provides better long-term value, plan the use of consultancy more strategically and continue to use external specialist support where it provides independent assurance or expertise that cannot be delivered effectively in-house.

The following figures are indicative estimates for consultation and will be refined before the final Corporate Plan and annual levy requirements are approved.

Gross funding requirements	Indicative planning estimate 2027-33 (£m)
Scottish Water levy	21.79
Licensed Provider levy	7.27
Total income	**29.06**

Expenditure	Indicative planning estimate 2027-33 (£m)
Cost of regulatory delivery	18.97
Operational costs	10.09
Total expenditure	**29.06**

Financial resilience

A combination of efficiencies, lower-than-planned expenditure, changes in delivery and timing, and additional income means that WICS expects to end 2021–27 with a higher cash balance than originally forecast.

As the final Corporate Plan is developed, we will use our Reserves Policy to determine the appropriate reserve level and how any balance above that level should be treated. Options may include returning funds or offsetting future levy requirements, subject to the necessary approvals. Our funding arrangements will continue to ensure that costs are shared fairly between Scottish Water and Licensed Providers, reflecting the balance of work undertaken across the organisation while recognising that all activities rely on shared corporate services and infrastructure.

By maintaining strong financial discipline, regularly reviewing how we use public resources and continually challenging ourselves to improve, we will ensure WICS remains a capable, resilient and trusted regulator that delivers best value for customers throughout the 2027–33 Corporate Plan period.

Have your say

Your views will help shape our final Corporate Plan for 2027-33.

We want to hear your views on the priorities set out in this plan. We are particularly interested in where you think we can make the biggest difference to customers, and how we can improve our approach.

- Do our proposed outcomes reflect what matters most for customers and stakeholders?
- What should be our highest priority work areas over the 2027–33 period, and why?
- Which of our proposed areas of work will have the greatest positive impact, and where should we go further?
- How can we improve how we engage, communicate and involve customers and stakeholders in our work?

We will carefully consider all responses received during the consultation. Your feedback will help us refine our priorities and strengthen our final Corporate Plan.

We will publish a summary of responses and explain how your views have influenced our final decisions.

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