

Deputy First Minister
and Cabinet Secretary for Infrastructure, Investment and Cities
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In 2014 Scotland Welcomes the
World



29 September 2014

Dear Maureen

SCOTTISH WATER: INVESTMENT AND CHARGING 2015-21

I am pleased to inform you that I have now agreed Scottish Water's investment priorities for the next regulatory period 2015-21 and the principles that should underpin customer charges. As your committee will recognise, these documents are fundamental to the operation of our water industry in Scotland.

In line with the requirements of the Water Industry (Scotland) Act 2002, as amended, I have agreed:

- Directions to Scottish Water specifying the standard of services that it must achieve; and
- A Statement of policy regarding charges under a charging scheme – more commonly known as the Principles of Charging Statement – for issue to Scottish Water and the Water Industry Commission for Scotland.

These documents will be issued to Scottish Water and the Water Industry Commission and will be available shortly on the Government's website at: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot>

The Directions commit Scottish Water to the delivery of some £3.5 billion of improvements to meet mandatory standards in relation to drinking water and the environment. They will form the basis of the monitoring arrangements undertaken by

the Output Monitoring Group. As in the current period 2010-15, regular monitoring reports will be published detailing progress on the delivery of the capital programme.

The maximum charges payable by customers are now a matter for the Water Industry Commission for Scotland to determine in line with the principles as set out in the Principles of Charging Statement. I have requested that the Final Determination of Charges 2015-21 be published by the end of November.



NICOLA STURGEON