

T: 0845 774 1741  
E: scottish.ministers@scotland.gsi.gov.uk

Maureen Watt MSP  
Convener  
Infrastructure and Capital Investment Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

4 November 2012

*Dear Maureen*

## SCOTTISH WATER – PLANNING FUTURE INVESTMENT

Further to Alex Neil's letter of 19 June 2012, I should like to inform you of the outcome of the Government's recent engagement on "Investing In and Paying for Your Water Services" and to confirm the decisions that I have taken.

There were 29 responses to this engagement. This may seem a low level of response given the nature of the services that Scottish Water provides. However, I believe that this reflects the stable position of the industry and its stakeholder relations and is recognition of the significant progress that Scottish Water has made over the last 10 years.

I am placing the summary of the responses on the Scottish Government's website. For the most part the comments are supportive of the existing arrangements and a number of points of detail can be addressed as the review proceeds.

The most significant question related to the period of the review. Based on the responses received, I have decided to extend the regulatory period (the period over which charges are determined) to six years. Stakeholders have argued clearly that this extension would: ensure better long-term planning, increase confidence in the Scottish construction industry to invest in skills and plant; provide alignment with the planning timeframes for key investment drivers (Water Framework and Flood Risk Management Directives) and place Scotland out of phase with England and Wales planning periods and procurement cycles.

I have written to stakeholders within the industry to confirm my decision.

*Nicola Sturgeon*

NICOLA STURGEON