Drinking Water Quality Regulator for Scotland

Email: [redacted]
www.dwqr.scot

David Satti
Water Industry Commission for Scotland (WICS)

By email

Our Reference: A57302943

31 August 2026

Dear David,

Strategic Review of Charges 2027-33: Draft Determination

I welcome the opportunity to comment on the Draft Determination for water charges for 2027 to 2033 and appreciate WICS's constructive engagement throughout its development. I commend WICS for the high quality of its assessment and for producing a document that is clear, well-structured and easy to navigate.

The Drinking Water Quality Regulator (DWQR) has worked closely with Scottish Water during the development of its Business Plan and is broadly supportive of the proposed programme of investment. Scottish Water faces a range of significant challenges in maintaining compliance with regulatory requirements and safeguarding public health, including the impacts of climate change, ageing infrastructure and changing patterns of customer demand. Against this backdrop, DWQR welcomes the scale of investment proposed within the Draft Determination but also supports WICS's commitment to balancing affordability with the long-term needs.

Whilst I am unable to comment directly on cost allowances or efficiency assumptions, I consider the drivers underpinning the proposed programme to be justified in addressing significant risks to drinking water quality and strengthening resilience. Such investment is necessary if Scottish Water is to deliver the long-term vision for the industry and continue to invest in, maintain and operate Scotland's drinking water infrastructure effectively to protect public health.

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I am pleased to see provision for all agreed drinking water quality improvement programmes, including regulatory commitments, improvements to disinfection arrangements and measures aimed at improving consumer acceptability. I recognise, however, that the scale of the programme may present a significant delivery challenge. Ahead of the Final Determination, I will therefore seek assurance from Scottish Water that the agreed programme remains deliverable within the regulatory period and that any operational efficiency challenges do not adversely impact essential activity or the maintenance of assets. Experience consistently demonstrates that shortcomings in these areas can have a direct impact on drinking water quality outcomes and significant improvement in this area is required.

I also welcome the proposed suite of outcome performance measures. Subject to the introduction of appropriate governance arrangements, these measures should provide a valuable framework for assessing performance, supporting risk-based decision making and informing future investment priorities.

Furthermore, I support WICS's view that the scale of investment proposed should be accompanied by greater ambition in performance delivery. Nevertheless, the targets within the Draft Determination for several of the proposed measures, particularly those relating to drinking water quality compliance and discolouration contacts, represent a significant step change in expected performance. While I support stretching targets, I would welcome further discussion ahead of the Final Determination to ensure that performance expectations remain achievable and are appropriately aligned with planned investment and operational improvements.

As previously discussed, I do not consider that Scottish Water's risk management arrangements are currently sufficiently mature to support the introduction of a risk outcome metric from the commencement of SR27. Reliable baseline information is not yet available, and Scottish Water is undertaking a programme of work, due to conclude in April 2028, that is intended to improve the identification and assessment of significant risks. I understand that Scottish Water intends to submit a change paper proposing that implementation of this metric be deferred until April 2029. This

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approach which I support would allow the underlying methodologies, supporting processes and baseline data to be established before performance is measured against the metric.

We should not, however, be complacent. Uncertainties remain, particularly those associated with changing raw water characteristics resulting from climate change and ageing assets. These challenges sit alongside several requirements that DWQR has placed upon Scottish Water, including the need to improve risk identification and assessment procedures and the requirement to assess all water treatment works assets to ensure compliance with disinfection requirements. It is therefore reasonable to anticipate that additional drinking water quality risks may be identified during the investment period. In these circumstances, it will be important that the framework incorporates sufficient flexibility to respond to new evidence and changing priorities. I would welcome further clarity on the mechanisms that will support this adaptive approach and enable emerging risks to be addressed effectively where additional intervention is justified.

I look forward to continuing to work with WICS, Scottish Water and other stakeholders to ensure that Scotland's drinking water remains safe, wholesome and trusted by consumers throughout the SR27 period and beyond.

Yours sincerely,

[redacted]

David Reynolds, Drinking Water Quality Regulator for Scotland

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