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13 January 2026

Dear Edward,

I am writing to inform the Committee that the Scottish Government is consulting on the Ministerial Objectives (MOs) and the Principles of Charging (PoC) Statement which will underpin the Strategic Review of (water and wastewater) Charges for 2027-33 regulatory period. These documents set out what Ministers expect Scottish Water to deliver and how costs will be recovered in a way that is fair and affordable for customers.

The review is conducted by the Water Industry Commission for Scotland (WICS) and will conclude when it determines the maximum charges for the regulatory period in October 2026. Ministers' involvement in the process is setting out the MOs and PoC Statement, with Scottish Water's business plan setting out how it intends to deliver these. WICS then ensure this is cost effective and set a charge cap for the period within which Scottish Water can annually set charges. Ministers have no role in either setting the charge cap or approval of the annual charges.

The proposed MOs and PoC Statement build on the framework currently in place, as set out in the [Commissioning Letter](#) issued by Scottish Ministers in April 2024, and represent an evolution rather than a fundamental change. They reflect the need to maintain high standards of service while responding to long-term challenges.

The water industry faces significant pressures in the next regulatory period and beyond, including the response to the climate emergency and the need to invest in an ageing asset base to maintain performance and resilience. Ministers have been mindful of the need to balance ambition with ensuring customer charges remain affordable.

The next key stages in the process are Scottish Water submits its final business plan to WICS in February 2026, the publication of WICS' draft determination in June 2026 which sets out its proposal for the charging cap over the period, and WICS' final determination in October 2026. Ministers will need to finalise the MOs and PoC Statement before WICS issues its final determination. In doing so, they will consider responses to the public consultation and WICS' draft determination.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

The consultation is available at:

<https://www.gov.scot/publications/water-services-investing-paying-2027/>

I would be happy to respond to any questions you or the Committee may have on these documents or the process of the Strategic Review of Charges 2027-33.

Yours sincerely,

GILLIAN MARTIN

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