SRC27 longitudinal deliberative research

Findings from phase 1

Ipsos Scotland

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Introduction

Background to the research

The Strategic Review of Charges is a pivotal process that determines the pricing framework for water services in Scotland. Conducted by the Water Industry Commission for Scotland (WICS), the review sets the maximum charges Scottish Water can levy on consumers, ensuring that prices are fair and based on the actual cost of service provision. The review occurs every six years and involves extensive analysis of Scottish Water's financial needs, investment plans, and operational efficiency. The process is designed to balance the need for affordable water services with the requirement for infrastructure investment. It aims to ensure that Scottish Water can meet its service obligations while maintaining financial sustainability. The process involves stakeholder engagement, and consumer feedback plays a critical role in shaping the final determinations.

As the statutory independent body for consumers in Scotland, Consumer Scotland advocates on behalf of consumers and represents their interests across a range of sectors, including water. Consumer Scotland is playing a crucial role in the Strategic Review of Charges process for 2027-33 (SRC27), helping to ensure that water charges are justified and that service improvements reflect consumer priorities and societal values.

To do this, consumers are being placed at the centre of the SRC27 process as part of an innovative approach to understand whether or not Scottish Water's Final Business Plan commands their support. This 'Confirmation' pillar will be complemented by two other pillars of work: 'Evidence', which will establish customer views on the draft Business Plan through a coordinated programme of customer research and analysis, and evidence-based 'Challenge' from the Independent Customer Group (ICG) to help ensure that Scottish Water puts customers' needs and expectations at the heart of its Business Plan. On behalf of the sector, Consumer Scotland has commissioned longitudinal deliberative research over an 18-month period to enable consumers to inform Scottish Water's Final Business Plan by providing feedback on its acceptability and affordability.

Research objectives

Ipsos is undertaking this longitudinal deliberative research on behalf of Consumer Scotland and the water sector. The primary objectives of this research are to:

- Explore understanding and knowledge of the long-term challenges facing Scotland's water sector and the strategies required to address these;
- Assess the level of consumer support for the proposed draft and final business plans;
- Gauge consumers' collective support for the proposed charging profile and the cumulative impact of price increases on customers' bills; and,
- Understand views, expectations and tolerances for different service levels and/or pace of developments that would be associated with different pricing pathways.

Methodology

A longitudinal deliberative approach was chosen for this research due to the complex nature of the topic and to ensure that customers can inform the development of Scottish Water's Business Plan as it progresses. Deliberative engagement is about putting people – through informed discussions, involving diverse perspectives, and understanding lived experiences – at the heart of decision making. It differs from other forms of engagement in that it allows those involved to spend more time learning about an issue. Building on this gradual learning, participants discuss the issues at length and are encouraged to consider issues from different perspectives as well as drawing on their own experiences. Allowing time for this learning and deliberation enables participants to come to an informed and considered view.

The specific methodology used for this research involves a public dialogue, with domestic customers, where customers interact directly with experts (such as water sector stakeholders, advocates and policy makers). The public dialogue is combined with longitudinal qualitative research with domestic customers from under-represented groups, and in-depth qualitative research with non-domestic customers using a Delphi-style approach involving multiple rounds of engagement to gather systematic feedback. Feedback is shared anonymously with the group to inform the next stage, highlighting areas of consensus and/or divergence.

This multi-faceted approach aims to involve customers in a way that is flexible and appropriate for the range of groups involved.

This longitudinal deliberative research is engaging 105 domestic customers and 40 non-domestic customers across the following three phases (see Figure 1.1):

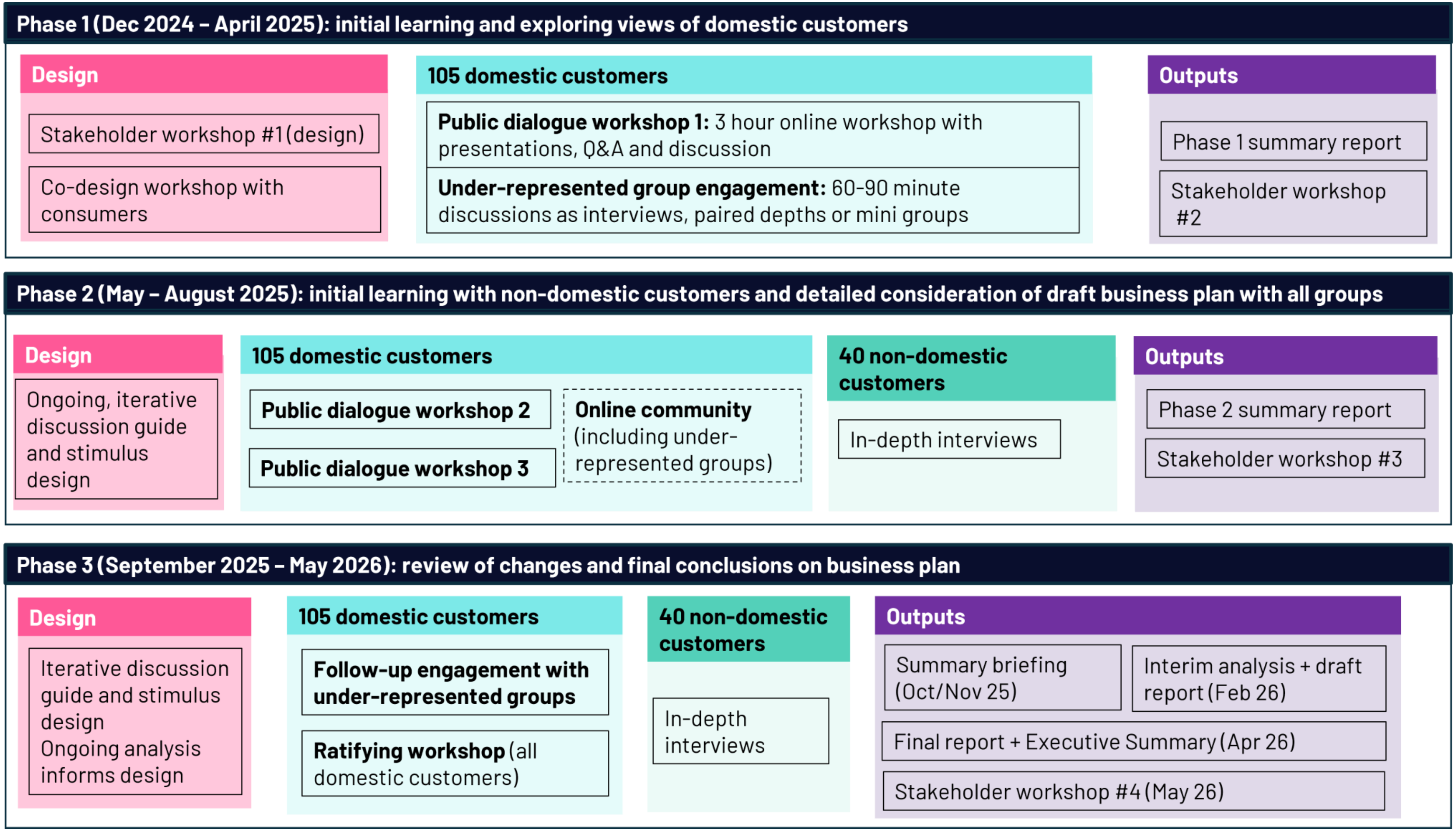
- **Phase one** focuses on domestic customers, exploring initial views and awareness of water and waste water services in Scotland, introduction to the topic, and gathering initial views on the key issues facing Scottish Water for its draft Business Plan. A more detailed breakdown of research activities undertaken in phase one is set out in Appendix C.

- **Phase two** engages both domestic and non-domestic customers, exploring Scottish Water's draft Business Plan and pricing pathways in more detail.

- **Phase three** provides an opportunity for domestic and non-domestic customers to review any changes to Scottish Water's Business Plan and to form conclusions.

A stakeholder workshop, involving representatives from across the water sector in Scotland, was undertaken at the early stages of phase one to review and confirm the overall design of the research. A co-design workshop was also undertaken with former participants of a previous public dialogue conducted by Ipsos Scotland for Consumer Scotland to inform the approach (see Appendix A for details). Former participants' involvement did not go beyond the design stage of phase one.

Figure 1.1: Overview of the research



Phase one sampling and recruitment

For phase one, 105 domestic customers were recruited, with some over-recruitment to account for potential cancellations or drop-outs over the course of engagement. Domestic customers were recruited across two cohorts:

Cohort one (n=63) represents a group of domestic customers, broadly reflective of the Scottish population, to participate in a public dialogue, comprising a series of workshops and an online community across the three phases of research. In the end, 58 participants joined the first workshop in phase one. Separate mini-group discussions were run for the five participants who were unable to attend so that they can progress to phase two.

Cohort two (n=42) represents a group of domestic customers whose voices are often under-represented in public dialogues due to the format (including young people, those living in Scotland's most deprived areas,[1] those who are financially vulnerable, those with disabilities or long-term health conditions, carers, older people, and those who are digitally disengaged). A flexible approach to engagement is being used with this group, comprising a mix of small group or individual-level discussions in phases one and three as well as engagement via the online community in phase two. Fieldwork with this group took place between 25 March and 8 May, involving five interviews and 11 mini group discussions with 42 participants.

Domestic customers were recruited by a specialist recruitment organisation via telephone. A screening questionnaire was used to capture demographic information about the participants, designed to ensure the group's profile was broadly reflective of the Scottish population. Those living in rural or island areas or from an ethnic minority group were boosted to ensure sufficient representation of those voices. A table summarising the demographic profile of both cohorts can be found in Appendix B.

To support and enable participation in all workshops, and in line with industry standards, participants were each paid £100 for joining the first workshop or discussion. Participants were offered the loan of equipment if needed (including headsets, laptops or internet dongles) and were offered training on how to use the technology and access the meeting platform. Workshops and discussions were also arranged to take place outside of regular office hours to increase participation. These steps allowed Ipsos to increase the diversity of those taking part.

Recruitment of non-domestic customers will take place in phase two.

[1] According to the Scottish Index of Multiple Deprivation (SIMD)

Materials and input from specialists

Discussion guides were developed by Ipsos and reviewed by Consumer Scotland and members of the project's Research Advisory Group, including representatives from Scottish Water and the Independent Customer Group (ICG). Stimulus material (in the form of presentations) was developed by Scottish Water and reviewed by Consumer Scotland and Ipsos. Representatives from Scottish Water joined the first workshop to present information that would be useful for participants' learning and deliberation (see Appendix C for details). Their presentations related to water and waste water services, the role of Scottish Water and details of current performance across key areas, and the challenges facing the water sector currently and in future. Presentations were delivered live and specialists stayed online to answer questions in a plenary setting, following smaller breakout discussions where participants had an opportunity to reflect on what they had heard and raise points for clarification. Recordings of the presentations were used to support cohort two participants with their learning.

Any questions that arose during these initial discussions were compiled in a Question and Answer (Q&A) document to be answered by Scottish Water and shared with participants ahead of phase two.

Contents of this summary report

This report summarises emerging findings from phase one research involving only domestic customers, where the focus was on settling participants into the process and introducing them to the key issues to be discussed in greater detail later in later phases. The report draws on findings from the workshop that took place on Wednesday 5 March with 58 domestic customers (cohort one) as well as smaller group and/or individual-level engagement with under-represented groups.

Where responses to stimuli differed between cohorts, this is explicitly drawn out in the report, otherwise the findings from both cohorts are presented together given the consistency in content presented to each and similarity of themes arising.

The emerging findings set out in this report are intended to contribute towards the development of Scottish Water's Business Plan as part of the SRC27 process, ensuring that consumer priorities and views are reflected in the plans.

This report synthesises the diverse expressions of participants to draw out key themes of discussions and to draw attention to the way that they – individually and collectively – made sense of a complex topic, describing what mattered to them and why. On occasion, the report refers to verbatim assertions by participants and their understanding of the issues. These are not intended as authoritative statements of fact, but they tell us something important about how the issues can be perceived and understood by members of the public.

A thematic analysis across both domestic customer cohorts was undertaken for this summary report. Analysis does not seek to quantify findings, nor does it indicate statistical significance from a representative sample.

Initial views on water and waste water services in Scotland

This chapter summarises emerging findings from the earliest stage in the discussions, where domestic customers shared their initial views on water and waste water services in Scotland before receiving any further information. In the workshop, this discussion took place before participants had received any information about Scottish Water, the wider water sector, and water and waste water services provided in Scotland. Due to practicalities such as the availability of participants and the timing of the discussions, those taking part in interviews and mini group discussions were sent this information in advance, therefore some initial views shared may have been influenced by this content.

Unprompted descriptions of water in Scotland

As a warm-up activity, participants were first asked to share two or three words that came to mind when thinking about water in Scotland. The words shared by participants provide an insight into their perceptions of water supply and water services.

Figure 1.2: Words shared by domestic customers

Domestic customers were keen to emphasise the positives of Scottish drinking water, suggesting words such as 'Clean', 'Delicious', 'Fresh', 'Tasty', 'Pure', 'Natural', and 'Quality'. They described feeling very fortunate to drink Scottish water, comparing their water supply to parts of the world where water is scarce, or unsafe to drink. Participants felt that the water in Scotland compared favourably to water in England, which was thought to be harder, and to taste less good, than the softer water in Scotland. It was suggested that water in England was less pure than that in Scotland and tasted more like a "processed liquid" than water. The perceived abundance of water came through with words such as 'Unlimited', 'Plentiful', 'Available', and 'Abundant'. Water was also described as 'Precious', and a 'Resource' that should be treated like other valuable commodities. Relatedly, there was also some mention of water charges in Scotland, with participants saying that water was 'Unmetered', 'Good value', 'Cheap' (and 'Free' from the perspective of students who lived with other students).

However, negative words were also mentioned by participants in relation to water in Scotland, including 'Chemicals', 'Pollution', 'Waste', and 'Sewage'. These words reflected personal experiences with water, with participants describing having drinking water that smelled like it had been treated with chlorine, and seeing water leaks and pollution reported on the news ("bad headlines").

Existing knowledge of water supply

Following on from the warm-up activity, participants were asked how much they knew about their water supply.

Generally, participants did not know a great deal about their water supply. They said that they rarely had to think about it because it was "always there". For those who were aware of how water is charged for in Scotland, this was thought to be related to the fact that the charges were wrapped up with council tax bills, rather than being charged and paid for separately.

> "I genuinely don't think about it. I just think you pay your council tax and that's it. And you just turn on the tap and the water's there, you know." (Domestic customer, mini group)

Those who had moved to Scotland recently were generally unfamiliar with their water supply, but some understood that there were differences in the way that charges for water supply were set and collected in Scotland compared to elsewhere, including England and Wales.

There was some confusion about the extent of Scottish Water's responsibility. Participants understood the need for testing water for lead and legionella, but did not recognise that, in many cases, this was the responsibility of the household not Scottish Water since it would relate to their plumbing , and not their water supply.

> "The only time I've really been told anything about the Scottish Water was when I was told to contact them about lead testing in my pipes, but that's about it." (Domestic customer, mini group)

Some participants were more knowledgeable about their water supply as a result of their jobs, with participants working in construction, local government, or healthcare mentioning an increased awareness. For example, a participant who worked for a local authority was aware that water infrastructure in their town was built in the 19th century, and that the age of these assets could occasionally cause localised problems.

Of those who knew something about their water supply, there was mention of ageing infrastructure, local reservoirs or treatment facilities, and different types of supply for those in rural areas.

> "They do seem to be doing quite a lot of digging up of the roads, certainly in Edinburgh at the moment, which is a nightmare for traffic, but I guess it needs to be done. I assume the infrastructure is pretty old and needs to be replaced." (Domestic customer, workshop 1)

A high level of knowledge about water was exceptional. For example, one participant, a self-described "water geek", owned a technical marine aquarium and knew about the quantities of dissolved solids in their tap water.

Existing knowledge of waste water services

Participants generally knew that their waste water was sent to a treatment plant, and some participants were aware of having a plant close to them. However, there was uncertainty about the processes by which waste water is treated. Participants were unclear about whether treatment only filters out solids and the extent to which untreated waste water is released into local watercourses. Participants described instances of unpleasant smells and items in local rivers, which they attributed to overflows of sewage from treatment plants. Others mentioned that they thought ageing/Victorian infrastructure was a potential issue for the waste water network, especially in cities.

Awareness was generally tied to participants' personal experiences. Those who had experienced an issue with the waste water network, such as a blockage, were more knowledgeable about who was ultimately responsible for waste water services. Others noted that they had not previously had to think about waste water, because they had not had any issues.

However, some participants had heard that flushing wipes and other objects down the toilet, or putting cooking oil down drains, can clog pipes and cause issues with the waste water network. Some of these participants had learnt about this from campaigns on billboards or on TV, whilst others had personal experiences of blockages. There was a view that there is a need to further educate people about, and raise awareness of, the problems that incorrect disposal can cause.

> "I think people need to be reminded more not to put wet wipes, diapers, sanitary products, oils that solidify and create fatbergs. It needs to be stronger publicity about that because there's just too many people that are ignorant of it and people still do it." (Domestic customer, interview)

Others had personally experienced sewage overflows in their local areas, such as in Govan, and at Granton Harbour and Portobello in Edinburgh. There was mention of smelling sewage, and seeing unpleasant objects, in local watercourses. There was also some awareness of water quality testing being carried by the Scottish Environmental Protection Agency (SEPA), which had identified problems with the runoff of waste water. This was seen as a particular concern to participants who had been beach cleaning or were open-water swimmers.

> "There's been a lot about it recently. We swim at Wardie at Granton and they recently campaigned there to get SEPA to test the water quality there at that location because they do test further along other locations and there is a huge problem with runoff into waste water and particularly after rain" (Domestic customer, workshop 1)

Participants who had septic tanks tended to be more aware of the potential issues with blockages, but did not necessarily understand what happened to their waste water once their tank was emptied.

There was limited discussion among domestic customers about how businesses might use waste water services, although it was mentioned that the whisky industry might produce a lot of waste water, as well as the potential for businesses to contribute to blockages, especially in rural areas. There was limited understanding of whether Scottish Water or SEPA was responsible for sewage and other waste water overflows.

Perceptions of water and waste water services in Scotland

Among domestic customers, participants were generally positive about waste and waste water services in Scotland. Participants who did not know very much about water and waste water services in Scotland tended to think that this was because they had not encountered issues with the service, and perhaps took these services for granted.

> "I think because you hear so much...about down south, that you kind of feel grateful or thankful that it seems to be much simpler here, less issues, and it just runs smoothly because you don't hear about it" (Domestic customer, workshop 1)

It was clearly felt that water and waste water services in Scotland were better than in England, with participants suggesting that they thought that the service in Scotland was both more reliable and more affordable. Participants noted that this perception came from hearing negative stories on the news about water companies in England and that they had not heard similar stories about Scotland. Thames Water was mentioned as an example of a water provider that had experienced significant issues with waste discharges. There was a perception that private water companies in England have charged consumers too much for a poor service. These companies were thought to have faced issues with debts and restructuring, which participants linked to these companies taking out dividends instead of investing in the system itself. This was contrasted with Scottish Water, which some participants understood to be publicly owned and described feeling proud of.

> "I was aware that [Scottish Water's] publicly owned, and I definitely think it's a good thing when you see some of what's going on down south with the water supplies." (Domestic customer, Workshop 1)

However, there was concern about discharge of waste water into rivers and lochs, especially in more rural areas. A small number of workshop participants noted that they had experienced seeing sanitary products or human waste in rivers. There was uncertainty about how these discharges are reported and measured, and participants could not identify the scale of the potential problem beyond their immediate experiences.

Understanding of the role of Scottish Water

Awareness of Scottish Water's role was mixed. There was a general understanding among participants that there was only one water supplier in Scotland, unlike in England. Participants also mostly identified that Scottish Water was publicly owned, and that this was different from the arrangements in England. However, some participants were not aware that Scottish Water was publicly owned, or the sole provider of water and waste water services in Scotland. Despite receiving some information about Scottish Water in advance, awareness of these facts was generally lower among participants taking part in mini group discussions or interviews.

> "I know that there are different water companies in different parts of the UK and Scottish Water presumably covers the whole of Scotland. Whether they are any different from the other water companies, I'm not sure." (Domestic customer, mini group)

Overall, there was also less certainty on what public ownership meant in practice. For example, participants raised questions about Scottish Water's relationship to the Scottish Government, whether it was accountable to Ofwat , how its debt is managed, and whether it could be fined for poor performance.

> "Their role is the management of the water, making sure the water is treated properly, is clean and healthy to use, and also to handle the waste water which flows both down through the gutters and from our homes, and is treated before, or should be treated before it is then put out into a watercourse like a river." (Domestic customer, workshop 1)

It was understood that Scottish Water was responsible for providing clean drinking water and handling sewerage for both homes and businesses across Scotland. There was less certainty about whether Scottish Water's role extended to the maintenance of infrastructure, including pipes, or whether this was the responsibility of the local councils or private developers. There was also a view that it was Scottish Water's responsibility to be ethical and sustainable in their role.

> "I'd also hope that they [Scottish Water] were environmentally friendly as well. Like thinking about provisions for water and how to be as sustainable as possible." (Domestic customer, workshop 1)

Learning and reflections

This chapter summarises emerging findings from phase one, where domestic customers learned about water and waste water services in Scotland, the current and future challenges for the sector, and Scottish Water's performance and plans.

Water and waste water services in Scotland

In the workshop, after sharing their initial views on water and waste water in Scotland, participants heard a presentation given by a representative of Scottish Water which introduced the organisation/wider water sector and gave an overview of the water and waste water services provided in Scotland, including how water charges are paid and spent. Those taking part in smaller group- or individual-level engagement received a copy of this presentation in advance of the discussion.

What struck participants most from this initial overview of water and waste water services was:

- **The scale of the infrastructure.** There was surprise about the extent of the infrastructure that provides water and waste water services in Scotland. For example, one workshop participant was struck by the fact that there are over 60,000 miles worth of water and sewer pipes across the country and a mini group participant recalled from the presentation that laid end to end, they would go around the circumference of the earth at least twice.

- **Scottish Water's public ownership and accountability.** It was viewed as a positive that money raised via water charges is not going to private investors and that Scottish Water reinvest any surplus back into the water sector. Participants also appreciated seeing the number of independent organisations that Scottish Water are accountable to. One workshop participant also commented on the passion with which the presenter talked about water services in Scotland, which for them reinforced the stronger sense of pride in Scotland's water compared with private water companies in England.

- **How water charges are paid through council tax.** There was low awareness of water charges and how they are paid for. The breakdown of charges by council tax band that was presented was therefore widely of interest to participants.

- **How Scottish Water spends money raised from water charges.** The breakdown of how Scottish Water spends money (which was presented as a diagram showing the breakdown of expenditure for every £1) was broadly welcomed, with one workshop participant describing it as a "transparent" summary of public spending. It was reassuring for domestic customers to see that 35p in every £1 is spent on upgrades and improvements to water infrastructure, although some were surprised that assets required such extensive repair. There was some concern that 7p in every £1 is spent on interest on loans from the Scottish Government and the necessity of this, given that Scottish Water is publicly owned, was questioned. There was also a view expressed by participants that some costs may have been "hidden", such as the salaries of Scottish Water executives. This comment, raised across the workshop, mini group and interview discussions, may have been prompted by media coverage of executive pay and worker pay disputes in Scottish Water in the weeks leading up to the session.

- **Water usage in Scotland.** It was surprising for some to learn that water usage is higher in Scotland than in other parts of the UK. Others had heard this before, but it prompted further discussion around the possible reasons for this. Participants reflected on the words they had previously used to describe water and speculated that its perceived reliability and abundance, combined with the approach to charging (included as part of council tax), could be resulting in people taking it for granted: "The more you've got, the more you use and waste" (domestic customer, workshop 1); "In Scotland, you don't have that sense that you're directly paying for it" (domestic customer, interview).

As discussions progressed from initial reactions to the presentations to more detailed reflections on the issues raised, participants considered **how water is paid for in Scotland**. There was a general acceptance of the current system whereby water charges are paid for as part of council tax. This was felt to be beneficial in terms of its simplicity. However, some concerns were raised over the fairness of this system (which was perceived to potentially penalise smaller households with lower usage compared to those with higher usage) and the extent to which it may prompt higher water usage and wastage.

> "It's got its benefits in that it's simple. [But] there's a bit of me that wonders what the incentive is to be careful with water." (domestic customer, workshop 1)

It was suggested that metered billing or separate water bills would help to raise awareness of water use and costs. The idea of metered billing in particular was met with some resistance, with concerns around the financial pressure it might put on households, particularly those with larger families or low incomes.

Representatives from Scottish Water clarified later in the workshop, in response to a question raised over the current charging model, that changing the system of how water is charged in Scotland was not something Scottish Water was considering as part of the SRC27 process (and was therefore not within the remit of this research to influence). Despite some concerns about this system, participants generally found the water charges to be acceptable and fair, particularly with the understanding of how the money is spent.

Discussions around **how money is spent on water and waste water services Scotland** centred on the operational and infrastructure costs, which made up the majority of spending according to the presentation. Scottish Water's investment in maintaining, repairing and upgrading infrastructure was described as "sensible" and a good balance between addressing both present and future needs. This was seen to be in contrast with private water in companies in England who were perceived to prioritise shareholder profits over maintenance.

> "I think it's a good use of the money we're paying for it, so it's going to[wards] actually carrying out some thing that keeps the service at a high level. Rather than lining some shareholders' pockets." (domestic customer, mini group)

Although broadly supportive of how money is spent, participants in the workshop were keen to hear more details on precisely what Scottish Water was investing in, and where (which the next presentation touched on).

However, there was also scepticism over the extent and efficacy of infrastructure upgrades. This view was based on lived experiences, including leaks in pipes not being fixed for a long time and the same street being dug up multiple times to fix an issue. It was also based on a perception that Scottish Water only fixes infrastructure when it has to (e.g. in response to an emergency).

> "When you do see all the work's been happening in the street and you see [pipes] being dug up and then six months later being dug up again, you do think, where's this money coming from? Obviously we're paying for it and you know, should they have dug it up [right] the first time." (domestic customer, workshop 1)

The share of money spent on certain aspects was felt to be quite high by some participants. In the workshop, participants speculated whether the 35p of every £1 spent on operational aspects could be attributed to the salaries and bonuses paid to Scottish Water executives, which were perceived to be too high for a publicly owned body. Others pointed to fines that Scottish Water had received in 2014 and 2020 relating to releasing untreated sewage into the environment. A participant in a mini group discussion, who described feeling "alarmed" by the 7p of every £1 being spent on loan repayments, was concerned about the impact this might have on council tax bills in future.

Participants' **views of Scottish Water's role in delivering services in Scotland** were generally positive. The organisation was consistently compared more favourably to other water companies (particularly in England) due to its public ownership, perceived reliability, and apparent focus on reinvestment over profits.

> "If you listen to people who work for Scottish Water, they actually are proud of what they're doing, and I think that's a really big thing because sometimes people aren't proud of their jobs. But I get the impression that a lot of people who work for Scottish Water are really kind of bought into the principle of working for it." (domestic customer, mini group)

However, reflecting the mixed levels of understanding around Scottish Water's role from the outset, some questions remained over whether Scottish Water had any competitors in Scotland, if anyone is profiting from the water sector in Scotland, and who Scottish Water is ultimately accountable to. These questions suggest further clarity is needed on Scottish Water's role.

These initial reflections on the information provided about water and waste water services in Scotland prompted a range of questions. Some examples of these are provided below.

Types of questions that arose in relation to water and wastewater services in Scotland from workshop one:

- Who holds Scottish Water accountable?
- Why can't the interest on the debt just be removed if the debt is to the Scottish Government and it's a publicly owned company?
- The spend on investment in upgrades seems to be quite high. Is that because of underinvestment over previous years or because there are new housing developments etc.
- What sort of infrastructure works does Scottish Water spend money on and how is that decided/prioritised?
- It's interesting that Scotland has a higher usage of water compared to other parts of the UK. Why is that?

Current challenges and Scottish Water's performance

The second presentation from Scottish Water outlined the key challenges facing the organisation, namely climate change, population change, and ageing assets. It also provided details of Scottish Water's performance and some of the projects it has recently invested in.

The information in the presentation that stood out most to participants included:

- **Water source connectivity and supply**: Domestic customers expressed surprise at the extent to which droughts impacted on Scotland. They were also struck by the impact that rainfall had on the system, particularly that too much rain could causing flooding and blockages while too little rain could lead to higher reliance on reservoirs. Participants were impressed by the Ayrshire Resilience Project example (involving new pipes connecting Glasgow's and Ayrshire's water networks). They had been previously unaware of this project, but felt it represented an important strategy for protecting water supplies.

- **Ageing assets and need for investment**: Participants were struck by the scale of the challenge posed by ageing infrastructure, and just how old some of the pipes and water supply systems were, being between 80 to 100 years old in some instances: "I suppose that helped me get my head around what the scale of the challenges might be if things that were

> [built] in the 70s, 80s and 90s are now also needing replaced or renovated." (Domestic customer, workshop 1)

- **Renewable energy use and net zero commitment:** Participants were surprised to learn about the energy required to produce clean water. They welcomed the information setting out Scottish Water's focus on renewable energy sources and the other actions it was taking to help Scotland achieve net zero emissions targets.
- **Rapid response to supply issues**: Scottish Water's rapid response to addressing customers' supply issues stood out to participants (the presentation stated that in most cases supplies were restored within 12 hours). They were impressed by Scottish Water's commitment to restoring water supplies quickly in case of disruptions, with some participants contrasting this positively with the longer outages they had heard about, or personally experienced, in England.
- **Leak reduction efforts**: Another memorable part of the presentation for participants was the sheer volume of water that was lost daily in Scotland due to leaks in the water system and waste water networks. However, they were pleased to hear about the steps Scottish Water had been taking to reduce the amount of water lost and the number of leaking water pipes over the past nine years.

When they discussed the information in this presentation in more detail, it was clear that participants were impressed by Scottish Water's efforts to address its **challenges** and ensure that customers received high quality water and a reliable waste water service. There was acceptance that Scottish Water's challenges are multifaceted and include issues that the organisation cannot control, such as climate change and population change. Participants felt that the scale of these challenges and the level of investment required to address these challenges could be linked to both current and potential future price increases for customers.

> "They've got some very big themes working against them, such as challenges with population growth and the environment. These are not small challenges. These are big things that you can't control. And that's probably explaining a lot of the price increases and things like that." (Domestic customer, workshop 1)

Having heard about the challenges facing Scottish Water, there was broad agreement that investment and modernisation of the pipe network was crucial. It was felt that Scottish Water had already made improvements to the current water system with the funding they spent upgrading networks. However, they also appreciated this was an ongoing, long-term issue that would require significant time and financial investment.

An exceptional view raised by a participant in a mini group discussion was that the amount of money being spent on maintenance and improvements to Scotland's water and waste water infrastructure (worth £6 billion between 2021-2027 based on the information presented) was "exorbitant" and questioned the necessity of investment at this scale and fairness of charging customers for it.

The impact that future housing developments and urban sprawl had on water and waste water provision was concerning for participants. They noted that the challenges with a changing and moving population would place different areas of Scotland under pressure in terms of water supply. It was felt that long term investment in Scottish Water's net zero ambitions could help to mitigate some of the supply and demand imbalances. The examples of Scottish Water's recent investment in infrastructure projects for the future offered reassurance for customers.

In response to the figures presented on **Scottish Water's current performance**, participants were generally positive about performance overall.. They appreciated the quality and reliability of the service, with some again comparing this to English water companies. The effective emergency response and the levels of customer satisfaction that were relayed in the presentation offered a degree of reassurance for participants.

> "It's impressive how little does go wrong, considering how much could go wrong. If it's the entire country's water network, and 95% customer satisfaction rate, it does seem to run very well". (Domestic customer, workshop 1)

However, some participants thought that Scottish Water is losing too much water to leaks and should work to improve their current level of performance, such as aiming for 100% waste water compliance[2] (currently 96.2%).

> "I don't know what the percentage is for England and Wales, but even if it's 96.2%, you still have that additional [3.8%], which is probably quite a lot of water which is going into the oceans or elsewhere which has unacceptable levels of effluent in it." (Domestic customer, mini group)

Among participants who had personally experienced issues with their water or waste water services, participants views were mixed towards Scottish Water's performance. Some felt that Scottish Water had been responsive, attentive and good at keeping them informed when they had encountered an issue. However, other participants felt that there could have been more support provided.

[2] Final effluent discharges consistently meeting license conditions

> "A few of my family members have lost water due to leaks and stuff, and the boys working on it are always very good to come along to the house and say what's happening and what they're doing and how long are we on and off and everything else. They are very on top of that. You can't fault them really" (Domestic customer, mini group)

Potential areas for improvement were noted by participants. These included using smart technology to improve leak detection and water management and investing in innovation to help manage rainwater surface run-off in urban areas. Awareness of Scottish Water's Priority Services Register was low, but participants thought it was important, and that more people should be made aware of it. This view was particularly prominent among those taking part in mini group discussions or interviews. The topic of water meters spontaneously arose again in group discussions and there was some concern that metering could be introduced in the future. Echoing their earlier discussions, participants believed that this could result in higher water charges and that this could negatively impact on low-income families. These discussions highlighted the importance of affordability for participants and the need for transparency and clear communication around future approaches to charges.

Types of questions that arose in relation to Scottish Water's performance from workshop one:

- Does Scottish Water have more money coming in with the increase in the number of single individual households? If that's the case, it looks like more money is coming in but there's been more leakages/outages over the last five years.
- The River Dee is short of water which impacts migratory fish. What thought was put into that with the new £60m water treatment facility taking water from the Dee?
- Can we have more detail on the 99.92% quality performance rate? How is that figure calculated? Who is carry out water quality tests and where are they doing the tests?
- How does Scottish Water's water quality (99.92%) and waste water compliance (96.2%) compare with other water companies? And has it changed over time – is it better or worse nowadays?

Future challenges and Scottish Water's Long-Term Strategy

In the third and final presentation, Scottish Water presented information on its Long-Term Strategy, where it receives its funding from and how its charges compared with inflation over the past decade.

Following this presentation, participants said that the following topics stood out to them:

- **Long-term planning and strategic vision.** Participants were surprised but reassured that Scottish Water is working toward outcomes over the next 25 years, which they felt indicated a forward-thinking and proactive approach.

- **Consumer awareness and water use reduction.** Participants were interested in Scottish Water's focus on reducing customers' water usage. They felt that most customers lacked awareness of how exactly they could reduce their water usage.

- **Partnerships with public, private and third sector organisations.** Participants were keen to know more about what was meant by partnerships with private companies. There was a strong view that participants would like transparency about this, particularly whether other organisations would be expecting anything in return, with some participants expressing a preference for collaboration with local councils and community groups over private companies.

- **Future charging and inflation.** The topic of future water charges had spontaneously been raised as a concern by participants, so this part of the presentation was met with interest. They expressed some concern about the impact that inflation had on rising costs of water charges, and were keen to understand more about what this would mean for the years ahead.

Scottish Water's Long-Term Strategy was generally met with positive reactions from participants. Participants were encouraged by the steps Scottish Water was taking to plan ahead, invest in updating assets, and carry out what one participant described as "preventative maintenance" of the water system.

> "I thought [the presenter] was very clear when she said what they're looking to do is the right things at the right time in the right places, so that they are scheduling it and planning it based on what they know is happening. I thought that was very encouraging." (Domestic customer, workshop 1)

Participants were generally unsurprised by the content of the long-term strategy. It was mostly viewed positively, with the targets and actions considered sensible and "pragmatic." A more exceptional view was that the long-term strategy represented more of a "business as usual" approach and did not seem particularly ambitious or innovative.

Participants also highlighted areas that they believed Scottish Water needed to focus more on. These included focussing on tackling external and internal sewer flooding, repairing and replacing pipes, maintaining water quality, and ensuring that customers' supply was uninterrupted. While focussing on these areas, participants thought that Scottish Water should remain environmentally conscious. Participants also felt that more customer education and awareness-raising was required to help people to understand the water usage and the steps they could take to reduce it.

Participants felt that there should be more of an effort from Scottish Water to incentivise reducing water usage, citing that they had seen energy companies taking this approach.

When **reflecting on the investment and funding picture** presented by Scottish Water there were concerns about the amount that customers might pay in future, and the impact that increased charges could have on low-income households or those who are financially struggling.

> "I kind of get the impression that the next pricing case that we're involved in here for 2027 is going to be really big." (Domestic customer, workshop 1)

However, it was also recognised that the challenges facing Scottish Water were important to address and would require funding and investment to deliver on. Participants therefore highlighted the need for an approach that balances affordability with maintaining service levels, is realistic in its assumptions, and honest with the public about the costs required.

> "Keeping costs low for customers, obviously that's really, really important. But so are the objectives that Scottish water has." (Domestic customer, mini group)

Overall, participants were supportive of Scottish Water's Long-Term Strategy but were left with some questions and concerns about potential changes to their bills in future. They strongly advocated for a focus on customer education, water conservation, and maintaining affordability. They saw Scottish Water's public ownership as a positive aspect and wanted it to continue to prioritise customer needs and environmental sustainability over profit.

Types of questions that arose in relation to Scottish Water's Long-Term Strategy

- In relation to the graph shown to participants regarding inflation increases and the impact this has on charging rates: It looks like inflation has peaked and come down but bills have increased – why is that?
- What steps are Scottish Water going to take to promote customer knowledge and awareness of water usage?
- How do they engage with manufacturers to encourage customers to buy products that use less water and also create those items as well?
- Is there any consideration or work done on desalination?

Summary and next steps

This section summarises the emerging findings from phase one. It also provides progress update on the overall research and the next steps in delivery.

Summary of emerging findings

At this early stage of the deliberative research, domestic customers have been introduced to the topic, to each other, and to the process. The key findings from this phase to reflect on ahead of the next phase are as follows:

- Participants reported mixed levels of knowledge about water and waste water services but were generally positive about the quality and supply of water in Scotland (based on lived experience and reinforced by the information presented).
- There was a broadly positive view of Scottish Water and the services they deliver, although some uncertainty remained about what its publicly owned status means in practice and who it is accountable to.
- Participants were encouraged by Scottish Water's Long-Term Strategy and commitment to investing in sustainable solutions. They acknowledged the challenges ahead and pressures facing Scottish Water but raised concerns about the impact of price rises on households already struggling financially. There was a clear appetite to learn more about what price increases and inflation might look like in the years ahead and the factors that could affect this.
- As Scottish Water's Business Plan develops, participants highlighted the importance of Scottish Water maintaining the trust and confidence of the public through transparent communication about the challenges and opportunities facing the water sector.

Next steps

Following submission of this interim phase one report, a workshop was undertaken with Consumer Scotland's wider stakeholders to consider emerging findings ahead of phase two.

The research will now progress to phase two, which will involve participants exploring Scottish Water's draft Business Plan and pricing pathways in more detail. The key stages are summarised in the table below and the immediate next steps will include:

- Recruiting non-domestic customers following an agreed profile and screening questionnaire, and re-engaging domestic customers.
- Developing materials for the various forms of engagement including the online community, online workshops and interviews. This will incorporate feedback from the co-design stage (see Appendix A).

- Identifying speakers and arranging briefings to discuss the information or perspective they will provide as stimuli for participants to support their deliberation.

Table 1.1: High level summary of progress

Phase	Tasks	Status
One (Dec 2024 – March/April 2025)	Project inception	Complete
	Stakeholder workshop	Complete
	Co-design workshop	Complete
	Public dialogue workshop (1) with domestic customers for initial learning on the topic	Complete
	Engagement with under-represented groups for initial learning on the topic	Complete
	Phase one summary report (V1)	Complete
	Phase one summary report (V2)	Complete
	Stakeholder workshop to present emerging findings	Complete
Two (April – August 2025)	Public dialogue workshop (2) with domestic customers for a more detailed consideration of the Business Plan.	Upcoming
	Online community (with all domestic customers) for ongoing engagement, reflection and discussion	Upcoming
	Depth interviews with non-domestic customers for initial learning on the topic and consideration of the Business Plan.	Upcoming
	Phase two summary report	Upcoming
	Stakeholder workshop to present emerging findings	Upcoming
Three (September 2025 – May 2026)	Public dialogue workshop (3) with domestic customers to reflect on any changes to the Business Plan.	Upcoming
	Follow-up engagement with under-represented groups to reflect on changes and gather further insights on customer priorities for the Business Plan.	Upcoming
	Delphi-style follow-up engagement with non-domestic customers to discuss feedback and build consensus on priorities.	Upcoming
	Ratifying workshop (4) involving all domestic customers to sharing research findings and gathering final views on Scottish Water's Business Plan.	Upcoming
	Draft report	Upcoming

Phase	Tasks	Status
	Stakeholder workshop to present emerging findings	Upcoming
	Final report	Upcoming

Appendix A: Co-design workshop findings

The co-design workshop took place on 12 February 2025 and involved 14 people who had taken part in a previous Consumer Scotland public dialogue on Scotland's water and climate change. The workshop lasted 90 minutes and took place online via Zoom. At the workshop, members of the Ipsos research team presented the overall design and plans for the research and asked former participants for their reflections and input. They were asked to consider the type of information that participants might need to help them learn and engage on the topic, how we should share this information with them, and who they should be hearing from.

A summary of key findings from the co-design workshop, which have informed and will continue to inform the development of materials throughout this research:

- **What kind of information will participants need to help them learn and engage on the topic?** Former participants were not presented with specific information as this was not yet developed, however were provided with an overview of what was planned to be covered and how we might present it. Their feedback highlighted the following:
    - Clear and concise information: Clear information which is jargon free, simple to help explain and that breaks down complex information was viewed as crucial for helping future participant engagement.
    - Presenting future charges: Former participants expressed a range of preferences for how charges could be presented and explained (percentage breakdown v. a figure, monthly v. annual amounts, general costs v. individualised costs). Underscoring this was a consensus that information should be as comprehensive as possible and presented in a range of ways to help participants engage with it. The phrase "pricing pathways" was also not felt to be clear, so it was suggested that an alternative way of describing future charges to future research participants would be beneficial.
    - Variety of information: Multiple different mediums were highlighted for presenting information, highlighting again that people respond to information if different ways depending on its presentation. Some examples highlighted were easy-read summaries, visual aids such as diagrams, infographics and charts to make the data digestible, and potential character-based scenarios to help contextualise the impacts that pricing pathways/future charges would have.
- **How should we share this information with them?**
    - Online platform: For engaging in the discussions for this research co-design participants highlighted that an online approach would be best as it would increase the chance of engaging with a wider range of the public, making the research more accessible to future participants. The online community was also highlighted as an extreme benefit to help participants engage and reflect on the topic, but one area of

improvement would be a notification or reminder about when the online community would be closed as some participants felt this was quite abrupt last time.

- Potential information packs: Former participants felt that providing information packs at the start of each phase would help the future participants engage with the content and have a benchmark of knowledge. Recognising that providing too much information at the beginning could be overwhelming and/or prevent the research team from gauging views of participants at the point of entry into the process, it was agreed that this approach might be more applicable to phases 2 and 3 as a way of recapping what was discussed in the previous phase(s) and providing reference materials to aid discussion.

- **Who should they hear from?**
  - Reflecting on the proposed sample for this research (i.e. domestic customers and non-domestic customers), former participants reinforced that it was important to reflect and represent the Scottish population in the engagement, and supported the inclusion of underrepresented groups (particularly young people, ethnic minority groups, and those with disabilities). In relation to non-domestic customers, former participants felt that it would be important to speak to a range of businesses across the sectors in Scotland, including SMEs, large businesses and social enterprises and charities to ensure a range of views are heard.
  - Experts and stakeholders: A number of potential expert perspectives were suggested, including Scottish Water representatives, specialists on water charging systems, economists, representatives from English water companies (for comparison). Other stakeholders identified as potentially being beneficial to hear from included environmental agencies, Forestry Commission and local councils to address concerns about water quality and to help clarify the relationship between Scottish Water charges and council tax bands.

Appendix B: Domestic customer profile

The tables below summarise the participant profile of domestic customers taking part in the public dialogue and domestic customers from under-represented groups taking part in parallel engagement. Please note that where overall targets are not met, this is due to participants withdrawing and replacements being sought while fieldwork is ongoing.

Table 1.2: Cohort one breakdown of quotas and recruited participants

Demographic	Variable	% in population[3]	Target	Total
Gender	Women	51%	32	32
	Men	49%	31	31
Age	25-34	15%	12	11
	35-54	31%	22	22
	55-64	18%	13	14
	65+	24%	16	16
Ethnicity	Ethnic minority group	7%	5 (boosted)	4
	White	93%	58	59
Location	Central	12%	8	9
	Glasgow	13%	8	8
	Highlands & Islands	8%	6	7
	Lothians	15%	9	9
	Mid Scotland & Fife	12%	8	8
	North East Scotland	14%	8	8
	South	13%	8	6
	West	13%	8	8
Urban / Rural	Rural	17%	12 (boosted with minimum 5 remote rural and/or islanders)	14 (7 remote rural and/or islanders)
	Urban	83%	51	49
SIMD	SIMD 1 & 2	40%	25	25
	SIMD 3,4 & 5	60%	38	37
	Unknown[4]			1
		TOTAL	**63**	**63**

[3] Population estimates are based on the Scottish 2022 Census where available, or mid-year estimates from National Records of Scotland (2021).
[4] This is due to a postcode being provided that has not yet been included in the 2020 Scottish Index of Multiple Deprivation

Table 1.3: Cohort two breakdown of quotas and recruited participants

Specification A (younger people aged 16-24)

Demographic	Variable	Target	Total
Gender	Women	7	6
	Men	6	6
	Non-binary	N/A	1
Location	Central	2	2
	Glasgow	2	2
	Highlands & Islands	1	1
	Lothians	2	2
	Mid Scotland & Fife	1	1
	North East Scotland	3	3
	South	1	1
	West	1	1
	TOTAL	**13**	**13**

Specification B (other under-represented groups)

Demographic	Variable	Target	Total
Gender	Women	15	16
	Men	14	13
Age	25-34	8	6
	35-54	9	11
	55-64	6	8
	65+	6	4
Ethnicity	Asian / British	2	2
	Black / British	2	2
	Mixed / Other	2	2
	White	23	23
Location	Central	4	4
	Glasgow	4	5
	Highlands & Islands	2	2
	Lothians	4	5
	Mid Scotland & Fife	3	3
	North East Scotland	4	4
	South	4	3
	West	4	3
Caring	Unpaid carer	5 (minimum)	14
Disability	None/prefer not to say	14	11
	Long-term limiting	15	15
	Long-term not limiting		3
Financially vulnerable	Finding it difficult on present income	9 (minimum)	15
SIMD	SIMD 1 & 2	15 (minimum)	13
	SIMD 3,4 & 5	14 (maximum)	15

	Unknown[5]		1
	TOTAL	**29**	**29**

[5] This is due to a postcode being provided that has not yet been included in the 2020 Scottish Index of Multiple Deprivation

Appendix C: phase one fieldwork overview

During phase one, domestic customers participating in the public dialogue workshop heard presentations from a range of representatives from Scottish Water that introduced them to the topic of water and waste water services, how it's paid for, and the key challenges facing the sector. After each presentation, participants moved into small breakout groups to discuss and reflect on what they had heard and share their thoughts. In the breakout discussions, participants agreed on clarification questions which were then answered by the speakers in the main plenary, or via a Q&A document.

The format for engagement with under-represented groups (involving a mix of mini group discussions or one-to-one interviews) was similar. However, instead of representatives from Scottish Water attending and presenting live, the Ipsos facilitator walked participants through a compressed version of the slides. The facilitators explained that this was information provided by Scottish Water and that they were reading out information as provided by the organisation, pausing regularly for reflection, discussion and question forming. Questions formed during these discussions were added to the Q&A document and shared with Scottish Water for response. Responses will be shared with participants along with the questions asked in the workshop. Participants were sent a recording of the first presentation delivered at the public dialogue workshop in advance as an introduction to the topic (i.e. who Scottish Water is and what services they deliver). Those who could not attend the public dialogue workshop but wishing to take part in the rest of the deliberative research took part in a mini-group discussion and were taken through the materials in a similar way.

An overview of phase one fieldwork and what was covered is summarised in the table below:

Table 1.4: Phase one fieldwork overview

Engagement mode	Date/time	Group	Objective	Engagement description	Presentations
Public dialogue workshop (1) Introductions and learning	Wednesday 5 March 2025, 6-9pm	Domestic customers	Familiarising participants with the process and topic.	Introduction to the process and to those attending. Presentations from Scottish Water representatives followed by small breakout discussions and Q&A with	Scottish Water and the services they provide in Scotland. Scottish Water's key challenges and current performance. Looking ahead (Scottish

				specialists in plenary.	Water's Long-Term Strategy)
Engagement with under-represented groups Introductions and learning via mini group discussions or depth interviews	Tuesday 25 March – Thursday 10 April	Domestic customers (under-represented groups)	Familiarising participants with the process and topic.	Introduction to the process and to those attending. Facilitator-led walk through of key presentation content followed by discussion and question forming.	Scottish Water and the services they provide in Scotland. Scottish Water's key challenges and current performance. Looking ahead (Scottish Water's Long-Term Strategy)

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Ipsos' standards and accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Our focus on quality and continuous improvement means we have embedded a "right first time" approach throughout our organisation.

ISO 20252

This is the international specific standard for market, opinion and social research, including insights and data analytics. Ipsos UK was the first company in the world to gain this accreditation.

Market Research Society (MRS) Company Partnership

By being an MRS Company Partner, Ipsos UK endorse and support the core MRS brand values of professionalism, research excellence and business effectiveness, and commit to comply with the MRS Code of Conduct throughout the organisation & we were the first company to sign our organisation up to the requirements & self-regulation of the MRS Code; more than 350 companies have followed our lead.

ISO 9001

International general company standard with a focus on continual improvement through quality management systems. In 1994 we became one of the early adopters of the ISO 9001 business standard.

ISO 27001

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