SRC27 longitudinal deliberative research

Findings from phase three

Ipsos Scotland

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1 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 households and businesses to ensure prices are fair, based on the actual cost of service provision, and deliver value for money. 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 determination.

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 plays 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 have been 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 involve Scottish Water establishing 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 commissioned longitudinal deliberative research over an 18-month period. The purpose of the research is to enable consumers to inform Scottish Water's Final Business Plan by providing feedback on its acceptability and affordability, and to gauge consumers' collective support for the Final Business Plan.

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 Scottish Water's 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.

Overall methodology

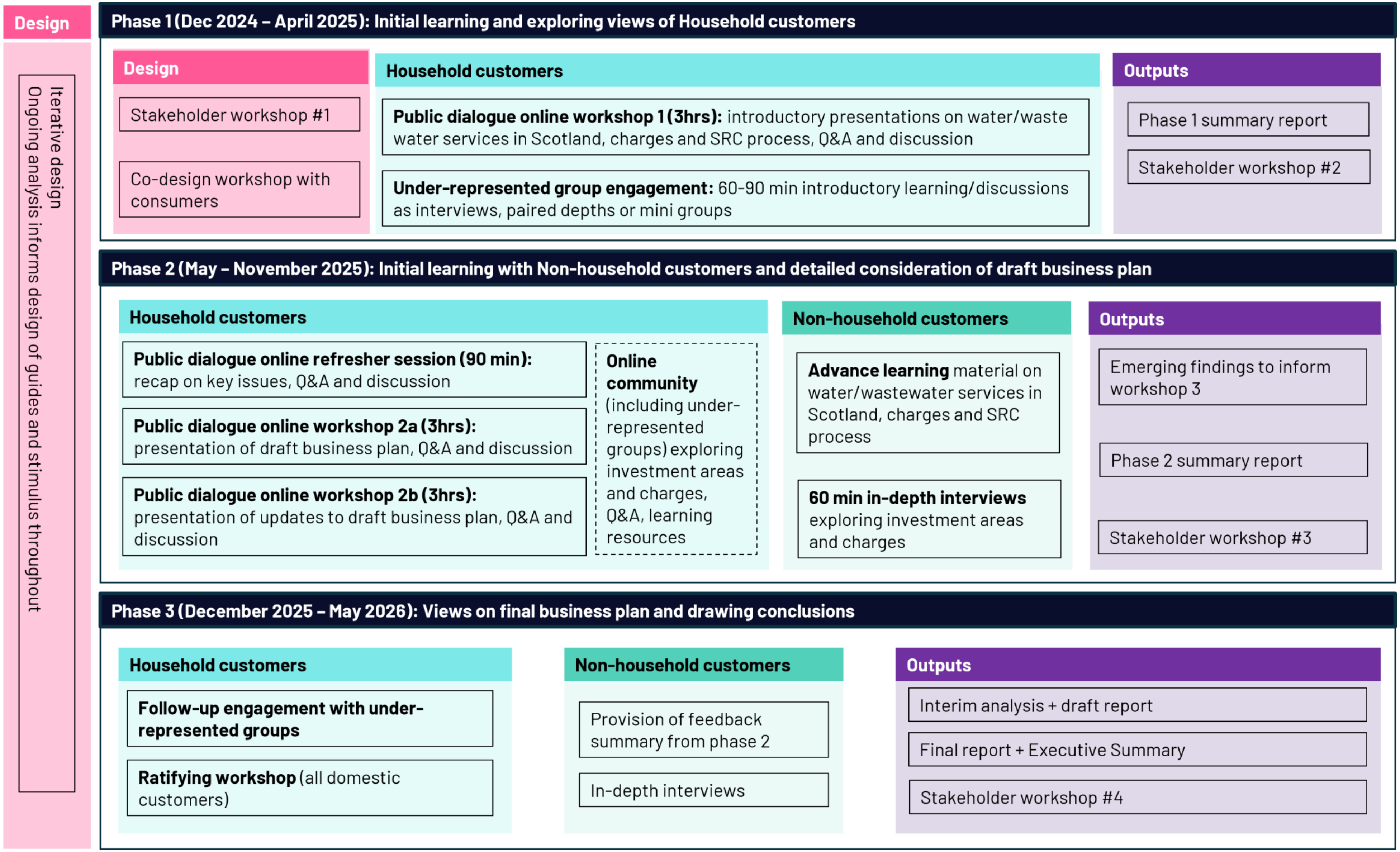
A longitudinal deliberative approach was chosen for this research due to the complex nature of the topic and to ensure that customers can inform the development of Scottish Water's Business Plan as it progresses. Deliberative engagement is about putting people – through informed discussions, involving diverse perspectives, and understanding lived experiences – at the heart of decision making. It differs from other forms of research 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 household customers, where participants interact directly with experts (such as water sector stakeholders, advocates and policy makers). The public dialogue is combined with longitudinal qualitative research with household customers from groups that can be under-represented in research, and in-depth qualitative research with non-household customers using a Delphi-style approach involving multiple rounds of interviewing 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. For this longitudinal deliberative research, 105 household customers and 40 non-household customers were recruited to participate in three phases of participant engagement (see Figure 1.1):

- **Phase one** focused on household 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 B. Findings from this phase are set out in a separate summary report.
- **Phase two** engaged both household and non-household customers, exploring Scottish Water's Draft Business Plan and proposed charges in more detail. A more detailed breakdown of research activities undertaken in phase two is set out in Appendix C. Findings from this phase are set out in a separate phase two summary report.
- **Phase three** provided an opportunity for household and non-household customers to review Scottish Water's Final Business Plan and to form conclusions. The findings from this phase have been set out in this summary report.

A Research Advisory Group (RAG) comprising representatives from stakeholders across the sector have reviewed the design and emerging findings at each stage through a series of workshops.

Figure 1.1: Overview of the research



Sampling and recruitment

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

- **Cohort 1** (n=63) represents a group of household customers broadly reflective of the Scottish population. They are participating in a public dialogue, comprising a series of online workshops and an online community across the three phases of research. Overall, 63 participants took part in phase one, with 49 completing phase two and 47 completing phase three.

- **Cohort 2** (n=42) represents a group of household customers whose voices are often under-represented in public dialogues (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) due to the format. A flexible approach to engagement has been taken with this group, comprising a mix of small group discussions or in-depth interviews in phase one, followed by 13 weeks of engagement via the online community in phase two. Overall, 42 participants took part in phase one, with 29 completing phase two and 22 completing phase three.

Household 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 A of this report.

A further **40 non-household customers (i.e. businesses),** representing Cohort 3 for this research, were recruited in phase two by a specialist recruitment organisation via telephone. A screening questionnaire was used to capture information about the organisation to ensure the sample reflected a diverse range of characteristics (including business size, sector, location, and operational use of/reliance on water). Participants were also recruited on the basis that they were responsible for paying water bills and were sufficiently able to represent the organisation as a senior decision maker. Overall, 39 participants took part in phase two, with 29 completing phase three. A table summarising the sample profile of organisations can be found in Appendix A of this report.

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

Design of materials and input

All research materials (such as discussion guides and information packs) were developed by Ipsos and reviewed by Consumer Scotland and members of the SRC27 RAG, including representatives from Scottish Water, the Independent Customer Group (ICG) and the Water Industry Commission for Scotland (WICS). All presentations were developed by specialists and reviewed by Consumer Scotland and Ipsos to ensure content was relevant and appropriately pitched. An overview of each phase of research (including what was covered, and how it was delivered to each participant group), is provided in Appendices B-D of this report.

Phase three overview

Phase three of this research engaged both household and non-household customers. It built on the findings from phases one and two (detailed in separate reports published on Consumer Scotland's website). Phase three of the research involved multiple strands of engagement which are summarised below and detailed further in appendix D:

- **Public dialogue – final workshop:** Household customers from both cohorts 1 and 2 were invited to take part in a final online workshop as part of the public dialogue. They met online on 25 March 2026 to explore and discuss Scottish Water's Final Business Plan, before forming conclusions.

- **Small group discussions or in-depth interviews:** Household customers from cohort 2 took part in a small group discussion or in-depth interview, covering similar content as those attending the workshop. Some participants in this cohort chose to join cohort 1 and take part in the final public dialogue workshop instead.

- **Delphi-style in-depth interviews:** non-household customers (cohort 3) took part in 60-minute in-depth interviews to explore and discuss Scottish Water's Final Business Plan, as well as feedback shared on the Draft Business Plan.

To support and enable continued participation in all workshops, and in line with industry best practices, participants were compensated for their contributions in phase three. Household customers received £100 for participating in either an online workshop, small group discussion or in-depth interview. Non-household customers received between £100-£150 depending on the size of the organisation.

The workshop was arranged to take place outside of regular office hours to increase participation and there was a four-week fieldwork period for interviews with household customers from cohort 2 and non-household customers to ensure the research team could be flexible around participants' availability. Interviews and small group discussions were offered during weekdays and evenings.

Participants received a range of information to support discussions on the Final Business Plan, summarised as follows (see Appendix D for further details).

During the workshop, household customers heard a short presentation from WICS to recap on their role in the SRC27 process. They then heard a presentation from Scottish Water on key aspects of the Final Business Plan, with a specific focus on what had changed between the Draft and Final Plans. Both 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 before deliberating on key content from the Final Business Plan. To help participants prepare for the final workshop, the following information was also shared in advance: a 1-page summary of feedback from household customers on the Draft Business Plan and the full Question & Answer (Q&A) document that contained responses to questions asked and answered throughout the research.

In the small group discussions or in-depth interviews with household customers from cohort 2, a pre-recorded version of the WICS presentation was shared in advance and covered briefly at the start of the discussion. Alongside this, participants also received a 1-page summary of feedback and the Q&A document in advance to help them prepare for the final discussion. A pre-recorded version of Scottish Water's presentation of the Final Business Plan was then played to participants during the discussion (split into two parts, with time in-between for clarifications or initial discussion with the Ipsos facilitator).

Similarly for in-depth interviews with non-household customers (cohort 3), a pre-recorded version of the WICS presentation was shared in advance and covered briefly at the start of the interview. Non-household customers were also sent a short document in advance of the interview which summarised anonymous feedback shared by businesses on the Draft Business Plan. This was also discussed briefly at the beginning of the interview to explore the extent to which businesses felt the overall feedback had aligned or diverged with their own, in line with the Delphi-style approach to engagement with this cohort. They then were shown the pre-recorded version of Scottish Water's presentation as described above.

All advance materials can be found in a stimulus document published on the Consumer Scotland website.

As part of reviewing the Final Business Plan, all participants received a breakdown of charges based on Scottish Water's proposed charge increase of CPI+3.3%. This was the revised charge, with participants having previously seen and discussed the proposed charge increase of CPI+4% as part of the Draft Business Plan presented during phase two. The charges were shown in slightly different formats to ensure they were as relevant and relatable for the particular group being engaged (see chapter 3 and appendix D for details).

Contents of this summary report

This report summarises findings from phase three of the research involving both household and non-household customers. In this phase, participants reviewed and discussed key content from

Scottish Water's Final Business Plan, before forming conclusions on the extent to which the Plan commanded their support.

Where responses to stimuli differed between these groups, this is explicitly drawn out in the report, otherwise the findings are presented together given the consistency in content presented to each and similarity of themes arising. The findings are structured across three sections:

- Chapter 2 covers the proposed investment areas and outcomes in the Final Business Plan, including the key changes made between the Draft and Final Plans.
- Chapter 3 covers the proposed charge of CPI+3.3% set out in the Final Business Plan.
- Chapter 4 summarises participants' conclusions on the Final Business Plan and the extent to which it commanded their support.

The findings set out in this report are intended to add to the range of views gathered on Scottish Water's Final Business Plan, and to inform WICS' draft and final determinations on the maximum charges that can be set for 2027-33. A final overarching report will draw findings from each phase of the research together.

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. The report refers to verbatim assertions by participants based on their understanding of the issues presented to them during a live regulatory process It should be acknowledged that the information presented was reflective of the SRC27 process at various points in time between March 2025 and April 2026, and the research concluded before further stages of the process were complete, including the draft and final determinations made by WICS. They are not intended as authoritative statements of fact. Some points raised also fall outside the remit of the SRC27 process. Nevertheless, they tell us something important about how the issues can be perceived and understood by members of the public.

The data, collected across multiple sources, were synthesised and a thematic analysis was undertaken for this summary report. Analysis does not seek to quantify findings, nor does it indicate statistical significance from a representative sample.

2 Views on Final Business Plan: investment areas

As part of phase three, both household (cohorts 1 and 2) and non-household customers (cohort 3) were provided with key information from Scottish Water's Final Business Plan and the changes that had been made as a result of feedback received in phase two on the Draft Plan. This chapter begins with a recap of the phase two feedback. It then outlines participants' initial views on the overall Final Business Plan, followed by their detailed considerations of each investment area. Views on customer charges are explored in the next chapter.

Overview of phase two feedback

Overall, in phase two there was broad support for the Draft Business Plan, with some queries and challenges over certain aspects of the investment areas such as housing, regulation and carbon reduction. Household and non-household customers' views on the investment areas outlined in the Draft Business Plan are summarised as follows:

- There was support for the aims of the Draft Business Plan relating to maintenance, water quality and reliability of water supply. These were considered vitally important areas for Scottish Water to focus on.
- Customers were keen to see a reduction in pollution, with some expressing a strong view that reducing the amount of discharge into Scotland's rivers and seas was important. Reducing the risk of internal and external sewer flooding was also highlighted as important.
- Investments relating to economic and housing growth were initially challenged, with some customers highlighting that the rationale for spending in these areas was not completely clear. However, following more information from Scottish Water, household customers felt clearer about the division of responsibilities between Scottish Water and housing developers.
- Investments for reducing Scottish Water's carbon footprint were also met with mixed views initially, as some customers felt this was an important area where Scottish Water could go further, while others felt this should not be a priority or core responsibility of a water provider. With more information on the multiple purposes of actions such as tree planting beyond carbon reduction – such as improving water quality by reducing run-off – there was more support for these investments among household customers.

Summary of information presented in phase three

In phase three, participants were shown and then shared their views on the changes Scottish Water had made between the Draft and Final Business Plans in response to customer and stakeholder feedback. These changes included a proposed deferral of £400 million of investment until after 2033,[2] and a balancing of investments across four key investment areas:

1. Scotland's tap water remains a source of national pride.
2. Scotland's rivers and seas improve, and our communities are protected from flooding.
3. Scottish Water has played a key role in enabling Scotland's sustainable economic and housing growth.
4. Improving the lives of our customers, communities and environment to help Scotland flourish come rain or shine.

It was explained to participants that, as a result of this reduced investment, the customer charges set out in the Final Business Plan were reduced to CPI + 3.3% from the CPI + 4% set out in the Draft Plan (for detail on participants' views of the charges, see Chapter 3).

All household customers (cohorts 1 and 2) were shown the same materials, including the following in advance of the workshop or small group discussions:

- A one-page summary of feedback from households on the Draft Business Plan, including the Draft Plan on a Page.
- A presentation recapping the role of WICS.
- A final Q&A document including key questions raised about the Draft Business Plan and a summary of general clarifications that were raised over the course of the research.

During the workshop or small group discussions, household customers were then shown the following materials:

- A presentation outlining the Final Business Plan including a focus on what had changed between the Draft and Final versions.
- A detailed breakdown of customer charges based on revisions made to investment areas following customer feedback. Monthly charges for each council tax band, along with a reminder of the discounts that apply to certain groups, so that participants could see how they would be individually affected.

Similarly, in advance of the in-depth interviews, non-household customers were provided with:

[2] Scottish Water reduced the overall cost of the investment in the plan from £8.5 billion to £8.1 billion.

- A one-page summary of feedback from businesses on the Draft Business Plan, including the Draft Plan on a Page. Following the Delphi-style approach to engagement with non-household customers, this summary provided an overview of the responses from other businesses and was used in the in-depth interview to prompt businesses to reflect on the views of others and to re-visit their original responses.
- A presentation recapping the role of WICS.

During the in-depth interviews, non-household customers were also shown:

- A presentation outlining the Final Business Plan including a focus on what had changed between the Draft and Final.
- A detailed breakdown of customer charges based on revisions made to investment areas following customer feedback. Tables showing the annual charges for 2026/27 – 2032/33, depending on current bill amount.

Overall views on changes between the Draft and Final Business Plan

Participants who attended Workshop 3 heard a presentation from Scottish Water. The first section of the presentation covered changes to key aspects of Scottish Water's Business Plan since the Draft, and how feedback on the Draft Plan had informed these changes.

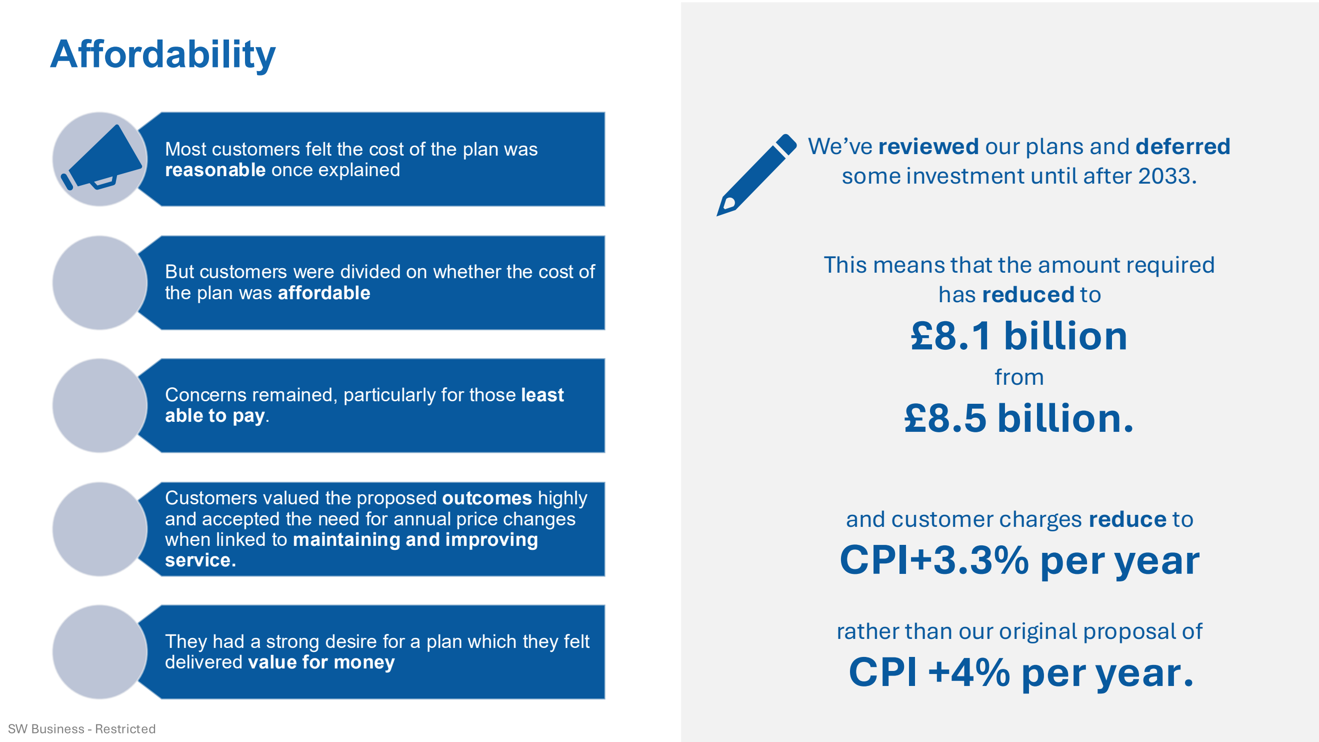
In the latter part of the presentation, participants heard more detail on the proposed changes to the ambitions and outcomes across investment areas. Participants' views on the specific changes to the investment areas are discussed later in this chapter, following on from 'Views on changes to investment areas'.

Participants who took part in interviews and mini-group discussions watched a recording of the same presentation, which was paused after the first section to provide the opportunity for participants to share their initial views on key aspects of the Plan. Participants at the workshop were also asked to share their initial views on the overarching changes at the end of the presentation.

Scottish Water explained that they had made changes to key aspects of the Business Plan relating to affordability, efficiency, deliverability and evidence, customer and community engagement, specific investments such as the West Central Bioresource, and ambition and outcomes (extracts from Scottish Water's presentation on these areas is shown in Figures 2.2-2.3).

Participants' initial views on the changes to each of these areas is outlined below. More detailed discussion of the changes to each investment area and associated outcomes is provided later in this chapter.

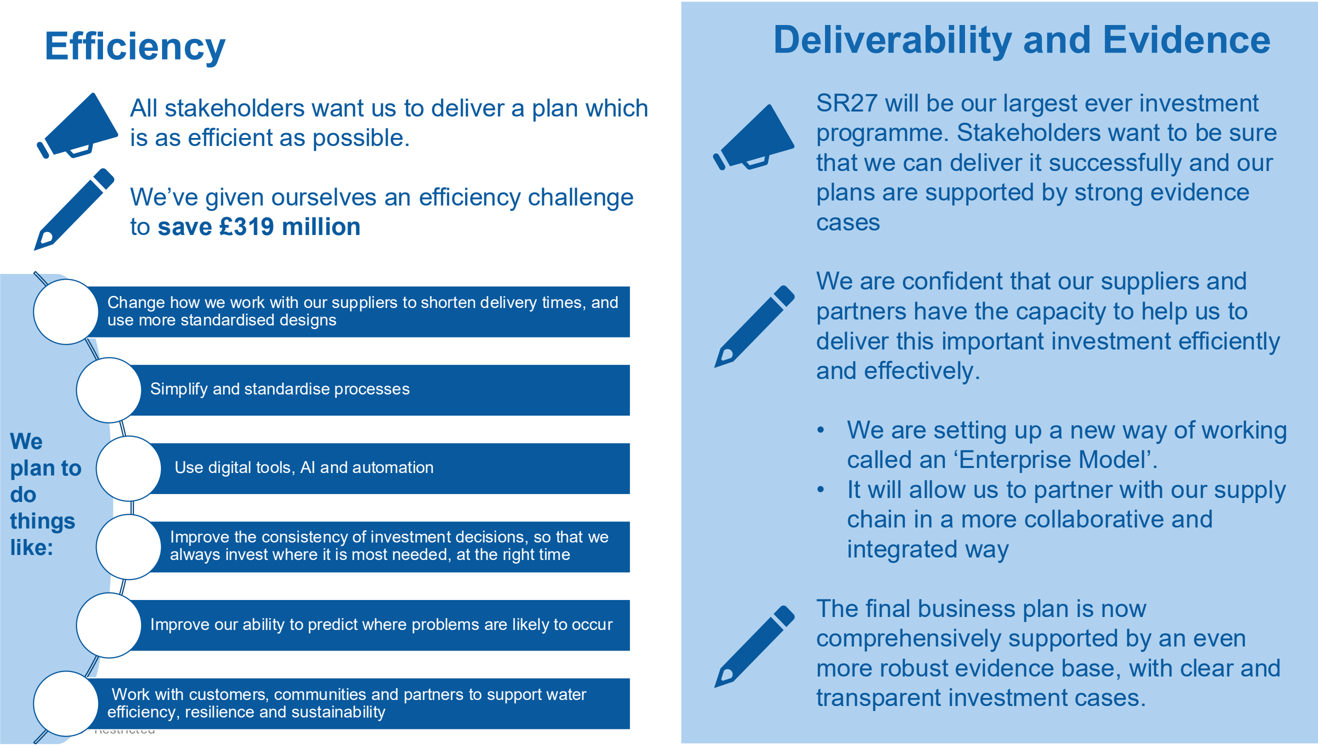
Figure 2.1: Information on affordability as presented by Scottish Water



Affordability

The reduction in charges was broadly welcomed, and participants were glad that Scottish Water seemed to have listened to their feedback. However, there was some concern about delaying investments and the impact that could have on charges in the next review period, which was described as "kicking the can down the road". Those who had been comfortable with the CPI+4% charge from the Draft Business Plan said they would have preferred to pay more and see those investments happening sooner (see Chapter 3 for detailed views on charges).

Figure 2.2: Information on efficiency and on deliverability and evidence as presented by Scottish Water



Efficiencies

Planned efficiencies were welcomed. Participants acknowledged Scottish Water's efforts to improve efficiency and were encouraged by the cost savings that were outlined as part of the efficiency challenge of 0.8% every year.[3] There were queries about the overall efficiency saving figure of £319 million, such as how much would be saved annually as opposed to over the entire period. Some worried that using digital tools and AI as part of the efficiency measures could impact jobs and might not necessarily lead to positive outcomes unless used effectively. Others felt that that adopting these tools were standard practice among businesses, and that this should be happening already.

Deliverability and evidence

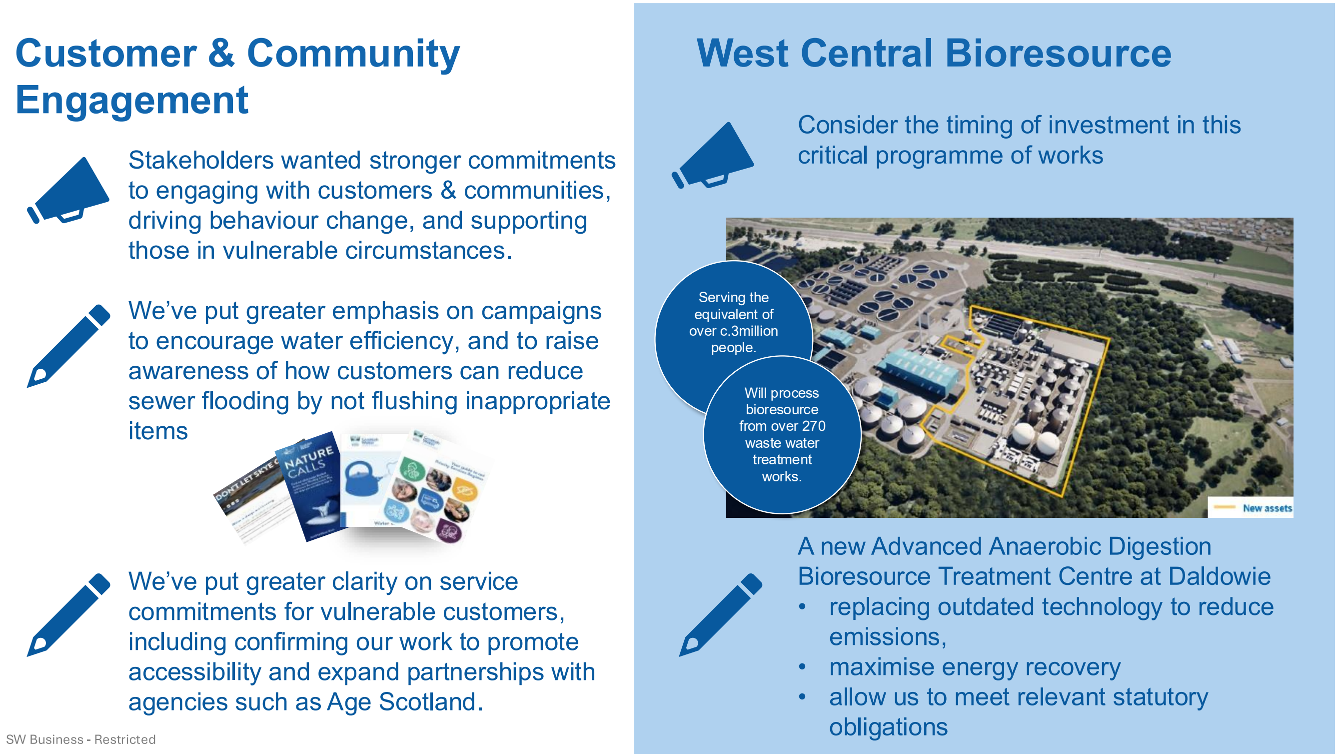
Participants were broadly positive about what they heard about how the plan was to be delivered, and how this will be evidenced. Scottish Water told customers that the Final Business Plan would be their largest ever investment programme, and that their plans were supported by a strong evidence base. To deliver the plan, Scottish Water planned to set-up a new way of working with suppliers, called an 'Enterprise Model', which would allow them to partner with their supply chain in

[3] The efficiency challenge was the same in the Draft Business Plan as the Final Business Plan. However, it was the first time that research participants had heard about the efficiency challenge, as this had not been included in the information presented to them about the Draft Business Plan.

a more collaborative and integrated way. This included offering extended contract lengths, to give partners more stability of work.

However, some participants wanted to know more about the specifics of the plans before commenting further. It was considered encouraging that Scottish Water would aim to have a positive relationship with companies in their supply chain, but participants also said that Scottish Water should make sure they regularly review their suppliers to get the best deals possible.

Figure 2.3: Information on customer and community engagement and on West Central Bioresource as presented by Scottish Water



Customer and community engagement

There were positive reactions to the educational initiatives outlined in the Final Business Plan, but participants were less clear on what the impact of these might be. Participants welcomed Scottish Water's efforts to engage with older and vulnerable populations, with some saying that this type of engagement would be beneficial to their older relatives. However, some scepticism remained about whether community efforts would translate into meaningful behavioural change.

West Central Bioresource

Scottish Water also told customers of their plans to invest in £557 million in the West Central Bioresource plant. Customers were informed that the plant, situated in the West of Scotland, processed biological waste from more than 270 wastewater treatment sites (serving half the population of Scotland), but that the site was nearing the end of its life and needed investment to continue to do its job. This was the first time that participants in this research had heard about the

West Central Bioresource, as this had not been included in the information presented to them about the Draft Business Plan.

Investment in the West Central Bioresource was viewed as necessary and positive, particularly due to its widespread impact. However, a few participants noted that they did not think they would directly benefit from the investment. Others thought that the timelines for this investment were very long, and that Scottish Water should already have made these investments.

Consistent with the findings from Phase 2, participants were broadly positive about the investments and outcomes set out in the Final Business Plan and, having heard about the main changes, were understanding of the need to rebalance investments in order to keep customer charges down. Participants generally felt that their feedback was reflected in the changes to the Business Plan.

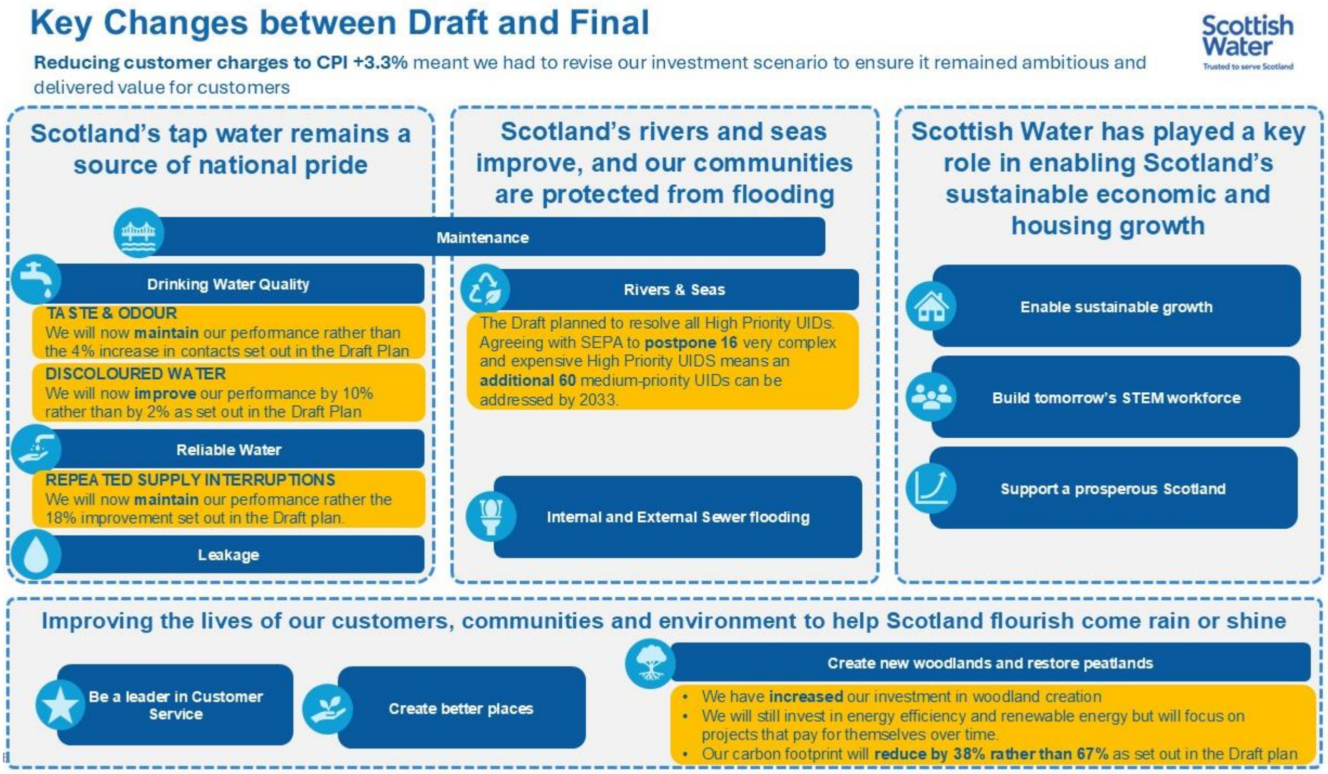
Views on changes to investment areas

Scottish Water provided information to participants on the changes to the ambitions and outcomes across investment areas. In their presentation, Scottish Water noted that making the plan more affordable to customers had increased risk in some areas, compared with the Draft Business Plan, but that they had worked to maintain or improve outcomes where customers and stakeholders saw the greatest value.

Consistent with the Draft Business Plan, the investment areas covered related to four aims from Scottish Water's Long-term Strategy that customers had learned about in earlier phases of the research (see Figure 2.4):

- Scotland's tap water remains a source of national pride (including drinking water quality, reliable supply of water, water leakage and maintenance).
- Scotland's rivers and seas improve, and our communities are protected from flooding (including combined sewer overflows, internal/external sewer flooding and maintenance).
- Scottish Water has played a key role in enabling Scotland's sustainable economic and housing growth (including enabling economic and housing growth, building tomorrow's workforce, and supporting a prosperous Scotland).
- Improving the lives of our customers, communities and environment to help Scotland flourish come rain or shine (including reducing Scottish Water's carbon footprint).

Figure 2.4: 'Plan on a Page' highlighting the key changes between Draft and Final Business Plans as presented by Scottish Water



Scotland's tap water remains a source of national pride

Participants heard that Scottish Water planned to maintain their current levels of performance regarding the number of people contacting them about problems with the taste or smell of water.[4] This was a change from the Draft Plan, which projected a small increase in the number of contacts. Participants were also informed that Scottish Water planned to improve their performance by reducing the number of people contacting them about discoloured water, by 10%, rather than the 2% set out in the Draft Plan.[5]

Among household and non-household customers, the predominant view was that improving **drinking water quality** should be a top priority for Scottish Water. Generally, participants were glad to see greater emphasis being placed on this area, particularly any improvements made to discoloured water, which was an area that some had raised previously as a priority.

Participants who had not personally experienced any issues with their drinking water also tended to hold the view that drinking water quality was important, although this group did not express this view as strongly as those who had experienced issues.

[4] Maintain the same service level as now: 0.51 contacts per 1,000 customers per year

[5] Improve from current service levels of 2.11 contacts per 1,000 customers per year to 1.90 contacts per 1,000 customers per year

> "I think it's just good to see that they have taken feedback on board and they have implemented some good changes. I think there are some good increases there like around the discoloured water that was saying it was going to be 10% rather than 2%. So, I think it looks like they've looked at not just whole picture, but they've looked at individual areas of the plan and kind of focused on those and improved them." (Household customer, Workshop 3)

Some non-household customers were surprised that further improvements were needed to drinking water quality, beyond what was outlined in the Draft Plan, as they thought that the quality of their water was already very high and they had never experienced issues themselves. For them, maintaining current performance in this area would be enough, and they considered that the money invested here may have less of an impact on improving outcomes than spending this money in other areas. While some businesses who used large amounts of water said that the smell and taste of the water was very important in their manufacturing processes, others stressed that their processes would not be affected by these factors, making it a less important area to them. There were also questions raised as to whether improvements to water quality were important from a health perspective, or whether it was solely an "aesthetic" decision to improve the smell and taste.

> "I mean the drinking water quality, that's probably more from a personal side of things rather than a business side of things because we use water in our processes but it's not for not for drinking or anything. So the actual quality of the water that comes here, it means less than it would at the tap at home or for drinking it" (Non-household customer)

In contrast, there were also businesses who noted that they felt that the improvements to drinking water quality as outlined in the Final Business Plan were still not ambitious enough and they wanted Scottish Water to go further to improve the taste, smell or colour of the water.

> "Straight away I'm looking at the drinking water quality and the word highlighted is maintaining… I would always say that improving drinking water quality, even if it's taste, odour, discoloured water and making it reliable, is number one. And that is not maintained, it's not a word I would be using. It should be improved." (Non-household customer)

Customers also heard that the outcomes relating to the **reliability of water supply** were now to be maintained.[6] This was a change from the Draft Plan, which had suggested that Scottish Water

[6] Maintaining the current level of service as now – with 240 postcodes affected by repeat supply issues per year.

would work towards an 18% improvement in the number of postcodes with repeated water supply issues per year.

Generally, household and non-household customers would have liked to see further improvements to the outcomes in this area. They felt that maintaining, rather than improving, this outcome, would be disappointing for those households that had experienced supply interruptions in the past. One business, who used large quantities of water in their manufacturing process noted that having a reliable supply was more important to their operations than the taste or smell of the water.

However, it was acknowledged that Scottish Water had to make compromises to balance their investments across the plan, taking into account where the investments would make the most impact. Participants felt that it was best to be realistic about what could be achieved, rather than over-promising and under-delivering.

> "Overall, it would be nice to improve [outcomes relating to supply interruptions], and the same with the taste and odour. But something's got to give somewhere down the line if you're saving and making reductions and things. So, I think maintaining a good performance is perfectly fine." (Household customer, workshop 3)

As was the case in the first round of interviews, businesses who had not experienced supply issues or had not heard of anyone experiencing supply issues tended to be more likely to say that maintaining, rather than improving reliability, was sensible.

Scottish Water confirmed that there were no changes to the outcomes relating to **water leakage** from the Draft to the Final Business Plan. By 2033, Scottish Water continued to plan for a 10% reduction in the amount of water lost to leaks.[7]

Generally, participants were supportive of making improvements in this area. Concerns remained about the amount of water that is lost to leaks per day. While some customers reiterated their shock at the figures ("that level of leakage is very poor"), others said that the large number of assets maintained by Scottish Water meant that some level of leakage was inevitable. However, views on the scale of the suggested improvements varied. One business thought that a 10% improvement in this area was "excellent", while other household and non-household customers noted that they had previously said that there should be more of a focus on this area, and that this area should be prioritised over carbon reduction or tree-planting.

[7] Reducing the amount lost to leaks from 448 Megalitres per day to 400 Megalitres per day.

> "The leakage. I know that they've said that it's going down from 440 million litres a day to 400 million. That's still 186 billion litres a year, which is a cost… Rather than creating woodlands at the moment, maybe we should focus on keeping the water to ourselves." (Household customer, workshop 3)

Rivers and seas improve and communities are protected from flooding

Participants were shown the outcomes relating to Combined Sewer Overflows, Internal Sewer Flooding, and External Sewer Flooding, and how these had changed since the Draft Business Plan.

During their presentation, Scottish Water explained that the Draft Plan had intended to resolve all high priority Unsatisfactory Intermittent Discharges (UIDs) by 2033. However, following agreement with SEPA, there had been changes to this area in the Final Plan. Scottish Water now planned to postpone 16 "very complex and expensive" high priority UIDs, so that an additional 60 medium-priority UIDs could be addressed by 2033. This meant that, by 2033, Scottish Water would reduce the number of UIDs in Scotland from 862 to 712.[8][9]

Combined Sewer Overflows were seen as a key area of the plan for many customers, and there were mixed views on the changes to this area among household and non-household customers. This was the first instance that customers had been introduced to the concept of UIDs as part of this research, and some were unclear of the criteria used to categorise UIDs into 'high priority' and 'medium priority', or the implications of postponement on the environment. For example, they questioned whether medium priority UIDs could eventually become high priority, if left unresolved, or whether medium priority and high priority discharges were qualitatively different – such as whether one related to waste flowing into the sea and the other related to overflowing drains.

Given the importance of this area to customers, some participants were keen to stress that they would ideally like Scottish Water to address all the UIDs in Scotland as soon as possible.

> "I agree and disagree because it should all be high priority at the end of the day because there's still sewage going there somewhere… they should work on them all because everybody deserves the same standard." (Non-household customer)

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[8] Scotland has 4,080 Combined Sewer Overflows, which act as safety valves during unusually heavy rain. When they don't work properly, they are classed as Unsatisfactory Intermittent Discharges (UIDs) and rated High, Medium, or Low depending on their environmental impact. Currently, there are about 110 'High' Priority UIDs, 150 'Med Priority UIDs', and about 600 'Low Priority'.

Permitting sewage discharge into Scotland's rivers and seas within the Final Business Plan remained a persistent concern, particularly among household customers. One noted that, to make an informed decision about whether Scottish Water's plan was sensible, or whether Scottish Water should work towards resolving all high priority UIDs before 2033, they would have needed to know how much additional investment Scottish Water would require to resolve all high priority UIDs.

> "In an ideal world ideally there would be no sewage discharge or overflow into clean water and that's where I would hope they'd be getting to. And I suppose it would have been good to have had a costing for addressing the higher cost high priority items. So, for example, if that could have been the difference between 3.3[%] and 3.5[% charges] that would have been good to know." (Household customer, workshop 3)

Nonetheless, there was a view that high priority discharges should, by definition, be prioritised. Some household customers in particular voiced strong concerns about this. For example, there was a view that tackling the more complex UIDs now would be better than putting them off and risking serious environmental impacts or higher costs later. There was also some concern, particularly among businesses, about the high priority UIDs being deferred, then forgotten about, and remaining unresolved in the future.

> "For me, if they're high priority, someone has obviously put them high priority. So why on earth would you postpone them? I just think that's wild, absolutely wild to me, how they can postpone high priority ones." (Household customer, workshop 3)

Some customers were reassured that Scottish Water planned work in SRC27 to understand how to best address the "highly complex" UIDs, and that this would make it less likely that the deferred discharges would be forgotten about in the next business cycle. Reflecting on this, it was acknowledged that taking some time to consider how to best address the complex discharges could lead to Scottish Water finding better solutions in the future, and that starting work on the 60 medium-priority UIDs could help Scottish Water to learn how to more easily address the deferred high-priority discharges in the future.

> "[In] the next six years, they've committed to sort of fact finding and exploring about how they troubleshoot those 16 particularly complex UIDs... then they'll have the knowledge for the next six-year plan, hopefully. I thought that was good. They had a sort of medium to long term eye on things, so they weren't just abandoning things in terms of trying to claw back savings." (Household customer, mini-group discussion)

That Scottish Water had agreed these changes with the Scottish Environmental Protection Agency (SEPA) also allayed some concerns. Customers were generally happy to trust the judgement of Scottish Water and SEPA on this matter, believing that they had more relevant expertise to know what investment was necessary and what was feasible, and that they would make a balanced decision.

> “If SEPA have agreed to it, then that makes it better in my mind. It's less, suspicious isn't the right word, but it is good to have an outside body engaged in that, to sort of oversee and agree with the discussion.” (Household customer, workshop 3)

However, some questioned the efficacy of an environmental protection agency that would agree to postpone this work.

> “I just thought it was whitewash really. And you know, they're called the Scottish Environmental Protection Agency. So… what are they there for? You know, if they're quite happy to postpone works like that.” (Household customer, workshop 3)

Further, there were customers who agreed with the logic of addressing more medium priority UIDs within the next six years, as they thought that these could have a bigger impact overall than addressing a smaller number of high priority UIDs. In some cases, there was a reluctant acceptance that, if the budget could not address all priority UIDs, then it could make sense to address as many UIDs as possible, whether these were medium or high priority. Among this group, there were those who empathised with Scottish Water’s position, and felt that as they had responded to feedback and made changes to the plan to keep costs down, this would necessarily mean balancing finite resources across a range of investments.

> “Basically, because I think, by getting 60 problems out the way, albeit 16 are going to carry on, I think that is the maximum benefit to the maximum number of people.” (Non-household customer)

Participants also heard that changes had not been made to the outcomes relating to sewer flooding, compared to the Draft Business Plan. As in the Draft Plan, by 2033 Scottish Water intended to keep the number of properties at risk of **internal sewer flooding** the same as in 2027 and expected a slightly higher number of areas to be at risk of **external sewer flooding**.[10]

As there had been no changes from the Draft Plan, customers were not prompted on this area, but participants were still able to voice their views on this aspect of the plan. Overall, it was generally felt that the number of properties affected was quite small, that keeping flooding down at this low level would be enough, and that they were glad that the outcomes were not expected to worsen. Where customers referenced the absence of any changes, they felt reassured that Scottish Water had not de-emphasised this area in the Final Plan.

> "Sadly they're not able to do everything... Sometimes you have to make the bold decisions. It would be nice that nobody has internal sewer flooding. If I was one of those people, that would have been my absolute goal... But, yeah, I found this very fair when I was reading through [the outcomes] again today" (Household customer, workshop 3)

However, some were more critical of this outcome, saying that the number of properties affected by internal sewer flooding was too high and that Scottish Water could be more ambitious in this area. One business, working in pest control, noted that investment was important as they see that infestations are often linked to flooding and faulty pipes. It was also noted that Scottish Water expected to fix 300 properties, but that another 300 may be added to the list of at-risk properties. This led to questions about how Scottish Water decided which properties, and which areas, they would address first, and how Scottish Water were held accountable for this.

Improving the lives of customers, communities and the environment

In this investment area, customers heard about the main changes related to woodlands, peatlands and carbon emissions. This was therefore the primary focus of discussions.

Compared with the Draft Plan, Scottish Water outlined that they had now increased their investment in woodland creation and would continue to invest in energy efficiency and renewable energy, but would focus on projects that pay for themselves over time. As a result, Scottish Water's carbon footprint would reduce by 38% rather than the 67% reduction that was set out in the Draft Plan.

Both household and non-household customers generally welcomed the focus on investing in renewable energy projects that pay for themselves over time. Similarly, woodland creation and

[10] Around 400 properties are currently at risk of internal sewer flooding, and Scottish Water expect to identify new issues at around 300 properties between 2027 and 2033. Scottish Water aim to resolve issues at 300 properties by 2033. There are around 3,000 areas currently at risk of external sewer flooding, and Scottish Water expect to identify around 770 areas at risk between 2027 and 2033. Scottish Water aim to resolve around 625 areas by 2033.

peatland restoration was generally considered to be justified, as providing more holistic benefits than solely reducing carbon. In part, this reflected changes to participants' views following clarifications from Scottish Water on the Draft Business Plan (discussed in phase two of the research), that tree-planting can help with water quality and flood management, as well as assurances that all trees will be planted on land owned by Scottish Water and that responsible planting will support biodiversity. However, some businesses remained of the view that tree-planting was not a core responsibility of Scottish Water.

> "The way that they've kept the environmental impact and written it to look as if they're doing major environmental things but it's more towards the water quality in the first part. So I think it's, it's quite a good one to please both sides, the people that don't want to invest heavily into the environmental stuff and the ones that are really concerned about then environmental things. So I like the way that they're actually using it as so natural infrastructure to help purify water and all the rest of that." (Non-household customer)

There were mixed views among customers on the changes to **carbon reduction plans**. Perspectives ranged from being pleased to see this change to outcomes around carbon reduction, reluctant acceptance of the changes based on the need to balance ambitions with affordability, and disappointment that the outcomes had been moderated.

Customers said that they would like to know which specific elements of investment had been cut back and more detail on how Scottish Water will monitor these outcomes and be held accountable for their carbon targets. One participant also said that it would have been useful to understand how Scottish Water's carbon reduction targets compare with other public bodies, to ascertain whether or not Scottish Water's plans were ambitious enough.

Those who were accepting of the changes considered this to be relatively less important than other investments in the Plan, or felt that although it was important, but that there was still a substantial amount being invested in this area and the outcomes were reasonable.

> "The carbon footprint and wood and stuff at first I felt quite strongly about, but I started to wonder is that Scottish Water's job? You know, I want that stuff to happen, but Scottish Water have a lot else to deal with." (Household customer, workshop 3)

Those who were disappointed with the outcomes in this area tended to cite the severity of the climate crisis, and the risk of falling behind other countries in our collective response. As a result, there was concern that Scottish Water may have to spend more in this area in the future, and not investing now was only delaying the need to address these issues, potentially to the detriment of future customers.

Businesses were generally more positive about the changes and considered a 38% carbon footprint reduction to be a more realistic outcome than the previous 67% decrease. Some businesses mentioned that they felt that these changes reflected the feedback they had given on the Draft Business Plan.

This view was underpinned by a broader suggestion that net-zero targets are not the core function of Scottish Water as a provider of water and wastewater services, are costly to achieve, or both. This reflected a strong scepticism of net zero among some businesses, some of whom were opposed to and critical of net zero policies, as well as concerns about potential greenwashing. Consequently, some businesses said that Scottish Water's plans for carbon reduction were less important to them than other areas.

> "I just think it's pointless, you could do well chucking your money in the sea... I just think it's the biggest con, it's one of the biggest cons yet, all this carbon emission stuff". (Non-household customer)

Scottish Water has played a key role in enabling Scotland's sustainable economic and housing growth

Participants were also told that there had been no changes to the Plan on investments relating to **enabling sustainable growth, building tomorrow's workforce,** and **supporting a prosperous Scotland.**

As there had been no changes to the outcomes, participants were not prompted on this area, and it was not discussed in detail. However, participants were still able to voice their views as part of the discussion.

Customers who did comment on these areas were generally supportive of the plans, particularly those relating to customer engagement and education, such as the aim to engage school children in 90% of schools in Scotland by 2033.

> "I think the mention of the investment to sort of go into 90% of schools in Scotland to educate around the preciousness of the resource is really good... I mean, I think that's a really good investment to sort of go into schools and impart to children and young people that they have a vested interest in preserving that water and protecting it." (Household customer, mini-group discussion)

As in previous phases of this research, some customers remained of the view that supporting housing growth should be the responsibility of others (governments, housing developers) rather than Scottish Water.

Overall satisfaction with outcomes

After detailed discussion about the investment areas and outcomes, customers were asked to answer some quick polling-style questions, one of which asked how satisfied or dissatisfied participants were with the outcomes in the Final Business Plan.

The polling was not intended to be representative of participants' views, but rather to be used as an illustrative tool for summing up the discussions. Taking part was entirely voluntary, and participants were told that the questions would be asked to everyone who was taking part in the research. It was emphasised that the final conclusions of this deliberative process would encompass all of the discussions and would not be based solely on their responses to these questions.

Levels of satisfaction with the outcomes in the Final Business Plan were high across both household and non-household customers:

- Of the 68 household customers who took part in phase 3, 58 said that they were satisfied with the outcomes in the Final Business Plan, 5 were neither satisfied nor dissatisfied, and 5 were dissatisfied.
- Of the 29 non-household customers, all but one were satisfied with the outcomes, with one dissatisfied.

For full breakdown of polling results, see Table 2.1 below.

Participants were asked separate questions about their overarching views on the reasonableness and value for money of the customers charges in the Final Business Plan. Those findings are included within the next chapter.

Table 2.1: Polling question responses - Overall, how satisfied or dissatisfied are you with the outcomes in the Final Business Plan

Scale Participant group	Very satisfied	Fairly satisfied	Neither satisfied not dissatisfied	Fairly dissatisfied	Very dissatisfied	Not sure	Total
Household Customers	15	43	5	4	1	0	68
Non-Household customers	9	19	0	1	0	0	29

3 Views on Final Business Plan: charges

The Draft Business Plan included an overall budget of £8.5 billion and a proposed customer charge of CPI+4% annual increase over the six-year period. As a way of keeping costs as low as possible for customers, the overall budget was reduced to £8.1 billion in the Final Business Plan. This led to a reduction in the proposed customer charge from CPI+4% to CPI+3.3% annual increase over the six-year period.

Having discussed the investment areas in the Final Business Plan, including the changes made since the Draft Business Plan, household and non-household customers then considered the new customer charge of CPI+3.3%. This chapter begins with a recap participants' views on the Draft Business Plan charges, and then outlines participants' views of the CPI+3.3% charge, how this compared to those presented in the Draft Business Plan, and the impacts on customer bills.

Overview of phase two feedback

In phase two, participants had mixed views on the proposed charge increase of CPI+4% in the Draft Business Plan and the alternative increases (CPI+3% and CPI+5%) that Scottish Water presented:

CPI+4%

- Among household customers, for some an increase of CPI+4% was initially seen as a surprising and high increase; for others, it was felt to be reasonable when considered in the context of Scottish Water's operations and the necessity of investment.

- Having seen how the charges would break down in monthly bills, there was a general sense that the cost increases in isolation would be affordable to some households, but that this would depend on individual circumstances. However, the cumulative impact of this increase alongside other bills prompted significant concerns. In addition, the indicative 2% to account for inflation (based on the Bank of England's target) was felt to be unrealistic. Some participants believed it would be higher, adding further pressure to households and businesses.

- Reflecting on current Scottish Government policy in relation to the discounts and exemptions that apply to eligible household customers (which is outside of the remit of the SRC27 Business Plan and Determination that this deliberative process was engaging on), participants emphasised the need for better communication of these. Some felt that the existence of discounts cushioned the impact of the price increase, making it more acceptable. However, in a broader sense, the fairness of these discounts was questioned (particularly for single-person households) and there was a view that such support schemes did not go far enough to shield vulnerable households from the charge increases, and that these households would still be disproportionately impacted.

- Among non-household customers, some responded positively to the CPI+4% charge on the basis that it seemed a "fair exchange" for the level of investment proposed and something that their business could easily absorb. Others were more pragmatically accepting on the basis that they could make adjustments to absorb the additional costs. Some expressed strong concerns about the impact such an increase would have on their business.

Alternative scenarios: CPI+3% and CPI+5%

- CPI+3% was criticised on the basis that it risked poorer outcomes, particularly around internal sewer flooding. However, the framing of this alternative was challenged as it was felt to be pushing participants to accept CPI+4%. Some household and non-household customers accepted the trade-offs and felt the lower charge was preferable to protect households and businesses from sharp increases. They also challenged Scottish Water to achieve the same outcomes as CPI+4% at the CPI+3% level through improving efficiencies.

- Participants noted some benefits of the CPI+5% scenario, such as enabling further future proofing of Scotland's water and waste water system. However, there was also some surprise and frustration that the outcomes under CPI+5% could not be achieved with CPI+4%. Significant concerns remained about the impact of bill increases on vulnerable households and certain businesses. On balance, CPI+5% was felt to be a 'nice to have' but not a significant enough return on investment.

How the charges were presented

In phase three, all participants were shown and discussed the Final Business Plan charge of CPI+3.3%. This charge was introduced as part of a presentation made by Scottish Water, delivered live for workshop participants and as a pre-recorded presentation for the mini-group discussions and interviews.

To support discussion, participants were provided with a breakdown of charges as monthly bills (for household customers) or annual bills (for non-household customers) for each year of the SRC27 period. This was to ensure customers viewed the charges in a way that was familiar and easy to relate to, while also being consistent with how the charges in the Draft Business Plan had been presented.

Household customers

All household customers (Cohorts 1 and 2) were presented with the charges in the same way. They were shown a set of tables setting out what these charges would look like as a monthly breakdown across all different council tax bands in Scotland. Each breakdown included two figures; one showing just the percentage increase per year (i.e. 3.3%) and another showing the percentage increase plus 2% as an estimate for inflation per year (i.e. CPI+3.3%). It was reiterated to customers that this figure was only an estimate that was based on the Bank of England's target, and the actual charges could be higher or lower depending on the actual rate of inflation. The stimulus also contained information on what discounts and exemptions were available to some members of the public. These discounts included the Single Person Discount (representing a 25% discount on water bills) and the Water Charges Reduction Scheme (a 35% discount). A summary row showed the total increase over the SRC27 period, and an additional row showed how much households would save as a result of the reduction from CPI+4% in the Draft Business Plan to CPI+3.3% in the Final Business Plan. This can be seen in Figure 3.1 below.

A more detailed set of the tables had also been shared with household participants in advance of the workshop or discussion group/interview, so that they could familiarise themselves with the charges in the Final Business Plan, and what this might mean for their household given their circumstances and the council tax band the household participant lived in. These included a breakdown of charges for each council tax band based on no discount, the Single Person Discount (25% discount) and the Water Charges Reduction Scheme (35% discount). It also included a breakdown of charges for customers paying only for water supply services (not waste water).

Figure 3.1: Stimulus – monthly breakdown of bills shown to household customers

Scottish Water Trusted to serve Scotland

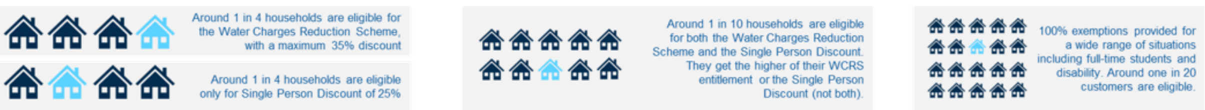
All Bands: Business Plan (CPI + 3.3%): Monthly

Bill Amount excluding inflation

Bill amount including inflation (estimated at 2%)

		Band A Monthly Charge		Band B Monthly Charge		Band C Monthly Charge		Band D Monthly Charge		Band E Monthly Charge		Band F Monthly Charge		Band G Monthly Charge		Band H Monthly Charge	
Business Plan Period	2026/27	£36		£42		£48		£54		£66		£79		£91		£109	
	2027/28	£37	£38	£44	£45	£50	£51	£56	£58	£69	£70	£81	£83	£94	£96	£112	£115
	2028/29	£39	£40	£45	£47	£52	£54	£58	£61	£71	£74	£84	£88	£97	£101	£116	£121
	2029/30	£40	£43	£47	£50	£53	£57	£60	£64	£73	£78	£87	£92	£100	£106	£120	£128
	2030/31	£41	£45	£48	£52	£55	£60	£62	£67	£76	£82	£89	£97	£103	£112	£124	£135
	2031/32	£43	£47	£50	£55	£57	£63	£64	£71	£78	£87	£92	£102	£107	£118	£128	£142
	2032/33	£44	£50	£51	£58	£59	£66	£66	£75	£81	£91	£95	£108	£110	£124	£132	£149
Difference in monthly bill (CPI+3.3%) between 26/27 and 32/33		£8	£13	£9	£16	£10	£18	£12	£20	£14	£25	£17	£29	£19	£34	£23	£40
Total difference between Draft (CPI+4%) and Final (CPI+3.3%) over 6 years		£72	£78	£84	£91	£96	£104	£108	£117	£132	£142	£156	£168	£180	£194	£216	£233

Just over half of households served by Scottish Water are provided with some form of affordability support



Non-household customers

Non-household customers were presented with a breakdown of annual charges during the in-depth interview. This was shown in the form of a table with banded charges, with the Ipsos researcher focusing on the charge that was closest to the customer's current water and waste water bill. These also included two figures, one with 3.3% only and one with the addition of a 2% estimate for inflation. Like household customer discussions, a summary row highlighting how much businesses would save as a result of the reduction to CPI+3.3% in the Final Business Plan as compared to the proposed increase of CPI+4% in the Draft Business Plan was also shown (see Figure 3.2).

Figure 3.2: Stimulus – annual breakdown of bills shown to non-household customers during depth interviews

Scottish Water

NonHousehold: Final Business Plan (CPI+3.3) Annual (£1,750 to £5,000)

Bill Amount excluding inflation

Bill amount including inflation (estimated at 2%)

		£1,750		£2,000		£3,000		£4,000		£5,000	
		Annual Charge		Annual Charge		Annual Charge		Annual Charge		Annual Charge	
	2026/27	£1,750		£2,000		£3,000		£4,000		£5,000	
Business Plan Period	2027/28	£1,808	£1,855	£2,066	£2,120	£3,099	£3,180	£4,132	£4,240	£5,165	£5,300
	2028/29	£1,867	£1,953	£2,134	£2,232	£3,201	£3,349	£4,268	£4,465	£5,335	£5,581
	2029/30	£1,929	£2,057	£2,205	£2,351	£3,307	£3,526	£4,409	£4,701	£5,512	£5,877
	2030/31	£1,993	£2,166	£2,277	£2,475	£3,416	£3,713	£4,555	£4,951	£5,693	£6,188
	2031/32	£2,058	£2,281	£2,353	£2,606	£3,529	£3,910	£4,705	£5,213	£5,881	£6,516
	2032/33	£2,126	£2,402	£2,430	£2,745	£3,645	£4,117	£4,860	£5,489	£6,075	£6,861
Difference in annual bill (CPI+3.3%) between **26/27** and **32/33**		£376	£652	£430	£745	£645	£1,117	£860	£1,489	£1,075	£1,861
Total difference between Draft (CPI+4%) and Final (CPI+3.3%) over 6 years		£290	£311	£332	£356	£498	£534	£664	£712	£829	£890

Overall views on CPI+3.3%

Participants were broadly receptive to the new charge of CPI+3.3% compared to the previous CPI+4% charge in the Draft Business Plan. Overall, they felt that their concerns about the affordability of the Draft Business Plan had been listened to and taken into consideration by Scottish Water. On balance, participants felt that the charge of CPI+3.3% was a reasonable compromise given the current economic climate and the rising costs of household and business bills. Participants were supportive of the transparency of the information presented about the Final Business Plan and appreciated the level of detail that Scottish Water had presented on the reasoning behind the charge.

However, concerns were also raised about potentially "kicking the can down the road", echoing a similar sentiment voiced in phase two. Among those participants who were more in favour of the CPI+4% and CPI+5% charge increases, there was a view that Scottish Water should invest more now to avoid higher charges impacting participants in future billing periods. In addition, some participants said they would have liked to have seen Scottish Water go further by achieving more outcomes in SRC27 rather than delaying to future periods.

"I think it's better to sort something now and pay [for it], rather than wait six, seven years down the line and pass it on to another generation of kids where it is going to be more expensive to them... it's not a great deal of money for [Scottish Water] to get these things sorted now, [rather than] push them down the line to cost more at a later date." (Household customer)

Impact on household customers

When presented with the CPI+3.3% charge as a monthly bill across council tax bands, household customers generally felt that, taken in isolation, the increase per year would have a limited impact on their own household.

Some participants were positive about the charges proposed in the Final Business Plan, especially when compared to the CPI+4% proposed in the Draft Business Plan. Participants perceived increases across many aspects of daily life, describing the "price of everything" appearing to be increasing, and so were supportive of Scottish Water making active efforts to keep bills down as much as possible.

"It looks a lot more manageable than the 4%. The small increments year on year are more manageable, and the savings overall is quite significant." (Household customer)

Some participants felt that the cost increase from Scottish Water was less extreme that those they were experiencing in other household bills. Their view was that the water bill increase was not significant enough to have major negative impacts, particularly when compared to other household costs. There was also a perception that increases are inevitable, but that people would find ways to cope.

"I'd say compared to other increases that we see in costs, daily costs, it doesn't seem like a huge amount of money, realistically, you know, look at the inflation and food prices, for instance, that we're all having to live with. This doesn't seem like it would break the bank." (Household customer)

However, there was nonetheless concern about the cumulative impact of bills rising more broadly. The backdrop of the current cost of living was a key concern for participants. This, coupled with the impact of global geopolitical events on inflation between phases two and three of this research[11] - created a general sense of uncertainty about the extent to which prices were going to

[11] In late February 2026, the US-Israeli conflict with Iran caused inflation to rise to 3.3% in March 2026.

increase over the next few years. Participants highlighted that, while costs were increasing, wages and salaries were not, making the cost of living more expensive. Although they acknowledged that Scottish Water had postponed some investment since the Draft Business Plan and reduced the customer charge, they remained concerned about the cumulative impacts of increases to their utility and other household bills.

> "I have a slightly ominous feeling just generally about our cost of living going forward in the next few years. And obviously there are a lot more people struggling. So I just have to acknowledge that. [But] I think it's all relative and I think [the plan] is a very good reflection of compromise and hearing the feedback about concern about that. So yes, I think it is reasonable". (Household customer)

Household participants also expressed concern around the inability to predict the future cost of CPI. Participants wanted to know if there was any safeguard in the plan in case inflation gets "out of control", the same way there was a cap that was placed in SRC21 during the pandemic.

> "I think the big thing is the inflation, isn't it? That's the thing that's unknown. And we could look at that and go, well, we'd quite happily accept 4%, but if inflation next year goes up to 4% or 6%, it really does cause a lot of problems." (Household customer)

Participants reiterated concerns for particular groups that had mentioned in earlier phases of the research, such as young people, those on fixed incomes (including retirees), and single-person households. Another group mentioned in phase three was people living in rural areas. There was a perception that rural poverty can be more "hidden", with people experiencing higher fuel, transport and accommodation costs in rural areas due to a more dispersed infrastructure compared to urban areas. There were also concerns raised about participants in the higher Council Tax Bands, with some referencing the price increases in Band H as particularly high and potentially challenging to afford.

Discounts and exemptions

Household participants were shown information about the bill reductions available to eligible households, which included the Water Charges Reduction Scheme (with a maximum 35% discount), the Single Person Discount (25%) and exemptions for different situations (e.g. for full-time students or customers with disabilities). The same information had been provided when reviewing the charges in the Draft Business Plan. As noted earlier, the discount and exemptions available for customers are outside the remit of the Business Plan and the Final Determination produced by WICS.

The existence of support mechanisms for certain groups (including those living alone, those on low incomes receiving qualifying benefits, and those exempt from council tax such as students) provided reassurance that the charging structure had some built-in protections. However, some participants found it difficult to comment on what difference these discounts and exemptions would make, as they did not receive them themselves.

Household customers who had received some of these discounts or exemptions considered them to be vital in making their bills affordable. As such they were satisfied with the CPI+3.3% charge given these discounts and exemptions were in place.

> "I'm really grateful for the council tax and also the water and sewage charge not being applied to students because genuinely it would be extremely hard to study with paying that. I don't think I probably would have been able to study if I was paying council tax and water and sewage charges." (Household customer)

Impact on non-household customers

Non-household customers were also broadly supportive of the CPI+3.3% charge in the Final Business Plan compared to the CPI+4% in the Draft Business Plan. Businesses felt that an increase in how much they pay for water was "inevitable" but also described it as "not unreasonable" when considering the ambition and outcomes outlined in the plan. Those businesses that had preferred the alternative scenario of CPI+3% in the Draft Business Plan were particularly supportive of the reduction to CPI+3.3%, as they felt this would have less of a financial impact on their business.

> "It's a lot better than what we looked at [in the Draft Business Plan]. This is more what a little business like mine can absorb. As a business person you're thinking of growth. And so you have to think about expenses. I think the business can absorb this." (Non-household customer)

For some businesses, the reduction from CPI+4% to CPI+3.3% was highlighted as a significant "saving" on the additional amount that they would pay. The charge presented in the Final Business Plan was also seen as a "steadier" path to increasing charges for customers which participant appreciated given the current cost-of-living crisis. The CPI+3.3% increase was therefore seen as "sensible", especially by businesses who previously found the CPI+3% alternative scenario in the Draft Business Plan more acceptable than the CPI+4% or the CPI+5%increases.

> "I think it's [CPI+3.3%] better than a big jump for people, especially with the cost of living. You never know what's going to happen next day or next month." (Non-household customer)

Some businesses felt that the increase over the full six-year period would be expensive for their business but accepted that this was more affordable than the Draft Business Plan increase of

CPI+4%. It was highlighted that, while no one wants to pay more, the increases were not unexpected and did not feel overwhelming.

> "I think it's going to be expected. It's within reason, it's certainly not mind blowing, you know, it's not a huge increase over a period of time... As long as the spending is accountable and people can see the improvements and understand the improvements." (Non-household interview)

Businesses had mixed opinions on what actions they would need to take in response to the bill increases. Some businesses noted the cumulative effect of bill increases and the impact that inflation may have on bill increases in the future. This was particularly emphasised by those in the hospitality sector. They considered the timing of the increase to be unfortunate due to current financial pressures, and other bill increases over the same period. These businesses were concerned that they would not be able to pass on all of the additional cost to their customers. Despite this, most appreciated that Scottish Water were now proposing a smaller increase than before.

> "Am I going to get my prices up 37%? I'll struggle. But we know what it's for [the increase] and it's reasonable enough. There is a worry about the CPI plus bit with everything going on at the moment. It will erode our bottom line but not as badly as it would have under [CPI+] 4%. But I'm happy enough because we get a good service... The hospitality sector is under strain, we're lucky, but a lot of other places are failing." (Non-household customer)

CPI+3.3% - the right balance?

The charge of CPI+3.3% was generally felt to be both acceptable and affordable for both household and non-household customers, especially when the charge was broken down into monthly (for household customers) and annual (for non-household customers) amounts. Participants also felt that the charge was more acceptable when compared to the previous CPI+4% in the Draft Business Plan.

Both household and non-household customers felt that the transparency that Scottish Water had shown throughout the Draft and Final Business Plans had helped them to understand the reasons for the charge of CPI+3.3%, which had helped make it feel more acceptable.

> "I'm not feeling like I'm going to be out of pocket over that. I think it's the right approach. [Scottish Water have] got to be able to prioritise." (Non-household customer)

Participants again felt that Scottish Water increasing charges was something that could have negative impacts on those least able to afford higher bills. However, both household and non-household customers understood the importance of investing in infrastructure now to prevent future issues, even if it means higher costs in the short term.

> "I think this transparency in relation to what the charges are for and how it's going to be spent, and also they show really clearly that they've listened to the feedback, which a really pleasant surprise." (Household customer)

Overall, there was broad agreement that Scottish Water had struck the right balance between what outcomes they wanted to achieve in the Final Business Plan and what they were planning on charging customers. Across both household and non-household customers, the willingness to accept the increase was closely tied to expectations that service quality will improve and that spending will be transparent and efficient. Participants linked support for a CPI+3.3% increase in charges to outcomes like better-tasting water, effective drainage, delivery of planned upgrades, and demonstrable cost-saving measures. Some stressed that if customers can clearly see and understand the improvements, they will be more accepting.

> "I think they have [struck the right balance]. I mean, they could, you know, reduce the amount of investment further to make it more affordable for customers, but then that's putting the water supply at risk, which is probably just going to create a lot more problems later on in the future." (Non-household customer)

While some household customers wanted Scottish Water to go further on some outcomes, such as tackling UIDs, there was acceptance that not everyone would be able to afford higher increases in their water bill to cover the costs.

Overall views on reasonableness and value for money of the proposed charge

At the end of all discussions, participants were asked to answer some quick polling-style questions in relation to the charges:

- Do you think the proposed charge in the Final Business Plan (of CPI+3.3%) is reasonable?[12]
- On balance, do you think the Final Business Plan offers value for money?

[12] Scales that were used for these two questions are as follows: 1. Yes, very much so; 2. Yes, to some extent; 3. No, not really; 4. No, not at all; 5. Not sure.

As highlighted in the previous chapter, the polling was an illustrative tool to support participants in drawing their conclusions and not intended to be representative of the depth or nuance of their views on the Final Business Plan. However, the results do help to illustrate participants' summary views on the charges.

Overall, there was broad agreement that the charge in the Final Business Plan was reasonable and, to a slightly lesser extent, that it offered value for money:

- Among household customers who took part in phase three, 60 said that the proposed charge was reasonable, with eight saying they did not believe it was reasonable. For household customers, 57 said they believed the Final Business Plan offered value for money, with nine saying no and two being unsure.
- Among non-household customers, 28 said that the CPI+3.3% charge was reasonable, with one being not sure and believing they needed more information. For non-household customers, 25 said they felt the Final Business Plan offered value for money, with one saying no, and three being not sure.

Table 3.1: Polling question responses – Do you think the proposed charge in the Final Business Plan (of CPI+3.3%) is reasonable?

Scale Participant group	Reasonable	Not reasonable	Not sure
Household Customers	60	8	-
Non-Household customers	28	-	1

Table 3.2: Polling question responses - On balance, do you think the Final Business Plan offers value for money?

Scale Participant group	Yes	No	Not sure
Household Customers	57	9	2
Non-Household customers	25	1	3

4 Conclusions on the Final Business Plan

This section summarises the findings from phase three, where customers formed their conclusions on the Final Business Plan.

Summary of findings in phase three

- **Participants were broadly positive about the Final Business Plan** and were pleased with the extent to which feedback on the Draft Business Plan had been taken on board by Scottish Water. They felt that Scottish Water had listened to customer feedback and welcomed the transparency they had shown about the decisions informing the Final Business Plan and the charges.

- **In keeping with the findings from phase two, participants were broadly positive about the investments and the outcomes** set out in the Final Business Plan. Having heard detail about the main changes that had been made to the investment areas – e.g. the increased focus on drinking water quality, maintaining rather than improving performance on repeat supply interruptions, postponing 16 complex high-priority UIDs, and less investment in some carbon reduction measures - participants largely understood the need for these types of trade-off in order to keep customer charges as low as possible.

- **The reduction in charges from the originally proposed CPI+4% to CPI+3.3% was broadly welcomed**, and there was a sense that customers' affordability concerns had been listened to by Scottish Water. On balance, participants felt that the charge of CPI+3.3% was a reasonable compromise given the current economic climate and the rising costs of daily bills. Participants appreciated the level of information that Scottish Water had presented on the reasoning behind the charge.

- **However, there were concerns that delaying some investment now might lead to charges having to increase in future.** Among those participants who were more in favour of the CPI+4% and CPI+5% charge increases, there was a view that Scottish Water should invest more in the areas that need the investment to avoid higher charges impacting participants in future billing periods. In addition, some participants said they would have liked to have seen Scottish Water go further by achieving more outcomes in SRC27 rather than delaying to future periods.

Does the Final Business Plan command customer support?

Overall, there was broad support for the Final Business Plan. Taking everything into consideration, the Final Business Plan was described by participants as a balanced, sensible and acceptable approach. Participants' support for the Final Business Plan was based on:

- **A view that Scottish Water's investments were well aligned with customer priorities**. For example, participants welcomed the renewed focus on high water quality levels and changes to some of the carbon reduction measures.

- **An overall perception that CPI+3.3% was more affordable than the CPI+4% charges outlined in the Draft Business Plan.** While some participants still felt that Scottish Water could have gone further and others remained concerned about the affordability of the charges, on balance the Final Business Plan charge was seen to be a reasonable compromise.

  " I definitely [support the Final Business Plan]. I think the step from 4% to 3.3% on top of the CPI is a very smart move that really improves acceptability of the whole thing." (Household customer)

- **Support for the deliberative engagement process.** Participants felt Scottish Water had been open and transparent and demonstrated how their views – and those of other customers and stakeholders – had been listened to and responded to.

  "I'm quite supportive. Yeah, I think it's a reasonably good plan. Not 100%, but I don't think anyone would expect us to be. But from what we've seen, to me it's been a well thought out plan. It's been tweaked and adjusted accordingly as this project has proceeded and I'm pretty pleased with what [they have shown] us now." (Household customer)

- **An assumption that the outcomes in the Final Business Plan would be met and that WICS would hold Scottish Water to account.** Having heard presentations from WICS in both phase two and phase three, participants had felt reassured about the role of the regulator and that there was a system in place to hold Scottish Water to account for performance against the Final Business Plan. At the end of phase three, participants' support for the Final Business Plan was often seen as contingent on WICS ensuring that the ambition and outcomes of the plan were achieved (see more below).

However, while there was overall support for the Final Business Plan, some concerns remained. These prevented some participants from saying that they fully supported the plan:

- **The perceived risks associated with postponing certain investments** was one of most commonly raised concerns. They felt that these postponements (e.g. delaying the investment in 16 high priority UIDs) posed the risk of assets failing, and the likelihood of customer charges increasing later when these investments are needed. There was also some disappointment with lower investment in carbon reduction and maintaining water supply performance, and a perception that some investments could have been more ambitious.

- **Uncertainty about impact of inflation on customer charges, and the cumulative impact of rising household and business bills.** While participants accepted that these factors were not within Scottish Water's control, concerns remained about the financial impacts of the increased costs for households and businesses in the context of wider increases to the costs of living and of doing business.

- **The need for more reassurance that Scottish Water have explored all possible cost savings and income streams**. These participants wanted to be clear that customer charges were justified, which was partly linked to questions previously raised by participants around the acceptability of executive pay and bonuses.

Finally, when asked about what they would most like WICS to consider as it sets its draft and final determinations, two main roles for WICS were emphasised:

- **Carrying out a thorough review of the investments and outcomes of the business plan** to ensure Scottish Water is being as efficient as possible, that it has set realistic targets, that the ambition and outcomes are achievable, and that there is sufficient detail underpinning the plan that demonstrates how the outcomes will be achieved. Among those participants that were content with the originally proposed CPI+4% charges in the Draft Business Plan, some were keen to see more scrutiny around the rationale for delaying investments, particularly the 16 high priority UIDs, and consideration of whether or not that decision could be revisited.

- **Holding Scottish Water to account for delivery of the investments and outcomes** in the Final Business Plan over the next six years. They stressed that the role of check and scrutiny should happen throughout the SRC27 period and not just at the end.

Appendix A: Customer profile

The tables below summarise the participant profile of household customers and non-household customers recruited to take part in the research. It shows the numbers recruited against the targets, and an update on those completing phase two.

Table 4.1: Household customers - cohort 1 breakdown of quotas and recruited participants

Demographic	Variable	% in population[13]	Target	Total (phase one)	Total (phase two)	Total (Phase Three)
Gender	Women	51%	32	32	26	26
	Men	49%	31	31	23	21
Age	25-34	15%	12	11	8	8
	35-54	31%	22	22	16	15
	55-64	18%	13	14	12	11
	65+	24%	16	16	13	13
Ethnicity	Ethnic minority group	7%	5 (boosted)	4	2	2
	White	93%	58	59	47	45
Location	Central	12%	8	9	8	8
	Glasgow	13%	8	8	4	4
	Highlands & Islands	8%	6	7	3	2
	Lothians	15%	9	9	7	6
	Mid Scotland & Fife	12%	8	8	7	7
	North East Scotland	14%	8	8	7	7
	South	13%	8	6	6	6
	West	13%	8	8	7	7
Urban / Rural	Rural	17%	12 (boosted with minimum 5 remote rural and/or islanders)	14 (7 remote rural and/or islanders)	11	11
	Urban	83%	51	49	38	36
SIMD	SIMD 1 & 2	40%	25	25	19	18
	SIMD 3,4 & 5	60%	38	37	29	28
	Unknown[14]			1	1	1
		TOTAL	63	63	49	47

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

Table 4.2: Household customers - cohort 2 breakdown of quotas and recruited participants

Specification A (younger people aged 16-24)

Demographic	Variable	Target	Total (phase one)	Total (phase two)	Total (phase three)
Gender	Women	7	6	3	2
	Men	6	6	1	1
	Non-binary	N/A	1	1	1
Location	Central	2	2	1	0
	Glasgow	2	2	2	2
	Highlands & Islands	1	1	0	0
	Lothians	2	2	1	1
	Mid Scotland & Fife	1	1	0	0
	North East Scotland	3	3	1	1
	South	1	1	0	0
	West	1	1	0	0
	TOTAL	**13**	**13**	**5**	**4**

Specification B (other under-represented groups)

Demographic	Variable	Target	Total (phase one)	Total (phase two)	Total (phase three)
Gender	Women	15	16	13	11
	Men	14	13	11	7
Age	25-34	8	6	6	5
	35-54	9	11	9	6
	55-64	6	8	7	5
	65+	6	4	2	2
Ethnicity	Asian / British	2	2	2	1
	Black / British	2	2	2	1
	Mixed / Other	2	2	2	1
	White	23	23	18	15
Location	Central	4	4	3	2
	Glasgow	4	5	4	3
	Highlands & Islands	2	2	2	2
	Lothians	4	5	3	3
	Mid Scotland & Fife	3	3	3	2
	North East Scotland	4	4	4	2
	South	4	3	2	1
	West	4	3	3	3
Caring	Unpaid carer	5 (minimum)	14	11	10
Disability	None/prefer not to say	14	11	10	9
	Long-term limiting	15	15	14	7
	Long-term not limiting		3		2
Financially vulnerable	Finding it difficult on present income	9 (minimum)	15	13	10
SIMD	SIMD 1 & 2	15 (minimum)	13	11	9
	SIMD 3,4 & 5	14 (maximum)	15	12	8

	Unknown[15]		1	1	1
TOTAL		**29**	**29**	**24**	**18**

Table 4.3: Non-household customers – cohort 3 breakdown of quotas and recruited participants

Demographic	Variable	Target (Minimums)	Total (phase two)	Total (phase three)
Business size	Micro-business (0-9 employees)	20	25	19
	Small business (10-49 employees)	5	10	7
	Medium business (50-99 employees)	1	2	1
	Large business (100-249+ employees)	1	1	1
	Corporate (250+)	1	1	1
Rurality	Urban	15	23	19
	Rural	15	16	10
Number of sites	Single site	10	30	22
	Multiple sites	10	9	7
Sector	Accommodation and food	Mix of: 4 agriculture, forestry and fishing; 8 manufacturing, mining and quarrying, electricity, gas, steam and air conditioning, and construction; Spread across other sectors	3	2
	Administrative and support services		1	1
	Agriculture, forestry and fishing		5	5
	Arts, entertainment and recreation		2	1
	Construction		3	3
	Education		0	0
	Electricity, gas, steam and air conditioning supply		2	2
	Health and social care		1	0
	Financial services		0	0
	IT and communication		0	0
	Mining and quarrying		0	0
	Manufacturing		5	4
	Professional, scientific and technical		8	4
	Public administration and defence		0	0
	Real estate		1	1
	Retail and wholesale		7	5
	Transport		0	0
	Other		1	1
	Could operate without water	15	4	4
	Could partially operate without water	10	14	12

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

Water importance[16]	Could not operate without water	10	21	13
Water usage	Low water consumption	10	17	13
	Medium water consumption	10	13	11
	High water consumption	10	9	5
	TOTAL	**40**	**39**	**29**

[16] Responses reflect varying interpretations of water reliance (e.g. some interpreting kitchen/toilet facilities as critical to business operations and others saying that they could operate without these functions for a short time). In some cases, the research team amended an initial responses given at screening based on further information provided during the interview.

Appendix B: phase one fieldwork overview

During phase one, household 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 4.4: 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	Household 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	Household 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)

Appendix C: phase two fieldwork overview

Phase two of this research engaged both household and non-household customers. A summary of fieldwork is provided below.

Breakdown of fieldwork by cohort

During phase two, **household customers in cohort 1** participated in three online workshops and an online community as part of the public dialogue strand of the research:

- An online refresher session was delivered on 11 June 2025 to support learning and engagement between the introduction given in phase one (March 2025) and the next workshop (August 2025). A summary note of the refresher session is provided below.

- WS2a was a three-hour online workshop which took place on 14 August 2025. During this session, participants were introduced to key aspects of Scottish Water's Draft Business Plan, including the investment areas and charges. Participants explored one or two investment areas in detail in smaller breakout groups, which were rotated across groups to allow for more detailed discussion and to avoid overwhelming participants with too much information. Having explored investment areas in more detail, participants viewed and discussed a breakdown of monthly bills by council tax band based on CPI+4%, followed by the alternative scenarios of CPI+3% and CPI+5%.

- WS2b was a three-hour online workshop which took place on 8 October 2025. During this session, participants heard from the Water Industry Commission for Scotland (WICS) about their role in holding Scottish Water to account, as this was an area that participants sought clarity on in earlier sessions. Participants also heard from Scottish Water who gave an update on the Draft Business Plan based on feedback received so far. Questions gathered during this workshop were responded to both in the session by Scottish Water and WICS representatives during a live Q&A and in writing after the session.

- Between WS2a and WS2b, participants had access to an online community. This was a private online space for continued engagement on the Draft Business Plan and for participants to raise/discuss issues with each other. Having considered the monthly bills by council tax band, participants were shown a more personalised breakdown of bills based on the potential discounts or exemptions that they might be eligible for (e.g. 25% or 35%), as well as water only bills for those with a septic account. All activities were open so that participants could see and response to each other's comments, with the exception of the bills activity which was done privately to allow participants to share personal reflections. Further learning resources were accessible via the online community (e.g. for learning more about inflation and the different stakeholders making up the wate sector in Scotland) along with an ongoing Q&A.

Household customers in cohort 2 (under-represented groups) took part in the online community and engaged with similar content to cohort 1. However, instead of attending workshops and listening to live presentations, they were given access to recordings via the online community to watch in their own time and at their own pace. Key aspects of the Draft Business Plan (including a summary 'Plan on a Page', a breakdown of all the investment areas and costs, and a breakdown of charges) were then shared for participants to review and comment on. The Ipsos research team released activities in a staged way over several weeks, moderating discussions and providing clarifications where needed. Cohort 2 participants had access to the Q&A and other learning resources throughout to support engagement. They could also engage with cohort 1 participants via the online community, which allowed them to hear from a wider range of perspectives. As above, the bills activity was private to allow participants to share personal reflections.

All household customers were sent a copy of the full Draft Business Plan.

Non-household customers took part in 60-minute in-depth interviews via video call. Interviews took place in August and September 2025. Non-household customers engaged with similar content to household customers. However, to ensure they were familiar with the background (as shared with household customers in phase one), participants received a 2-page background pack with information about the water sector in Scotland, Scottish Water's role and of licenced providers, the SRC27 process, key challenges facing the sector, and Scottish Water's Long Term Strategy. This was also covered at the beginning of the interview. During the interview, Ipsos researchers presented slides (detailing the Draft Business Plan on a Page, costs, and investment areas) on Scottish Water's behalf using a script. Non-household customers then engaged with one or two investment areas in detail. Due to limited time these were rotated across interviews to give participants enough time to consider and share their views, whilst also ensuring even coverage of investment areas overall. Participants were then shown a breakdown of annual bills across the SRC27 period based on CPI+4% followed by the alternative scenarios of CPI+3% and CPI+5%. Participants were talked through a payment band that was closest to their current bill so that they could share views on the increase in charges in as relatable way as possible. The full Draft Business Plan was sent to non-household customers who wanted a copy after the interview.

Material covered during phase two

An overview of phase two fieldwork and the material covered is summarised in the table below.

Table 4.5: Phase two fieldwork overview

Engagement mode	Date/time	Group	Objective	Engagement description	Presentations
Public dialogue refresher session Recap on introductory learning	Wednesday 11 June 2025 18.00 – 19.30	Cohort 1 household customers	Re-engaging participants and re-familiarising with key issues.	Recap on the process. Presentations from Ipsos, the Fraser of Allander Institute and Consumer Council for Water (CCW). Small breakout discussions.	Recap on key topics covered and findings from phase 1 (Ipsos). Broad economic concepts such as CPI (Fraser of Allander). Perspective of water industry outside Scotland and reflections on price review in England and Wales (CCW).
Public dialogue workshop (2a) Introduction to Draft Business Plan and deliberation of key issues	Thursday 14 August 2025 18.00 – 21.00	Cohort 1 household customers	Present Draft Business Plan and explore views on investment areas and acceptability of proposed CPI+4% charge (plus alternative scenarios of CPI+3% and CPI+5%).	Recap on the process. Presentations from Scottish Water. Small breakout discussions and Q&A with Scottish Water in plenary. Focused discussion on 1-2 investment areas (rotated across groups)	Introduction to the Draft Business Plan (Scottish Water) Detailed overview of Draft Business Plan (Scottish Water)

				Consideration of CPI+4% charge using breakdown of possible monthly bills by council tax band Consideration of alternative scenarios (CPI+3% and CPI+5%)	
Online community Introduction to Draft Business Plan (cohort 2) Deliberation on plan (all household customers)	w/c 11 August to w/c 6 October 2025	Household customers (cohorts 1 and 2)	Explore key aspects of Draft Business Plan and gather views on investment areas and acceptability of proposed CPI+4% charge (plus alternative scenarios of CPI+3% and CPI+5%).	Staggered release of activities as follows: Welcome and ground rules Recap on key topics covered and findings from phase 1 Learning corner (all presentations, information about CPI/inflation, price review in England and Wales) Q&A organised by topic/theme Short videos introducing organisations that make up the water sector Water in the news (for participants to share what they have seen or heard) Key takeaways from WS2a (cohort 1 only)	Recordings of all presentations above were put on the online community for participants to playback any time. Short videos recorded by water sector organisations (including WICS, DWCR, SEPA, ICG and Scottish Government)

				Draft Business Plan introduction (cohort 2 only) Draft Business Plan investment areas Draft Business Plan CPI+4% charges (private) Draft Business Plan alternative scenarios of CPI+3% and CPI+5% (private) Summary thoughts on Draft Business Plan	
Depth interviews with non-household customers Introduction to key issues and discussion of Draft Business Plan	18 August – 26 September 2025	Non-household customers	Present Draft Business Plan, explore views on investment areas and acceptability of proposed CPI+4% charge (plus alternative scenarios of CPI+3% and CPI+5%).	Familiarisation with topic and key issues (referencing information pack sent in advance of interview). Presentation of information provided by Scottish Water (delivered by Ipsos researcher). Gathering initial responses to Draft Plan on a Page and overall cost of the Plan. Exploring 1-2 investment areas (rotated across interviews).	Distilled presentation content delivered by Ipsos researcher using approved script.

				Consideration of CPI+4% charge using breakdown of possible annual bills. Consideration of alternative scenarios (CPI+3% and CPI+5%). Capturing summary views on Draft Business Plan and areas needing clarification.	
Public dialogue workshop (2b) Updates on Draft Business Plan and further deliberation	Wednesday 8 October 18.00 – 21.00	Household customers (cohort 1)	Present and discuss developments to the Draft Business Plan	Recap on the process. Presentations from Scottish Water and WICS. Small breakout discussions and Q&A with specialists in plenary. Focused discussion on developments to the Draft Business Plan	Role of economic regulator in holding Scottish Water to account (WICS) Feedback on Draft Business Plan (Scottish Water) Clarifications to/developments on Draft Business Plan in response to feedback (Scottish Water)

Key points from refresher session

Introduction

- Top of participants' minds since the last session were the scale of water infrastructure and key challenges facing water sector (climate change, population shifts, ageing assets), positivity around Scottish Water's public ownership and water quality in Scotland.

- Participants' views had not changed since the first session, but reported a greater understanding and awareness of factors impacting water and waste water services (water usage, warmer weather/ extreme weather changes).

- Key considerations for participants ranged from ensuring good water quality and water supply, affordability and population change.

Views on Economic Context and Strategic Review Process in England and Wales

- During the session participants were given two presentations from the Fraser of Allander Institute, which discussed consumer prices and inflation, and from the Consumer Council for Water, regarding the Strategic Review 2024 process that took place in England and Wales.

- Participants were struck by the price increases that consumers in England and Wales experienced. There was understanding from participants that price rises in Scotland felt inevitable and that Scottish Water needed to do this, but balancing this with affordability and protections for vulnerable households was felt to be key.

- Reflecting on the presentations, there was some wariness of Scottish Water utilising their performance metrics (compared to other utility providers in the UK), or uncertainty around inflation, as justification for drastically increased prices.

Expectations of Scottish Water's Business Plan (BP)

- Affordability: there is an understanding that price increases will come in the future, but evidence of how affordability has been considered and balanced within the BP will be important.

- Transparency: the BP should set out, in plain and accessible language, a justification for the charges and what customers can expect in return.

- Sustainability: the BP should confirm Scottish Water's commitment to sustainable practices which will have more beneficial impacts on the environment in Scotland. There is an interest in seeing how investments will lead to 'future proofed' infrastructure for cost effectiveness over the long term.

Appendix D: phase three fieldwork overview

Phase three of this research engaged both household and non-household customers. A summary of fieldwork is provided below.

Breakdown of fieldwork by cohort

During phase three, **household customers in cohort 1** participated in an online workshop, or in a mini-group discussion if they could not attend the deliberative workshop.

Prior to the workshop discussion, cohort 1 participants were sent some advance materials to review ahead of the session. These included a short summary document which provided an overview of participants' views so far, a recording of the Draft Business Plan investment areas and charges as a reminder, and the Q&A document. The week before the discussion, participants were also sent a recording of a presentation by WICS describing their role in the process along with an advanced look at the CPI+3.3% charges.

Workshop three was a three-hour online workshop which took place on the 25 March 2026. During this session, participants were shown recordings of presentations by Scottish Water representatives discussing the Final Business Plan. This included the feedback that Scottish Water had received from customers and stakeholders on the Draft Business Plan, what changes had been made to investment area targets and the changes to customer charges. Participants explored the changes that had been made to investment areas from the Draft Business Plan. Questions were then gathered and raised to Scottish Water representatives during this workshop. Participants were then asked to reflect on what they had heard from Scottish Water on the Final Business Plan and were asked to come to their own conclusions on whether they felt the Plan was reasonable, offered value for money and if it commanded their support.

Household customers in cohort 2 were presented the option to join either the workshop discussion on the 25 March with the cohort 1 participants, or to proceed in mini-group/ one-to-one interviews with a member of the research team. These discussions ran for 90 minutes for mini-group discussions, which consisted of no more than five participants to ensure that everyone in the group had a chance to voice their opinion. Depth interviews ran for 60 minutes. Cohort 2 participants also received the same advanced materials as cohort 1 participants.

During the session, the research played the same recordings which were presented in workshop three. The recording was paused roughly halfway through, to allow the facilitator to collect any thoughts that the participant(s) may have at this point before continuing with the second part of the recording, which focused on the investment areas and the CPI+3.3% charge. They were also asked to reflect on the Final Business Plan and decide if they felt that it commanded their support.

Non-household customers took part in 60-minute in-depth interviews via video call. Interviews took place in March and April 2026. As in phase two, non-household customers engaged with similar content to household customers. They were sent the WICS recording and a summary document similar to that of household participants, but instead highlighting the key views and points raised by non-household participants.

During the interview, the Ipsos research team presented the same video presentations that had been played for household customers. Following the same structure as the mini-group/ one-to-one interviews, business customers were asked for their views at different stages of the recording. Following the same format as phase two, business customers were shown an annual breakdown of what the charges in the Final Business Plan would look like over the six year period. Participants were talked through a payment band which was closest to their current bull so that they could share views on the increase in charges in as a reliable way as possible. A copy of the Final Business Plan was sent out to participants who wanted a copy after completing their interview.

Table 4.6: Phase three fieldwork overview

Engagement mode	Date/time	Group	Objective	Engagement description	Presentations
Public dialogue workshop (3) Presentation of the Final Business Plan and deliberation or mini-group discussions	Wednesday 25 March 2026, 6-9pm	Domestic customers	Gather participants' conclusions on the Final Business Plan and whether it commanded their support.	Overview of the feedback Scottish Water received from consumers. Facilitator-led walk through of CPI+3.3% content followed by discussion. Capturing views on the CPI+3.3% charge proposed in the Final Business Plan using breakdown of possible monthly bills by council tax band. Discussions on the degree to which customers support the Final Business Plan.	Presentations from Scottish Water representatives on what had changed in the Final Business Plan based on customer and stakeholder feedback. Key changes made to the targets in different investment areas and the change to CPI+3.3% charge being proposed in the Final Business Plan.
Engagement with under-represented groups Presentation of the Final Business Plan and discussions	10th March – 31st March 2026	Domestic customers (under-represented groups who did not wish to take part	Gather participants' conclusions on the Final Business Plan and whether it commanded their support.	Overview of the feedback Scottish Water received from consumers. Facilitator-led walk through of CPI+3.3% content followed by discussion using breakdown of possible	Presentation recordings from Scottish Water representatives on what had changed in the Final Business Plan based on customer and stakeholder feedback.

via mini-groups or one to one interviews		in the Workshop)		monthly bills by council tax band. Capturing views on the CPI+3.3% charge proposed in the Final Business Plan. Discussions on the degree to which customers support the Final Business Plan.	Key changes made to the targets in different investment areas and the change to CPI+3.3% charge being proposed in the Final Business Plan.
Depth interviews with non-household customers Presentation of the Final Business Plan and discussions via one to one interviews	3rd March – 13th April 2026	Non-household customers	Gather participants' conclusions on the Final Business Plan and whether it commanded their support.	Overview of the feedback Scottish Water received from consumers. Facilitator-led walk through of CPI+3.3% content followed by discussion using breakdown of possible annual charge. Capturing views on the CPI+3.3% charge proposed in the Final Business Plan. Discussions on the degree to which customers support the Final Business Plan.	Presentation recordings from Scottish Water representatives on what had changed in the Final Business Plan based on customer and stakeholder feedback. Key changes made to the targets in different investment areas and the change to CPI+3.3% charge being proposed in the Final Business Plan.

Our standards and accreditations

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

International standard for information security designed to ensure the selection of adequate and proportionate security controls. Ipsos UK was the first research company in the UK to be awarded this in August 2008.

The UK General Data Protection Regulation (UK GDPR) and the UK Data Protection Act 2018 (DPA)

Ipsos UK is required to comply with the UK General Data Protection Regulation (GDPR) and the UK Data Protection Act (DPA). These cover the processing of personal data and the protection of privacy.

HMG Cyber Essentials

Cyber Essentials defines a set of controls which, when properly implemented, provide organisations with basic protection from the most prevalent forms of threat coming from the internet. This is a government-backed, key deliverable of the UK's National Cyber Security Programme. Ipsos UK was assessed and validated for certification in 2016.

Fair Data

Ipsos UK is signed up as a "Fair Data" company by agreeing to adhere to twelve core principles. The principles support and complement other standards such as ISOs, and the requirements of data protection legislation. .

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