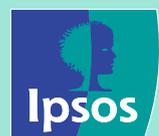


SRC27 longitudinal deliberative research

**Findings
from phase two**

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 determinations.

As the statutory independent body for consumers in Scotland, Consumer Scotland advocates on behalf of consumers and represents their interests across a range of sectors, including water. Consumer Scotland is playing a crucial role in the Strategic Review of Charges process for 2027-33 (SR27), 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 SR27 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.

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.

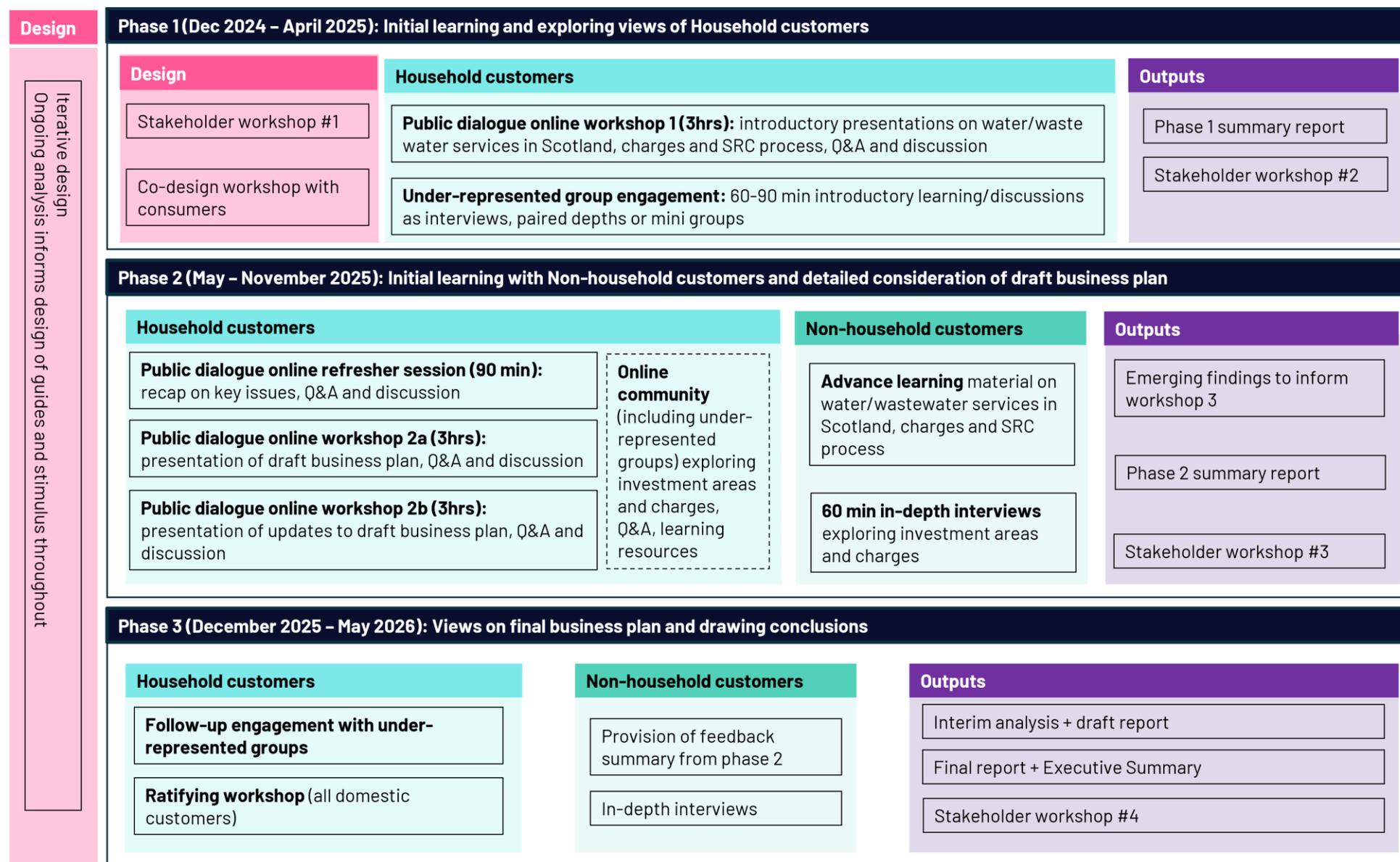
The specific methodology used for this research involves a public dialogue, with household customers, where participants interact directly with experts (such as water sector stakeholders, advocates and policy makers). The public dialogue is combined with longitudinal qualitative research with household 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** (complete) 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** (complete) 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 this summary report.
- **Phase three** (not started), will provide an opportunity for household and non-household customers to review Scottish Water's Final Business Plan and to form conclusions.

A Research Advisory Group (RAG) comprising representatives from 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.
- **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 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 and 29 completed phase two.

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.

Non-household customers (i.e. businesses) represent Cohort 3 for this research and 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. A table summarising the sample profile of organisations can be found in Appendix A.

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 SR27 RAG, including representatives from Scottish Water and the Independent Customer Group (ICG). All presentations were developed

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

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 and C.

Phase two overview

Phase two of this research has engaged both household and non-household customers. It builds on the findings from phase one (detailed in a separate report). Phase two of the research involved multiple strands of engagement which are summarised below and detailed further in appendix C.

Cohort 1 household customers participated in an online refresher session as a bridge between the first and second workshops, which were 5 months apart, to help maintain engagement and support learning. They then took part in two online workshops: the first (referred to as workshop 2a) explored views on key aspects of the Draft Business Plan including investment areas, reference charging scenario and alternative scenarios, and the second (referred to as workshop 2b) explored views on developments to the plan in response to feedback that Scottish Water had received from a range of customer and stakeholder groups.

Between the workshops, an online community ran for 13 weeks to provide an opportunity for continued learning and discussion. This was a private online space for continued engagement on the Draft Business Plan and for participants to raise/discuss issues with each other. All materials from workshop 2a, along with other learning resources (e.g. information about inflation, short explainer videos about the water sector, Questions & Answers) were made available on the online community for participants to reflect on and engage with in their own time. Overall, 63 participants progressed from phase one to phase two of the research, with 49 completing this phase.

Cohort 2 household customers also took part in the online community and engaged with similar content to cohort 1. However, instead of attending workshops and listening to live presentations, cohort 2 were given access to recordings to watch in their own time and at their own pace. Of the 42 participants who progressed from phase one to phase two, 29 completed the online community.

Non-household customers took part in 60-minute in-depth interviews and engaged with similar content to household customers. To ensure they were familiar with the research context (as shared with household customers in phase one), participants received a 2-page background pack with information about the water sector in Scotland and the SR27 process. 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, before discussing the investment areas and charges in detail. Overall, 39 businesses were interviewed.

To support and enable continued participation in all workshops, and in line with industry standards, participants were paid for their contributions in phase two. Cohort 1 household customers were paid £300 for participating in all three workshops and the online community. Cohort 2 household

customers were paid £50 for engaging in the online community. Non-household customers were paid between £100–£150 depending on the size of the organisation.

Workshops were arranged to take place outside of regular office hours to increase participation. The online community was available to participants at any time throughout the fieldwork period to maximise the convenience and accessibility of this engagement mode. There was a six-week fieldwork period for interviews with non-household customers to ensure the research team could be flexible around participants' availability. Interviews were offered during weekdays and evenings.

A range of presentations were delivered in phase two, including from Scottish Water, WICS, the Fraser of Allander Institute and the Consumer Council for Water (see Appendix C for details). In the online workshops, presentations were delivered live and specialists stayed online to answer questions in a plenary setting, following smaller breakout discussions where cohort 1 household customers had an opportunity to reflect on what they had heard and raise points for clarification before deliberating on key content from the Draft Business Plan. Recordings of the presentations were shared on the online community to support household customers (including cohort 2) with their deliberation. Any questions that arose during discussions were compiled in a Question and Answer (Q&A) section of the online community, with answers uploaded as they were provided by Scottish Water.

For non-household customers, an information pack was shared in advance of interviews so that participants could familiarise themselves with key contextual issues in relation to Scotland's water sector. This was discussed in the first part of the interview to check understanding before engaging with the Draft Business Plan.

As part of reviewing the Draft Business Plan, all participants received a breakdown of charges based on Scottish Water's reference scenario of CPI+4% and alternative scenarios of CPI+3% and CPI+5%. The charges were shown in slightly different formats to ensure they were as relevant and relatable for the particular group being engaged (see chapter 4 and appendix C for details).

Contents of this summary report

This report summarises findings from phase two of the research involving both household and non-household customers. In this phase, participants reviewed and discussed key content from Scottish Water's Draft Business Plan.

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 summarises initial views on water and waste water services in Scotland among non-household customers, who started engaging in the research in phase two (see the phase one summary report for the initial views of household customers).
- Chapter 3 covers the proposed investment areas and outcomes in the Draft Business Plan.

- Chapter 4 covers the proposed charge of CPI+4% and alternative scenarios (CPI+3% and CPI+5%) set out in the plan.

Views on developments to the Draft Business Plan and additional contextual information (provided by Scottish Water and WICS) are also presented within chapters 3 and 4. It should be noted that findings in relation to developments to the Draft Business Plan are based on workshop 2b, as only cohort 1 have had the opportunity to hear more from specialists about developments to the Draft Business Plan since its initial submission. Household customers in cohort 2 and non-household customers will hear about developments during the third phase of the research.

The emerging findings set out in this report are intended to contribute towards the development of Scottish Water's Final Business Plan as part of the SR27 process. This is to ensure that consumer priorities and views are reflected in the Final Business Plan, as well as in WICS' draft and final determination on the maximum charges that can be set for 2027-33.

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 and their understanding of the issues. These are not intended as authoritative statements of fact, or to be understood as solely within the remit of the SR27 process, but 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 Initial views on water and waste water services in Scotland (non-household customers)

Engagement with non-household customers started in phase two of the research. This chapter summarises initial views on water and waste water services among this group. A summary of the views from household customers, both Cohort 1 and 2, are covered in the Phase 1 summary report.

Understanding of the role of Scottish Water

Non-household customers generally had a good understanding of Scottish Water's role. They knew that it is publicly owned, is responsible for producing clean water and controlling sewerage, and that it manages infrastructure such as the pipe network and treatment works.

"I suppose [Scottish Water] makes sure that the end product is safe and usable". (Non-household customer)

There was some awareness that Scottish Water acts as the wholesaler in the market, selling water and wastewater services to licensed providers, and that these providers manage the billing for non-household customers. Some non-household customers mentioned that their awareness of Scottish Water's role may have stemmed from their relationship with Scottish Water in a domestic setting, while others had interacted with Scottish Water engineers as a result of work relating to construction, and others had seen advertisements from Scottish Water.

Generally, participants held a positive view of Scottish Water. This positivity was linked to not having encountered issues with their service, and therefore not needing to interact directly with Scottish Water. It was also noted that Scottish Water had not attracted the same levels of criticism directed towards water companies in England.

"Fortunately, I can take it for granted that when I want water I can get access to it and it's of good quality." (Non-household customer)

On the whole, responses from non-household customers were similar to those of household customers (as set out in the summary report from phase one).

Knowledge of licensed providers

There were mixed levels of knowledge among non-household customers about licensed providers. This ranged from those that did not know what a licensed provider was or the name of their licensed provider, to those who knew the name of their licensed provider and that they could call them if they encountered any issues. Businesses with limited knowledge of licensed providers explained that this was because they did not have direct contact with their provider, either

because they paid utility bills as part of their rental agreement or were new businesses who had not yet paid a bill. Others did not pay licensed providers for their water and waste water services. This included crofts and farms that paid for the services through their council tax, or had septic tanks collected by Scottish Water.

Those with more of an understanding of the role of licensed providers described them as “brokers” who are subcontracted by Scottish Water to handle billing to businesses. There was an understanding that licensed providers operate within a market and that businesses could switch providers for a cheaper rate. On a broader point, some businesses were sceptical of the need for licensed providers, describing them as “middlemen” and as an added level of bureaucracy between businesses and Scottish Water (though this was not a widespread view).

“I get phone calls maybe every day from brokers trying to sell me cheaper water. What worries me is how can one company be cheaper than the other when they obviously do the same service? Why can we not be billed directly from Scottish Water?” (Non-household customer)

3 Views on Draft Business Plan: investment areas

As part of phase two, both household (cohorts 1 and 2) and non-household customers (cohort 3) were provided with key information from Scottish Water's Draft Business Plan. This chapter outlines participants' initial views on the overall plan, followed by their detailed considerations of each investment area.

Summary of information presented

Participants were initially presented with a one-page summary of the Draft Business Plan (see Figure 3.1) and a breakdown of the overall cost to Scottish Water of delivering the plan (see Figure 3.2), followed by more detailed information on the investment areas and proposed outcomes for 2033². Participants all viewed the same content, however the delivery differed according to the mode of engagement:

- Cohort 1 household customers were shown each investment area as part of a presentation from Scottish Water in workshop two before focusing on two areas in detail in smaller breakout groups (investment areas were rotated across groups to allow for even coverage of each area and deeper discussion).
- Cohort 2 household customers viewed the slides on the online community, which cohort 1 household customers could also view and comment on after the workshop.

Cohort 3 non-household customers were shown the slides from Scottish Water's presentation and were read a script of the presentation content by Ipsos researchers during in-depth interviews. They then focused on two areas in detail (again these were rotated across interviews based on a combination of random allocation and areas of interest to the participant, to ensure even coverage of each area across interviews as well as deeper discussion).

Initial views on broad shape of plan

Across household and non-household customers, there were generally positive immediate reactions to the 'Draft Business Plan on a Page' (Figure 3.1).

The Draft Plan on a Page was described as sensible, feasible, and well thought out. Participants were positive about the investment areas and what Scottish Water plans to do over the next 6 years. These were broadly considered to be sensible and ensured preparedness for the long term;

² See 'Detailed Views on Investment areas' below. This covers, 'Scottish Water's carbon footprint', 'Scottish Water has played a key role in enabling Scotland's sustainable economic and housing growth', 'Scotland's rivers and seas improve and our communities are protected from flooding (including maintenance)', and 'Scotland's tap water remains a source of national pride (including maintenance)'

customers particularly liked the proposed investments for maintaining and future-proofing infrastructure, particularly in relation to reducing leakage, which it was thought would benefit future generations.

“I don't think you can really argue with these stated aims. They all seem entirely laudable and just what you would want a public service agency to be doing for all of us for everybody's benefit.” (Household customer, cohort 1, workshop 2a)

Participants also liked that the Draft Plan addressed some of the key challenges facing the water sector, such as ageing infrastructure and increasingly severe weather, which had been outlined to them previously. However, household customers questioned whether the Draft Plan addressed the impacts of population change, which was another key challenge outlined in phase one that they did not see mentioned directly in the Draft Plan on a Page.

Figure 3.1: Stimulus - “SR27 Draft Business Plan on a Page”



Initial views on the Draft Plan included a perception that it was ambitious in some of its aims, which was seen as a positive. For example, participants noted that some of the proposed outcomes of the plan looked to be ambitious, including reducing the number of Combined Sewer Overflows (CSOs), and cutting carbon emissions. However, there was some scepticism among household and non-household customers around whether these ambitious aims could be achieved while keeping customer charges as low as possible.

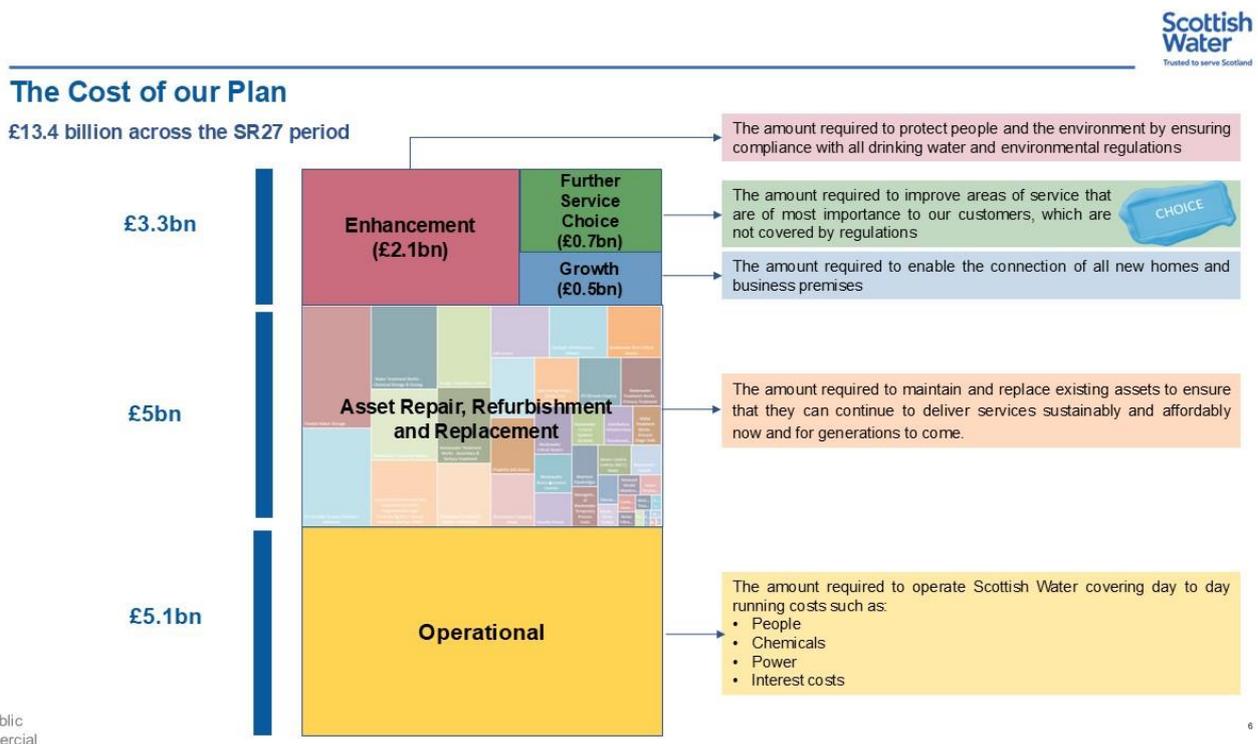
“I think it's good to be ambitious and they really need to sell that point in their plan to the general public that we're being ambitious, we're not aiming for the lowest figure and kicking the can down the road. That would be really unfair to future generations.” (Household customer, cohort 1, workshop 2a)

Views on level of investment required

Reacting to the cost of the Draft Business Plan (i.e. £13.4 billion across the SR27 period as shown in figure 3.2), household and non-household customers were somewhat surprised by the large sum of money needed to deliver the plan, as this was not necessarily something they had thought about before. Both household and non-household customers also noted concerns that costs could rise further due to unforeseen circumstances, and these that these costs could then be passed on to customers. Non-household customers who worked in construction said that they were particularly aware of the potential for spiralling costs of maintaining infrastructure. At this point, neither household nor non-household participants had been shown the proposed increase in customer charges.

“The largest proportion of the required budget is for infrastructure, and my concern would be that with more problems being uncovered as work starts and increasing costs, the required costs will escalate hugely and these costs will end up at the door of the customer.” (Household customer, cohort 2, online community)

Figure 3.2: Stimulus – “The Cost of our Plan”



The immediate reactions of non-household customers tended to be more focused on the costs of the Draft Plan. However, this may have been related to the way the information was presented to them, with the presenter asking for reflections after showing the Draft Plan on a Page and costs of the plan, meaning the costs were most recently in mind. Among non-household customers, one view was that costs felt very high, while another view was that these costs reflected the scale of Scottish Water's operations, or was not excessively high once they thought of it as per head of the population.

"The figures seem astronomical but when you think of what they need to do, it puts it into context." (Non-household customer)

A positive reaction was that businesses were generally pleased to see more money going to enhancement and repair. However, one non-household participant questioned whether the maintenance budget was a "sticking plaster" and that Scottish Water should invest in new infrastructure rather than maintaining existing infrastructure. This raised questions about comparisons with the previous budget and how current spend compared to projected increases.

Plans relating to investment in smart meters were queried, with some questioning why smart meters were only being rolled out to business customers. Others initially misinterpreted the Draft Plan on a Page as stating that smart meters would be rolled out to both business and household customers, but questioned how effective smart meters would be at reducing household water use. A view from a non-household customer was that the installation of smart meters to all business customers would be beneficial as it would allow for a fairer billing system based on actual usage, rather than estimates.

Detailed views on investment areas

Participants in Workshop 2a explored one or two investment areas in detail in smaller breakout groups, which were rotated across groups to allow for more detailed discussion within the time limitations and to avoid overwhelming participants with too much information. This rotation of topics is an effective approach in deliberative discussions when the focus is on depth of opinion in response to detailed stimulus. Investment areas were also rotated across interviews with non-household customers (see Appendix 3 for details).

The investment areas covered related to four aims from Scottish Water's Long-term Strategy:

- 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).

Participants were generally satisfied with the investment areas relating to maintenance and keeping Scotland’s tap water a source of national pride. They were largely accepting of the plans related to improving rivers and seas and protecting communities from flooding, though queried some aspects of this. Investment areas related to Scottish Water’s carbon footprint were met with mixed views, while investment in sustainable economic and housing growth was met with most challenge and questions.

Maintenance:

There was general satisfaction with Scottish Water’s plans to invest in maintenance of the water and waste water system. This included a view that maintenance was the most important part of the plan, described as “absolutely essential”, and the “bedrock of the service”. Investment was deemed necessary to future-proof the network and participants stressed the importance of being forward-looking in the plans.

It was acknowledged that the plans in this area would come at a significant financial cost, but this was thought to be necessary investment.

“If you skimp on maintenance now, it’s only going to become a bigger problem” (Non-household customer)

However, an alternative view was that Scottish Water should already have been investing heavily in this area. This was linked to participants’ desire for more details about what Scottish Water had delivered as part of the previous plan, as maintenance was felt to be an ongoing process rather than a one-off investment.

“The amount of investment required to bring the infrastructure up to spec was quite eye watering and highlighted to me Scottish Water’s failure to upgrade in the past and now the consumer will foot the bill” (Household customer, cohort 1, online community)

In workshop 2a, hearing about asbestos in drinking water pipes caused some alarm among cohort 1 participants due to concerns about potential health risks. As a result, there was a view that replacing these pipes should be prioritised and that a proactive approach should be adopted. This led to further questions as to why these older pipes had not already been replaced, especially as they were also likely to be more prone to leakage.

Scotland's water remains a source of national pride:

Providing high quality drinking water was generally considered a core responsibility of Scottish Water, alongside ensuring a reliable supply and reducing leakages. Therefore, maintenance and inspections in this area were seen by household and non-household customers as non-negotiable, and this was thought to be closely related to the need for investment in repair and enhancement in the system. Investment in the system was well received as part of a perceived focus on long-term planning, and participants liked to see how the six-year plan for the period 2027-2033 fit within Scottish Water's long-term strategy as a whole, covering the period 2025-2050.

Maintaining drinking water quality was seen as the top priority by some, and participants were generally impressed by the percentage of drinking water samples that pass tests every year (99.93%). Some participants questioned whether the investment in this area was worth what they saw as only a marginal improvement in water quality, given that water was already of high quality. Nonetheless, a reduction in quality was not deemed acceptable.

"I'm not saying it's not a priority because I mean anything can go wrong. But you don't have to improve on what we've got. I'm speaking from my behalf anyway, a business place where we get water and water quality is excellent." (Non-household customer)

Participants also considered the plans for **reducing water leakage** and supply issues by 2033 to be vitally important. However, there was a view that the outcomes for this part of the Draft Plan did not go far enough, given the large amount of investment. Participants noted that the outcomes were likely to be uncertain due to the increasing impact of climate change, and they understood that increased investment was needed to counter these impacts.

"They think it's going to get worse if they don't do anything but by 2033, with all the improvements, I thought it'd be a wee bit better. Instead of 400 Megalitres lost per day, which is a difference of like 48 million litres [compared to by 2027], I just expected it to be a bit lower with such a big investment." (Household customer, cohort 1, workshop 2a)

However, there was an appreciation that the cost of replacing pipes is likely to be high, and that Scottish Water can only do so much. As in other areas, participants wanted to know what progress had been made in previous years in reducing leakages, as it was thought that Scottish Water should already be investing in this area. In phase one of the research, household customers were shown a graph showing annual leakage levels from 2015-2024 as part of an introductory presentation from Scottish Water. At the time (March 2025), it was noted that the amount of water lost to leakage had reduced over time, but the overall amount lost had shocked some participants. By workshop 2a (which took place in August 2025) and with sight of the Draft Business Plan, participants were interested to know in more detail what progress had been made and how this related to previous levels of investment.

Maintaining a reliable supply of water was highlighted as a particularly important outcome by non-household customers who were reliant on water for their operations. Those who had not experienced issues, or had not heard of anyone in their area experiencing issues, were less sure about the need for investment here. Others questioned the plan to “reduce the risk of drought impacting on 662,000 homes and businesses”, as they did not think it was likely that Scotland would face bad droughts.

“I don't believe that I'm going to be alive in the stage where Scotland's going to have bad drought and there's going to be no water available to anyone. I don't think it's going to turn into the Sahara anytime soon”
(Non-household customer)

This view was more prevalent among non-household customers, who had not previously been shown material on the supply-demand balance of water in Scotland, which was shown to household customers in phase 1 as part of a presentation by Scottish Water. Indeed, when presented with this information initially, Cohort 1 household customers had expressed surprise at the idea that Scotland could face droughts, and at the start of workshop 2a was something that several participants said that they had been reflecting on since the first session.

“I had assumed that we didn't have a problem with Scotland's water needs and it seems that, you know, we are liable to experience drought conditions as well.” (Household customer, workshop 2a)

Scotland's rivers and seas improve, and our communities are protected from flooding:

Overall, this investment area was seen as very important among household and non-household customers, with general acceptance that the plans made sense and met expectations.

“It's exactly what we're hoping for. The sewer overflows are the things that are in the news a lot at the minute, particularly down in England, but a wee bit in Scotland as well. We want the serious ones fixed. We don't want anybody to have interior sewer flooding, heaven forbid, and external sewer flooding likewise.” (Household customer, cohort 1, workshop 2a)

Participants 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 to them. There was enthusiasm at the idea of reducing the number of Combined Sewer Overflows (CSOs) to zero if this meant improvements to the environment. However, it was noted that the outcome related only to High Priority CSOs being improved by 2033, which prompted the question of how High Priority was defined, and whether this outcome went far enough if it only covered these CSOs.

Participants felt that **reducing the risk of internal and external sewer flooding** was important, noting that experiencing these issues would be extremely unpleasant. There was disappointment that the outcomes relating to the number of properties at risk of repeated internal sewer flooding per year, and number of areas at risk of repeated external sewer flooding per year, were expected to remain the same or get worse over the six-year period. However, it was felt that Scottish Water were being transparent in saying that these areas would not see big improvements and an understanding that the impacts of climate change were outwith the control of Scottish Water, or that there would be constraints to what could be achieved within the budget for the plan.

"The idea of internal sewer flooding being a recurring problem, albeit for a small number of properties, I think needs to be much greater priority and it certainly shouldn't be static between 2027 and 2033." (Non-household customer)

Participants also questioned a few aspects of this investment area, including whether the plans for reducing sewer flooding represented good value for money, given the small number of properties affected and the large amount of investment that would be required.

"With this one, it obviously nobody wants flooding in your house, especially coming out your loo. But what's the cost and is it proportional for the numbers there?" (Household customer, cohort 1, workshop 2a)

Other areas that were questioned included how feasible it was for Scottish Water to create more green spaces, as they would be reliant on collaboration with local councils to do this, and whether Scottish Water could find innovative ways of storing and utilising more rainwater rather than letting it drain away.

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

Investment in sustainable economic and housing growth was met with most challenge and questioning by participants.

Plans relating to "building tomorrow's workforce" were received broadly positively, with participants pleased to see mention of investment in apprenticeships and the future workforce. There was a thought that it was good to see Scottish Water looking beyond the water system to improve "Scotland as a whole", particularly in their plans for skills development and hiring of apprentices.

However, there was a general view that some of the claims in this investment area were not as clear. For example, the outcomes for **building tomorrow's workforce** prompted queries around what was meant by the plan to recruit and train over 2,000 apprentices and graduates "between us and our supply chain", and how the claim that "for every position at Scottish Water, four more jobs are generated in the wider Scottish economy" is calculated. Participants also questioned the

nature of the jobs and apprenticeships offered, and the extent to which they would result in additional jobs that would be sustained in the long-term.

“Recruit and train 2,000 apprentices and graduates between us and our supply chain” is a bit sneaky: if 1,950 of those 2,000 are knock-on recruits to the supply chain, then while they work in the water sector more widely, it's not obvious why it needs significant investment by Scottish Water specifically.” (Household customer, cohort 1, online community)

Participants expected housing developers to have more responsibility in paying for the cost of connecting new homes, and so they were unclear on Scottish Water's role in **enabling sustainable housing growth** as outlined in the draft business plan. A non-household customer questioned why his business should be indirectly paying for the cost of connecting new businesses to the water system in the future, rather than the businesses paying for that themselves.

“I mean, there's a lot of cost to running a business nowadays. Not just the water but all utility bills going up through the roof, National Insurance going up through the roof, minimum wage going up through the roof. So what annoys me is, why does a poor businessman have to pay for everybody else?” (Non-household customer)

There tended to be less discussion of the outcomes relating to Scottish Water **supporting a prosperous Scotland**. There were differing views on the figure that 90% of Scottish Water's supply chain have bases in Scotland, ranging from a view that this was unimportant, to feeling that this target should be at 100%. Others questioned whether this figure would include multinational companies who had an office in Scotland.

Scottish Water's carbon footprint:

This investment focussed on plans for reducing Scottish Water's **carbon footprint**, under the investment area in the Draft Plan on a Page entitled 'Improving the lives of our customers, communities and environment to help Scotland flourish come rain or shine'. These plans relating to reducing Scottish Water's carbon footprint were met with mixed views.

One perspective was that reducing the carbon footprint of Scottish Water was vitally important. Within this, views ranged from a feeling that the Draft Business Plan does not go far enough but was better than nothing, to a feeling that these outcomes would be satisfactory if they could be delivered in full by Scottish Water as outlined in the plans.

Those who were more accepting of the plans appreciated the practical detail on Scottish Water's plans for reaching net-zero emissions and liked how it connected to Scottish Water's other

responsibilities, with tree-planting linking to outcomes such as flood prevention and improved water quality.

“I like the joined-up thinking in that they are using their land to plant trees which offsets carbon but also reduces the amount of water that they have to deal with. And that's very big picture thinking, the greener the world is, the less concrete there is pushing water straight into the drains that has to then be dealt with. So that's a good top-level connection.” (Household customer, cohort 1, workshop 2a)

However, while supportive, participants were also wary of the risk of greenwashing and wanted to know whether the outcomes outlined in the plan would have a genuine impact on the environment and were not merely a token gesture. Participants with this viewpoint generally wanted more detail and assurances, viewing planting trees as important but noting that it had to be done correctly. This meant that they wanted assurance that the trees will be planted in Scotland on land owned by Scottish Water, that they will be the right kind of trees for Scotland, and that the trees will be cared for over many years.

“[Planting trees is] a very big cop out from actually trying to build an infrastructure that's more sustainable like electric vehicles and things like that. So my challenge to them would be - it's very well planting trees and it's a good initiative, but what else are they doing to reduce their carbon footprint?” (Household customer, cohort 1, workshop 2a)

Reactions to the plans also included some surprise at the focus on offsetting carbon and planting trees. There was a perception this was not a core responsibility of Scottish Water, related to a view that tackling climate change was important but that the immediate focus of the plans should be on infrastructure refurbishments.

“I have no idea why Scottish Water would have anything to do with creating new woodlands.” (Non-household customer)

A contrasting perspective was that this area was not something that Scottish Water should be focusing on, which was largely underpinned by a scepticism of the net-zero emissions as a goal generally. In some cases, though, it was related to concerns that investment in this area would divert resources away from more important priorities. It was also noted that some of the outcomes in this investment area, such as restoring peatland and planting trees, may not yield results until many years after the six-year business plan.

"If someone said we're increasing the time it takes to get our burst water main fixed because we're too busy planting trees, we certainly might question what the actual priorities of Scottish Water is." (Non-household customer)

Areas requiring more clarity or justification

Having considered the investment areas within the Draft Business Plan, household and non-household customers sought more clarity or justification around specific areas.

An overarching theme was the importance of contextualising the Draft Plan, so that participants could assess whether plans for SR27 represent a continuation, a step forward, or a step back in terms of investment and performance targets. Participants were therefore keen to know how the Draft Business Plan compared with previous plans, and how current and projected performance compared to historic performance.

Other areas where participants sought more clarity or justification centred around these core themes:

Efficiencies:

- What efficiencies Scottish Water would be making in delivering the Business Plan, to ensure that the cost to customers was as low as possible.
- More detail on how Scottish Water would be using innovative technologies to deliver services as part of the plan.
- More detail on the use of innovative technologies in the plan, including the impact of AI on the water industry in the plan.

Accountability:

- Who would hold Scottish Water accountable for delivering the Business Plan.
- How bonuses and executive pay are linked to specific outcomes or deliverables being met.
- Assurances that the money earmarked for investment was guaranteed to go towards investment rather than bonuses for Scottish Water staff.
- Detail on how Scottish Water planned to work together with others (including companies that deal with waste, and local communities) to deliver the plan.

Context to the figures presented:

- How performance in Scotland, for example on the amount of water lost to leakages, compared to performance in the rest of the UK.

- More detailed breakdown of how money would be spent on each investment area as part of the Draft Business Plan. Specifically, participants wanted to know how much money had been set aside for tree-planting.

Investments:

- Drinking water quality: whether the investment in this area was value for money, given that drinking water quality is already high.
- Apprentices and graduate recruitment: if those recruited and trained would be offered jobs at the end of their training contract; and whether these jobs were needed, requesting assurances that Scottish Water was training new recruits to fill required roles, rather than as a tick-box exercise.
- Housing growth: what housing developers pay towards connecting new homes and whether Scottish Water has power to reject developments, for example if they are built on floodplains.
- Tree-planting: what types of trees will be planted and where (and if on land owned by Scottish Water, whether woodlands would be publicly accessible).

Customer education:

- If there was an allocated budget for customer education - it was considered important to educate customers on leakage and water usage and raise awareness of what Scottish Water are doing currently and what they are planning to do.

Contingency plans:

- More detail on what Scottish Water would prioritise in the plan if costs rise more than expected.

These requests for clarification and justification were passed to Scottish Water for consideration. Scottish Water then drafted responses to these questions and incorporated their responses into a presentation to Cohort 1 household customers in workshop 2b.

Developments to the Draft Business Plan and views on Scottish Water responses to feedback

In workshop 2b, cohort 1 household customers heard presentations from Scottish Water, and WICS, including clarifications on some of the points raised in the previous sessions. The remainder of this chapter sets out their reactions to this information relating to the Draft Business Plan.

Investment related to supporting housing growth

Following the presentation from Scottish Water, it was generally felt that there was greater clarity around who pays for different aspects of housing developments, and a better understanding of the division of responsibility between Scottish Water and housing developers.

“I got some clarity on the housing growth one. What/how much of it's the responsibility of the developers and where Scottish Water do need to come in. And one of the answers was just that there's a grey area as well. ... But it was good to get some detail on that because I did think that would be down to developers or it's kind of not a Scottish Water priority. It always sounded like a government priority.” (Household customer, cohort 1, workshop 2b)

On the whole, participants thought that Scottish Water had been transparent in their presentation, which was welcomed. It also prompted more questions about what the maximum level for reimbursing the developer was, and whether that limit was dependent on any profits made by the developer. Further, participants queried whether reimbursement was dependent on the developer installing infrastructure up to a suitable standard, which led to questions about whether it would be better for Scottish Water to install all of the infrastructure so that it was all built to a uniform standard.

Some uncertainty remained around how new businesses paid to be connected to the system, and whether the additional number of homes leads to an increase in Scottish Water customers, which ultimately means that cost of connecting new homes is offset in the long-term. It was suggested that, if the cost of connecting new homes is offset in this way, then Scottish Water should not use this as a justification for increasing customers' bills.

Concerns also remained regarding whether Scottish Water's target of connecting 120,000 new homes was aligned with the government's house-building targets.

Targets around drinking water quality

Following the presentation and clarifications from Scottish Water, some uncertainty remained as to whether the investment in drinking water quality was worth the small percentage increase in the number of drinking water samples passing quality checks. However, there was generally a greater understanding that this investment is linked to a tightening of regulations. It was felt that these increased standards could be more clearly explained in the Business Plan.

“One of the things I've just heard is they're going to try to improve the quality. So that's what a lot of the money's going towards. But I find the quality of our water is really good and I think everyone knows that. I think we're testing the water every two minutes already, so how is it that they're going to improve it even better? You know, what is it that this much money is going towards?” (Household customer, cohort 1, workshop 2b)

Further information was requested on whether compliance with regulatory targets for drinking water quality was an adequate goal, with participants questioning whether water quality could be compliant but not high-quality, depending on the requirements. These participants wanted clarity as to whether meeting the targets was sufficient for Scottish Water to meet their goal of high-quality drinking water.

Further detail on how water quality levels in Scotland compare with other parts of the UK were thought to be needed for participants to be able to comment on whether water quality was insufficiently high to warrant additional investment.

Investment in creating woodlands, as part of the wider aim of reducing carbon emissions

Following the presentation and clarifications from Scottish Water, there were some shifting views on the benefits of planting woodlands among cohort 1 household customers.

There had been scepticism in workshop 2a about whether planting woodlands was a tick-box exercise, but in workshop 2b Scottish Water provided further information on how woodlands can also improve water quality by stopping run-off and debris entering reservoirs, reducing the need to purify water. One participant who had experienced rainwater washing debris into their local loch and causing damage to the waterways was pleased to see that Scottish Water planned to address these challenges by planting trees.

“I was also impressed by [Scottish Water's] presentation and... the attitude towards conservation and ecology and the planting of trees and the environment. I think that's very important as well. And I think it's an area that's not seen and then at times forgotten, even to the point of 'what's that got to do with the water that comes out the tap?' And, as [Scottish Water] pointed out, it has a lot to do with the water that comes out” (Household customer, cohort 1, workshop 2b)

As a result, participants understood that the tree-planting served multiple purposes beyond reducing carbon emissions. This was felt to be important for participants who considered that reducing carbon emissions was a less important goal.

“I like the particular example that [Scottish Water] gave us because it addressed the CO2 emission but it really served as an asset for improving the quality of the water in the land and retaining water from flooding.” (Household customer, cohort 1, workshop 2b)

Participants were also pleased to hear that the trees were to be planted on Scottish Water land. This was preferable to Scottish Water having to purchase land or liaise with other land-owners, and was seen as Scottish Water utilising their own assets effectively. Clarification that the trees planted will be the “right kind of trees” for biodiversity was also welcomed.

Further clarification was sought on which bodies regulate investment in woodlands; participants were unsure if Scottish Environment Protection Agency [SEPA] or NatureScot would ultimately be responsible for regulating any tree-planting initiatives.

Building tomorrow’s workforce

Following the presentation from Scottish Water, it was felt the outcomes relating to workforce had been explained well and that it was worthwhile encouraging people into the water industry through training contracts. Participants were reassured that apprentices have the opportunity to move into full-time employment with Scottish Water on completion of their scheme.

“That last presentation was very informative and did answer a lot of things, which was very helpful. I mean, I was particularly interested in the apprenticeship stuff and whether they would then be employed by Scottish Water afterwards, and it appears that they have the opportunity to do that.” (Household customer, workshop 2b)

A new issue arose around how Scottish Water would respond to increased workforce costs in the future, such as unexpected increases in employer National Insurance contributions, and whether this was being factored into the Final Business Plan.

Comparison of SR27 to previous SR21 process

Household customers in workshop 2b were also provided with information by Scottish Water on how the current SR27 process compares with the previous SR21 process, including the different contexts, needs and charges in the two periods.

Participants were surprised that Scottish Water was able to be flexible in response to COVID-19 and the cost of living crisis, by not taking the full allowance and holding customers charges at or below inflation for the first three years of that period. This led to questions about how Scottish Water were able to operate with reduced funds, and whether projects delayed due to the pandemic had saved them money in that period.

“It feels like we’re at the end of the road; that the can has been kicked down from the last one. You know, as much as they’re saying they don’t want to just kick the can down the road, it feels like that’s what they’ve done and they’re just trying not to kick it any further and make it any worse.” (Household customer, cohort 1, workshop 2b)

This context meant that participants were more understanding of the need to invest now, as investment had previously been delayed. There was a strong feeling that investment should not be deferred further, as the system could worsen in the future and because this could save money in the long-term. However, others felt that the cost-of-living crisis had not abated, people were still struggling, and that this should be taken into account when setting charges. Hearing about the context during the SR21 period also made participants consider that future economic shocks could also derail the business plan for 2027-2033. This led to questions about whether Scottish Water have built in contingency to the Draft Business Plan.

“[It] did worry me slightly that it didn’t really sound like they had rainy day funds. Like they’ve planned everything very well, like they know what’s going to roughly when it’s going to go. But it didn’t really sound like they had backup money.” (Household customer, cohort 1, workshop 2b)

The discussion also raised concerns about Scottish Water’s use of private finance initiatives (PFI), and whether paying more in charges would ensure that Scottish Water and its assets are kept wholly under public ownership. Another concern was that those engaged in this research would understand the context and need for investment but that most customers would not understand and this could reflect badly on Scottish Water.

“The concern about the PFI as well, I mean it’s happened in the NHS and it’s happening in education, where people from outside who are suppliers, they’re a business, they’re just trying to make money, they maybe don’t have the same ownership final product ... You end up in the ridiculous situation of having buildings for a public purpose that aren’t owned by the public” (Household customer, cohort 1, workshop 2b)

Household customers’ suggestions for the Final Business Plan

Towards the end of workshop 2b, having heard presentations from Scottish Water and WICS, cohort 1 household customers were asked if there were aspects of the Draft Business Plan that they would like to see changed before it is finalised, including that:

- The Final Business Plan should include more focus on customer awareness raising, including informing customers on how their money will be spent, and customer education,

including how customers can reduce water usage. One suggestion was to include this information alongside the council bills or to provide information to schools.

- The tree-planting initiatives should be presented in a more holistic way rather than just as a carbon reduction activity. It was also considered that Scottish Water should articulate the reasoning behind the creation of woodlands in order to avoid a negative “knee-jerk” reaction among the public who are sceptical of climate-initiatives.
- There should be more emphasis on the benefits of taking a long-term approach to planning, over short-termism. This related to a view among household participants that Scottish Water should generally be braver about investing more money into the system sooner, and a further assertion made by some participants that this would be likely to save customers money in the long-term. This was thought to be particularly relevant when discussing investment in infrastructure, including maintenance of infrastructure.

Participants also reflected on aspects of the Final Business Plan that they wanted to know more about. These were:

- Scottish Water’s plans for customer education and awareness raising.
- Who would ultimately hold Scottish Water to account over the Final Business Plan. Participants felt somewhat reassured by the presentation from WICS but still wanted to know more about what power WICS have, particularly with regards to the final determination.
- How Scotland compares to the rest of the UK, for example on leakage levels, would still be helpful to see, as well as further comparisons on the previous budget and performance.
- How climate change is expected to impact the water sector in Scotland, and more justification of how spending on the environment would benefit customers and customers’ bills.
- How Scottish Water is planning for any unexpected shocks to the economy in the next six years.
- The levels of executive pay and whether high levels of executive pay is worth the money.
- Whether the impact of AI on the water sector will be a net benefit or a loss
- Scottish Water’s plans for implementing meters in the long-term, even if this is not part of the current Draft Business Plan.

4 Views on Draft Business Plan: charges

Having discussed the investment areas, household and non-household customers considered the charges outlined in the Draft Business Plan. This chapter explores participants' views of the charges and the impact on customer bills.

How charges were presented

In workshop 2a participants first considered the proposed charge increase of Consumer Price Index (CPI)+4% per year in detail, before discussing alternative scenarios of CPI+3% and CPI+5%. 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 SR27 period. This was to ensure customers viewed the charges in a way that was as familiar and relatable as possible. Each breakdown included two figures; one showing just the percentage increase per year (i.e. 4%) and another showing the percentage increase plus 2% as an estimate for inflation per year (i.e. 6%). It was explained that this figure was only an estimate based on the Bank of England's target, and that the actual charges could be higher or lower depending on the actual rate of inflation. Household customers were provided with additional learning resources to help them better understand the concept of inflation and its relevance to water charges. This was made available on the online community (see appendix 2c).

The charges were presented in different ways depending on the participant group:

- Cohort 1 household customers were first presented with a breakdown of monthly charges by council tax band. They reviewed these in small breakout groups as part of workshop 2, having first heard presentations from Scottish Water about the overall Draft Business Plan. These discussions also captured views on the discounts and exemptions that would apply. After the workshop, via the online community, participants were provided with a more detailed breakdown of charges which were provided by Scottish Water. Under each council tax band participants could see three charges, including: no discount, the Single Person's Discount of 25%, and the Water Charges Reduction Scheme representing a 35% discount (as well as the charges with/without inflation). Participants with a private wastewater supply could also view water only charges. This was to provide as personalised a view of potential charges as possible, allowing participants to see how the charges would look across different council tax bands and discounts, but could also navigate to the set of charges that best reflected their own circumstances (see Figure 4.1).
- Cohort 2 household customers were presented with a breakdown of charges via the online community only. As such, they received a more personalised view of potential charges as described above (see Figure 4.2).
- 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 of 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 and one without the addition of a 2% estimate for inflation (see Figure 4.3).

Figure 4.1: Stimulus - monthly breakdown of bills shown to household customers (cohort 1) during workshop 2a



Business Plan (CPI + 4%): Monthly

Bill Amount excluding inflation

Bill amount including inflation (estimated at 2%)

		Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	Now	£33	£39	£45	£50	£61	£72	£83	£100
	2026/27	£35 £36	£41 £42	£47 £48	£53 £54	£64 £66	£76 £78	£88 £90	£105 £108
Business Plan Period	2027/28	£36 £38	£42 £44	£49 £51	£55 £57	£67 £70	£79 £83	£91 £95	£109 £114
	2028/29	£38 £40	£44 £47	£51 £54	£57 £61	£69 £74	£82 £87	£95 £101	£114 £121
	2029/30	£39 £43	£46 £50	£53 £57	£59 £64	£72 £78	£85 £93	£98 £107	£118 £128
	2030/31	£41 £45	£48 £53	£55 £60	£61 £68	£75 £83	£89 £98	£102 £113	£123 £136
	2031/32	£43 £48	£50 £56	£57 £64	£64 £72	£78 £88	£92 £104	£107 £120	£128 £144
	2032/33	£44 £51	£52 £59	£59 £68	£66 £76	£81 £93	£96 £110	£111 £127	£133 £153
	Change between 26/27 and 32/33	£9 £15	£11 £18	£12 £20	£14 £23	£17 £28	£20 £33	£23 £38	£28 £45

Figure 4.2: Stimulus - monthly breakdown of bills including discounts shown to household customers on the online community



Band B: Business Plan (CPI + 4%): Monthly

Bill Amount excluding inflation

Bill amount including inflation (estimated at 2%)

		Band B	Band B	Band B
		No Discount	25% Discount	35% Discount
	Now	£39	£29	£25
Business Plan Period	2026/27	£41 £42	£31 £31	£27 £27
	2027/28	£42 £44	£32 £33	£28 £29
	2028/29	£44 £47	£33 £35	£29 £31
	2029/30	£46 £50	£34 £37	£30 £32
	2030/31	£48 £53	£36 £40	£31 £34
	2031/32	£50 £56	£37 £42	£32 £36
	2032/33	£52 £59	£39 £45	£34 £39
	Change between 26/27 and 32/33	£11 £18	£8 £13	£7 £11

The CPI+4% charge will provide £ 8.3 billion of investment to deliver the outcomes we have been looking at. You can view these in the “Draft business plan investments” activity or scroll back for a “plan on a page” summary.

Figure 4.3: Stimulus - annual breakdown of bills shown to non-household customers during depth interviews



Business Plan (CPI + 4%): Annual

Bill Amount excluding inflation

Bill amount including inflation (estimated at 2%)

	Now	£500		£750		£1,000		£1,250		£1,500		£1,750		£2,000		£3,000	
	2026/27	£525	£539	£788	£808	£1,050	£1,077	£1,313	£1,346	£1,575	£1,616	£1,838	£1,885	£2,100	£2,154	£3,150	£3,231
	2027/28	£546	£571	£819	£856	£1,092	£1,142	£1,365	£1,427	£1,638	£1,712	£1,911	£1,998	£2,184	£2,283	£3,276	£3,425
Business Plan Period	2028/29	£568	£605	£852	£908	£1,136	£1,210	£1,420	£1,513	£1,704	£1,815	£1,987	£2,118	£2,271	£2,420	£3,407	£3,630
	2029/30	£591	£641	£886	£962	£1,181	£1,283	£1,476	£1,603	£1,772	£1,924	£2,067	£2,245	£2,362	£2,565	£3,543	£3,848
	2030/31	£614	£680	£921	£1,020	£1,228	£1,360	£1,535	£1,700	£1,843	£2,040	£2,150	£2,379	£2,457	£2,719	£3,685	£4,079
	2031/32	£639	£721	£958	£1,081	£1,277	£1,441	£1,597	£1,802	£1,916	£2,162	£2,236	£2,522	£2,555	£2,883	£3,832	£4,324
	2032/33	£664	£764	£996	£1,146	£1,329	£1,528	£1,661	£1,910	£1,993	£2,292	£2,325	£2,674	£2,657	£3,055	£3,986	£4,583
	Change between 26/27 and 32/33	£139	£225	£209	£338	£279	£451	£348	£563	£418	£676	£488	£789	£557	£901	£836	£1,352
	Average annual change 26/27 to 32/33	£23	£38	£35	£56	£46	£75	£58	£94	£70	£113	£81	£131	£93	£150	£139	£225

Initial views on CPI+4%

Initially, household participants were surprised at the suggestion of a CPI+4% increase in water bills, which underpinned Scottish Water’s Draft Business Plan. An immediate reaction among some participants was that this would be too much of an increase, with concerns raised that this might be the result of inadequate planning on Scottish Water’s part.

“I do think they would have known for a while that their systems are ageing and stuff. So I do think they should have also had, like, another plan of savings as well. I was a bit surprised by the amount of increases, just because it's over six years, potentially.” (Household customer, cohort 1, workshop 2a)

At the same time, the necessity of investment to maintain and enhance water supply infrastructure was widely acknowledged. Both household and non-household participants highlighted that tangible benefits, such as reliable infrastructure and a consistent supply of high-quality water, made the costs seem more reasonable.

“That [CPI+4% increase] doesn't bother me. As long as they invest in the infrastructure, [and] the plan that they said that they're going to do is done.” (Non-household customer)

However, there was broad scepticism around the 2% estimate to account for inflation, as customers felt inflation would be higher than that. Participants understood that the proposed increase of CPI+4% proposed increase was the charge increase above the rate of inflation. They

felt, however, that the figure of 2% used for illustrative purposes in the research was an underestimation of what the rate of inflation would realistically be. They cited the rate of inflation being 3.8%, which had been widely reported in the news around the time of fieldwork (May-July 2025).

Impact on households

The proposed increase of CPI+4%, which was introduced in workshop 2a as an annual increase in charges and an overall increase of 26.5% above inflation over six years, was met with some surprise and concern at first. Once cohort 1 household customers saw this translated into monthly bill amounts, there was a broad sense that the increase was less “scary” and more “palatable” than they had initially thought.

This was echoed in the online community, with both household customer cohorts describing the increase as reasonable given the need for investment in maintaining and improving services. They cited confidence in Scottish Water’s plans, especially if investments lead to service improvements. However, concerns were reiterated about the possibility of more significant rises in inflation in addition to the 4% increase.

“I understand that there needs to be an increase, but 4% on top of inflation does sound too expensive. What if inflation goes up to 10% which it has been in recent years? That would make this charge completely unaffordable. On a personal level mortgages have gone up, and salaries have not. I couldn’t afford a big hike.” (Household customer, cohort 2, Online community)

Participants expressed significant concerns when they considered the proposed price increase in the context of the ongoing cost of living crisis. Groups identified as particularly vulnerable included younger people, single-person households, and those dependent on fixed incomes (such as pensions). There was a perception that these groups could be disproportionately affected by the increase, particularly given the necessity of water and the lack of ability to manage water bills by adjusting usage.

“I think the people it's going to affect the most is maybe the elderly person who's on her own in what was once a family home. They're paying quite a large council tax and now they've been asked to pay an extra water bill.” (Household customer, cohort 1, workshop 2a)

Although outside the scope of the business plan, when discussing the impacts CPI+4% would have on households, participants on the online community questioned the fairness of linking water charges to council tax bands. They noted that higher band homes do not inherently equate to higher water usage. Some households were described as “asset rich but income poor” based on their council tax band. There was also a view that this system does not sufficiently account for

lower water consumption by smaller households in larger homes, leading to a perceived inequity in billing.

Views on discounts and exemptions

Household participants were shown information about affordability support 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).

Participants, across both household cohorts, were broadly not aware of the discounts and exemptions available and wanted more information about these. They felt that awareness would also be low among the wider population. As such, they emphasised the need for better communication to ensure eligible individuals are aware and informed about this.

“I don't know what [the discounts] all mean, to be honest. I don't know what Water Charges Reduction Scheme is. No clue.” (Household customer, cohort 1, workshop 2a)

Discussion prompted questions about the eligibility and process for the WCRS, such as whether discounts or exemptions were applied automatically or required customers to apply. Customers felt that automatic application would significantly benefit those who are eligible by reducing the administrative process for customers.

Some participants felt that the existence of discounts and exemptions cushioned some of the impact of the CPI+4% price increase, making it more acceptable. They recognised this as part of Scottish Water's responsibility to support customers in different circumstances. Participants suggested widening support for vulnerable households, including those on fixed incomes or living in high-band properties, which they felt could help protect those groups from the impact of increased charges.

“I think it's good to see a range. It covers quite a few bases and different types of people that might need help or benefit from it.” (Household customer, cohort 1, workshop 2a)

Household customers also questioned the fairness of the 25% discount for single-person households as they felt it was not proportionate to their lower usage. There was a perception that these individuals would potentially be losing out unless discount schemes were adapted to the rise in costs.

“On the single person discount, I live by myself and... I guess I'm not using 25% less water. I'm probably using 50% less water [compared to] a multi-family or multi person household... We had a lot of discussions in the other sessions about structuring the billing more around either income....I was just wondering if there's any scope for or if those were considered as options as well.” (Household customer, cohort 1, workshop 2a)

While the existence of support schemes was noted, many felt they didn't go far enough and would still disproportionately affect vulnerable households. Having seen the charges for each council tax band based on no discount, 25% discount and 35% discount, participants wanted to know more about eligibility and reiterated that there should be greater promotion of these discounts and exemptions. It was also suggested that introducing water metering might improve the fairness of billing.

Impact on non-household customers

The CPI+4% increase on bills was met with mixed responses from non-household customers.

Among some businesses, there was a sense that the CPI+4% charge was justified based on the level of investment required to achieve the outcomes in the Draft Business Plan. Given the positive sentiment towards the level of investment, the proposed charge increase was felt to be a “fair exchange”. In particular, businesses with higher turnovers or lower water bills considered the increase to be acceptable on the basis that it could be absorbed.

“It's just a higher invoice every year. We pay and we accept it for something that we see as an essential service to our business and that we rely on being a quality service. So, you know, I think these new proposed costs are sort of easily absorbed in a business like ours.”
(Non-Household Customer)

Some businesses were more pragmatically accepting on the basis that they could adjust their water usage if needed to manage bills, while others were accepting on the condition that the proposed outcomes were all met.

“It would mean increasing my room rates to cover that, so it's passed on to my guests.” (Non-household Customer)

For other businesses, however, there was strong concern about the impact of higher charges. There was no obvious pattern to this group of concerned businesses, as they were from different sectors, locations, levels of water consumption and turnover. For them, the bill increases would be noticeable and would require them to take measures in response, such as moving premises, reducing staff, or passing costs onto customers. They felt the consequences of having to increase

prices could be particularly severe, potentially affecting their sustainability and competitiveness and, threatening business closures.

"To pay the inflation rate of 4% or 5% and then 4% on top of that in two years' time, well, it could crumble a lot of businesses to be honest."

(Non-Household Customer)

Views on alternative scenarios: CPI+3%

Participants were shown the alternative scenario of CPI+3% after being discussing the reference scenario of CPI+4%, which is the reference scenario which the DBP was based on. These discussions examined what a slightly lower charge would mean for the level of investment that Scottish Water could make.

Views of household customers

The alternative scenario of an increase of CPI+3% was met with criticism from household customers. There was concern that this lower increase would postpone urgent measures, such as protecting properties from internal sewer flooding, and possibly exacerbate these sorts of issues in the future.

Participants therefore viewed the CPI+3% increase as insufficient for covering the costs of essential improvements to water and waste water services and maintaining the quality of service over the long term.

"I think I'd much rather pay the 4% and yeah, help with the infrastructure and all that. I think it's definitely worth it rather than the 3% with them having to hold back on some of the replacement and investment."

(Household Customer, cohort 1, workshop 2a)

It should be noted that some cohort 1 household customers challenged how the CPI+3% option was presented in workshop 2a. The CPI+3% scenario was shown as an alternative to the proposed CPI+4% charge and highlighted how this would reduce the overall investment and limit the outcomes Scottish Water could achieve. Some participants perceived the language and use of red colouring in the presentation of the CPI+3% to be negative and felt that it was being used as "the big stick" to make the reference scenario of CPI+4% appear more reasonable. This was acknowledged on the online community, with the Ipsos research team reminding participants of the purpose of showing the alternative scenarios and encouraging them to express their views on what they agreed or disagreed with.

Online community participants highlighted additional concerns with the alternative scenario of CPI+3%. Some particularly felt there was a significant lack of investment in renewable energy alternatives. Participants also expressed unease about how the lack of investment in renewables during the current charging period could lead to potential increases beyond the SR27 period.

“This level of increase looks like serious underinvestment, storing up problems for the longer term, especially in the delay in meeting net zero aims.” (Household customer, cohort 1, online community)

Despite it being the smallest proposed increase, many participants indicated that CPI+3% still posed substantial financial challenges, especially for households living on tight budgets under the current cost of living pressures. However, in response to how the charging information had been presented, there were calls for more clarity around whether CPI+3% would lead to things getting worse, staying the same, or still improving but at a slower rate compared to CPI+4%. This was felt to be important context for them to be able to arrive at a considered view on whether the charge in the Final Business Plan would be acceptable (or not) to them.

Views of non-household customers

Businesses had a similar reaction to the alternative CPI+3% scenario as household customers. Initially, the lower charge appealed to some businesses due to the lower immediate financial burden compared to larger increases. However, this perspective shifted as organisations considered the potential ramifications over the longer term. There was a concern that this level of investment would not be sufficient to address the outcomes in the Draft Business Plan including urgent infrastructure issues, particularly internal and external sewer flooding.

“The 3% is a backward step [...] Yes, we all understand that things are [going to] cost... But we all want things to move forward.” (Non-Household Customer)

Participants suggested that CPI+3% could lead to a gradual degradation of water infrastructure, escalation in service disruptions, and ultimately, greater expenses that could outweigh short-term savings. They felt the CPI+3% charge increase risks underfunded water projects and potential service failures.

“If you tell [customers] what you're taking away from someone seems more significant to them than what you might get. So that [CPI+3%] looks worse.” (Non-household customer)

Views on alternative scenarios: CPI+5%

Similarly to the CPI+3%, Participants were shown the alternative scenario of CPI+5%. This was again after discussing the reference scenario of CPI+4%, which is the reference scenario which the DBP was based on. These discussions examined what a slightly higher charge would mean for the level of investment that Scottish Water could make.

Views of household customers

Household customers noted some benefits to the CPI+5% increase. There was a view that the additional charges under CPI+5% could be justified if it ensured more substantial investments and further future proofing of the water and waste water system.

There was a sense that failing to opt for a more substantial increase, such as CPI+4% or CPI+5%, might lead to more significant price surges in the future. This was described by participants as “kicking it down the curb”. Participants who preferred more investment now felt that this would avoid higher costs in the future due to deferred maintenance or limited infrastructure investment.

“Again I would be personally be prepared to pay more to make our infrastructure as future-proof as possible and our water safe to drink and surrounding waters clean for those who partake in water activities.”
(Household customer, cohort 2, online community)

However, there were again strong concerns highlighted over the impact on households who are already struggling financially, and also those in higher council tax bands who will be most impacted.

“I do work sometimes with a lot of people that are severely on the breadline, and they literally don't have a penny spare. I kind of worry about those people quite often. They get thrown into that kind of situation unexpectedly as well.” (Household customer, cohort 1, workshop 2)

For those that expressed concern about the impact on customers' bills, the additional outcomes shown under CPI+5% were seen as a “nice to have”, but not essential enough to outweigh the additional costs to customers.

Views of non-household customers

The CPI+5% scenario was met with mixed reactions from businesses. Some businesses, particularly those with a higher turnover, supported this scenario as they felt the price increases were affordable and that the outcomes were worth the additional charge. They saw it as an investment for the longer term, including addressing ageing infrastructure and supporting sustainability initiatives.

“It's not a significant increase but the benefits far outweigh the negatives from not paying enough.” (Non-Household Customer)

Smaller businesses voiced strong concerns about the added financial burden. These were grounded in their ability to absorb the additional costs without affecting their competitiveness and operational stability.

Despite recognising the potential benefits, there was some scepticism about the additional infrastructural improvements described under this alternative scenario. Participants called for greater transparency and accountability in demonstrating how extra revenue would be allocated to infrastructure projects.

Areas requiring more clarity or justification

Having considered the proposed and alternative charges, household and non-household customers sought more information about:

- Actions customers could take to conserve water, including day to day activities in their home to cut down on water usage and what (if any) impact that could have on reducing bills.
- Information on the existence of additional incentives or rebates for installing water-saving appliances.
- How the outcomes that Scottish Water are aiming to achieve will be monitored ensure that the targets for the investment areas were being met given the level of increase in water charges.
- More detailed explanation about the discounts and exemptions available, particularly around eligibility and how these are applied.

Developments to the Draft Business Plan and views on Scottish Water responses to feedback

These requests for clarification and justification were passed to Scottish Water for consideration, similar to the clarifications of the investment areas as outlined in the previous chapter. Scottish Water then drafted responses to these questions and incorporated their responses into a presentation to Cohort 1 household customers in workshop 2b.

In workshop 2b, cohort 1 household customers heard presentations from Scottish Water, and WICS, including clarifications on some of the points raised in the previous sessions. The remainder of this chapter sets out their reactions to this information relating to charges and affordability.

The role of the economic regulator

Participants were satisfied with the information provided by WICS in explaining their role in the process. They appreciated the regulator holding Scottish Water to account and asking for further justification of the proposed increase of charges by CPI+4%; this was felt to have reflected earlier questions among participants about how efficiently Scottish Water was operating. However, it was noted that Scottish Water could challenge WICS's final determination. Participants were surprised by this broader context and expressed a general concern that it could undermine the role of the regulator in reviewing the acceptability of the Draft Business Plan.

Customer charges

Household customers felt they had a better understanding of the CPI+4% increase following the presentations from Scottish Water, which set out the feedback they had received and their current thinking about the Business Plan. The information provided about what Scottish Water planned to do within the investment areas was welcomed by participants.

"I'd say I probably feel more comfortable with it all overall because [Scottish Water gave] such good explanations of some of the aspects of it. You know, I'm still not happy to pay 4% more, but I feel like I've got more understanding of why we're looking at that." (Household customer, cohort 1, workshop 2b)

Participants highlighted the importance of integrating simpler and more accessible provisions within the SR27 plan to protect households from sudden financial burdens. Participants were concerned that without these safeguarding measures, the financial security of many households could be severely compromised, especially if inflation rates sharply increased. Participants felt they had a greater understanding of why costs were increasing over the next six-year period. However, they felt that there still needed to be safeguards within the Business Plan to prevent any significant increases to customers in the future. For example, participants referred to the information presented by Scottish Water on how they responded to the significant economic impacts of events occurring in the last six years by not taking the full allowance of CPI+2% given in the Final Determination for the SR21 period. They wanted to know if a similar safeguard was in place or would be considered for the current Business Plan.

"Obviously 2021 was like peak pandemic. Everybody was struggling a lot. But I would also say there still is a cost of living crisis. Not, arguably, as bad as 2021, but, you know, there is still a crisis going on." (Household customer, cohort 1, workshop 2b)

Scottish Water's approach to affordability

Scottish Water presented information relating to its ongoing efforts to strike a balance between maintaining affordability for its customers and achieving desired outcomes. The Scottish Water representative described two possible approaches: doing some things later rather than sooner, and delivering the same outcomes for less.

Participants were wary of Scottish Water doing some things later, as they felt this would have a knock-on effect for customers in years to come. There was concern that delaying necessary actions could exacerbate existing problems and lead to significant increases in repair costs in future.

“If you leave things and leave things and leave things, then maybe they're just going to make the problem worse and so you end up spending more money.” (Household customer, cohort 1, workshop 2b)

Participants expressed a keen interest in understanding what a priority list from Scottish Water would look like, with a particular emphasis on the company's focus on reducing costs and enhancing affordability for its customers. Specifically, they were eager to see which areas of the business plan objectives Scottish Water would prioritise as requiring immediate action, especially those that would be the most cost-effective.

The approach of delivering the same or better outcomes with lower expenses was met with scepticism. Some felt that this should have been done already, while others questioned the achievability of this if Scottish Water was already being as efficient as possible. However, it was noted that new technological innovations could offer ways to reduce costs without sacrificing on outcomes. Reflecting earlier reflections on the Draft Business Plan, participants highlighted the importance of Scottish Water being as operationally efficient as possible before seeking to increase customer charges.

“I think delivering the same outcomes for less is just simply impossible. They have been trying to be efficient as possible for the last 10, 20 years. They're working on it hard. So simply delivering the same outcomes for less is basically kind of a nonsense thing.” (Household customer, cohort 1, workshop 3)

These requests for clarification and justification were passed to Scottish Water for consideration. Scottish Water then drafted responses to these questions and incorporated their responses into a presentation to Cohort 1 household customers in workshop 2b.

Participants' suggestions for the Final Business Plan

At the end of workshop 2b, cohort 1 household customers reflected on aspects of the Plan that they wanted to know more about. Areas relating to customer charges that participants wanted to know about included:

- More details on how Scottish Water plans to inform the general public about why charges are increasing, showing where the investment is needed in each area and what this will mean in terms of charge increases and service provision.
- Understanding what impact (if any) customers reducing usage could have on water bills.
- More information on affordability, including what Scottish Water's definition was and how this is decided. Participants felt that this term had been used widely in the information presented, but wanted a clearer understanding of what it would mean in practice.

- More information on the processes around the available discounts and exemptions, particularly eligibility and how these are applied to customer bills.

5 Summary and next steps

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

Summary of emerging findings

- **Overall, participants were broadly positive about the overall shape of the Draft Business Plan initially**, which was seen to be addressing some of the key challenges facing the water sector, such as ageing infrastructure and extreme weather events. The plan was admired for its level of ambition and long-term approach, however there was some scepticism over the achievability of outcomes and the overall level of investment required (with concerns raised that the actual cost could be higher). Having considered investment areas in detail:
 - **There was widespread support for those relating to maintenance, water quality and reliability of water supply** as these were considered to be vitally important areas for Scottish Water to focus on. Measures to tackle pollution (e.g. through improvements to CSOs) and internal and external sewer flooding were also felt to be important areas of investment. Some aspects of these investments were challenged, such as the cost-benefit of improving drinking water quality.
 - **Investments relating to economic and housing growth were initially challenged**, as the rationale for spending in these areas was not clear to customers. Following clarification in a later workshop, household customers (from cohort 1) had a better understanding of the division of responsibilities between Scottish Water and housing developers. However, questions remained over the justifiability of increasing customer bills to cover costs in this area.
 - **Investments relating to reducing Scottish Water's carbon footprint were also met with mixed views initially**. For some this was an important area where Scottish Water could go further, while for others this was not felt to be a priority or core responsibility of a water provider. Following clarification in a later workshop,³ the views of some household customers (cohort 1) shifted, with greater understanding of the holistic approach to tree-planting and the multiple purposes it serves beyond carbon reduction (such as improving water quality through preventing run-off).
- **Having the opportunity to clarify aspects of the Draft Business Plan in workshop 2b enabled participants' views to develop (and in some cases shift)**. Cohort 1 household

³ Note that only household customers in cohort 1 participated in this workshop where Scottish Water provided clarifications on aspects of the Draft Business Plan. Household customers in cohort 2 and non-household customers will receive this information in phase three.

customers who attended this workshop felt Scottish Water had been transparent in responding to feedback, and that this helped improve their understanding of key aspects of the Draft Business Plan. This highlights the importance of transparent communication during a live process.

- **The proposed charge of CPI+4% received mixed responses:**

- Among household customers, for some it 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 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 and some believed it would be higher, adding further pressure to households and businesses.
 - Reflecting on the discounts and exemptions that apply to eligible household customers, 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.

- **The alternative scenarios of CPI+3% and CPI+5% also drew mixed responses:**

- 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 at the CPI+3% level through improving efficiencies.

- Participants noted some benefits of the CPI+5% scenario, as it would enable 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 under the CPI+4% model. 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.
- Having reviewed the Draft Business Plan (and with cohort 1 having heard some clarifications from Scottish Water), **the following were highlighted as remaining important areas to be addressed in the Final Business Plan:**
 - **On investment areas:**
 - More details around the cost versus the return of connecting new homes (including reimbursement to developers, contributions of new businesses, and income derived from new homes paying water charges).
 - A clearer explanation of the tightening of regulations which necessitates the investments in drinking water quality.
 - A reframing of tree-planting as a holistic approach that serves multiple purposes, and not just a carbon reduction measure (which could be met with resistance among those who are more sceptical of climate initiatives).
 - Confirmation that those on graduate schemes or apprenticeships would be offered long-term employment, and details around how Scottish Water will respond to increased workforce costs during the SR27 period.
 - **On the proposed charges:**
 - What impact customers conserving water could have on keeping bills down.
 - More details on how Scottish Water's plans are as cost-effective as possible and balanced with customer affordability, including plans for informing participants of the reasons for bills increasing.
 - How customer affordability is understood, defined and monitored, including more details on the processes around discounts and exemptions (e.g. WCRS).
 - **More generally:**

- What contingency has been built into Scottish Water's Business Plan to help absorb economic shocks during the SR27 period (like those that occurred during the previous period) and minimise burden on customers.
 - More focus on customer awareness raising, such as education around reducing water usage and informing on reasons for charge increases and how money will be spent.
 - More emphasis on the benefits of taking a long-term approach to planning.
 - Acknowledging the role (if any) of AI and the potential impact on the water sector.
- **Participants also wanted to understand more of the context in which Scottish Water is developing its plan**, including:
 - How Scottish Water will be held to account over its plan.
 - How Scotland compares to the rest of the UK's water sector in terms of budgeting and performance (such as on water leakage levels).
 - Justification for the level of executive pay at Scottish Water.
 - Thoughts on implementing water meters for households as an alternative model for billing in the future (recognising that this was not part of the current Draft Business Plan).

Next steps

Following submission of this interim phase two report, a workshop will take place with Consumer Scotland's wider stakeholders to consider emerging findings ahead of phase three.

The research will then progress to phase three, which will involve participants reviewing key aspects of Scottish Water's Final Business Plan and drawing on conclusions on the acceptability of charges. The key stages are summarised in the table below and the immediate next steps will include:

- Developing materials for the remaining fieldwork (which will include depth interviews with non-household customers, individual or small group discussions with household customers from under-represented groups, and a final ratifying workshop for all household customers).
- Re-engaging all participants ahead of phase three fieldwork.

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

Table 5.1: High level summary of progress

Phase	Tasks	Status
One (Dec 2024 – March/April 2025)	Project inception	Complete
	Stakeholder workshop	Complete
	Co-design workshop	Complete
	Public dialogue workshop (1) with domestic customers for initial learning on the topic	Complete
	Engagement with under-represented groups for initial learning on the topic	Complete
	Phase one summary report (V1)	Complete
	Phase one summary report (V2)	Complete
	Stakeholder workshop to present emerging findings	Complete
Two (April – November 2025)	Public dialogue workshop (2a) with domestic customers for a more detailed consideration of the Business Plan.	Complete
	Online community (with all domestic customers) for ongoing engagement, reflection and discussion	Complete
	Depth interviews with non-domestic customers for initial learning on the topic and consideration of the Business Plan.	Complete
	Emerging findings debrief	Complete
	Public dialogue workshop (2b) with domestic customers to reflect on any changes to the Business Plan.	Complete
	Phase two summary report	Complete
	Stakeholder workshop to present emerging findings	Complete
	Three (December 2025 – May 2026)	Publication of final business plan (26 February)
Follow-up engagement with under-represented groups to reflect on changes and gather further insights on customer priorities for the Business Plan.		Upcoming
Delphi-style follow-up engagement with non-domestic customers to discuss feedback and build consensus on priorities.		Upcoming
Ratifying workshop (3) involving all domestic customers to sharing research findings and		Upcoming

Phase	Tasks	Status
	gathering final views on Scottish Water's Business Plan.	
	Draft report	Upcoming
	Stakeholder workshop to present emerging findings	Upcoming
	Final report	Upcoming

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

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

⁴ Population estimates are based on the [Scottish 2022 Census](#) where available, or mid-year estimates from [National Records of Scotland \(2021\)](#).

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

Table 5.3: Household customers - cohort 2 breakdown of quotas and recruited participantsSpecification A (younger people aged 16-24)

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

Specification B (other under-represented groups)

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

	Unknown ⁶	1	1
	TOTAL	29	24

Table 5.4: Non-household customers – breakdown of quotas and recruited participants

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

⁶This is due to a postcode being provided that has not yet been included in the [2020 Scottish Index of Multiple Deprivation](#)

Water importance⁷	Could not operate without water	10	21
Water usage	Low water consumption	10	17
	Medium water consumption	10	13
	High water consumption	10	9
TOTAL		40	39

⁷ 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 5.5: 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)
<p>Engagement with under-represented groups</p> <p>Introductions and learning via mini group discussions or depth interviews</p>	Tuesday 25 March – Thursday 10 April	Household customers (under-represented groups)	Familiarising participants with the process and topic.	<p>Introduction to the process and to those attending.</p> <p>Facilitator-led walk through of key presentation content followed by discussion and question forming.</p>	<p>Scottish Water and the services they provide in Scotland.</p> <p>Scottish Water's key challenges and current performance.</p> <p>Looking ahead (Scottish Water's Long-Term Strategy)</p>

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 respond 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 water 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 SR27 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 SR27 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 5.6: Phase two fieldwork overview

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

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

				<p>Draft Business Plan introduction (cohort 2 only)</p> <p>Draft Business Plan investment areas</p> <p>Draft Business Plan CPI+4% charges (private)</p> <p>Draft Business Plan alternative scenarios of CPI+3% and CPI+5% (private)</p> <p>Summary thoughts on Draft Business Plan</p>	
<p>Depth interviews with non-household customers</p> <p>Introduction to key issues and discussion of Draft Business Plan</p>	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%).	<p>Familiarisation with topic and key issues (referencing information pack sent in advance of interview).</p> <p>Presentation of information provided by Scottish Water (delivered by Ipsos researcher).</p> <p>Gathering initial responses to Draft Plan on a Page and overall cost of the Plan.</p> <p>Exploring 1-2 investment areas (rotated across interviews).</p>	Distilled presentation content delivered by Ipsos researcher using approved script.

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

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.

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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