

Scottish Water Consultation Response

Water Services: Investing in and Paying From 2027 Online Response



March 2026

	Ministerial Objectives
1.	To what extent do you agree that the Ministerial Objectives identify the type of investment activity Scottish Water should undertake in 2027-33? Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree
Agree	
2.	Which areas should Scottish Water be investing in that are not covered or are there areas that are not required?
Scottish Water welcomes the draft Ministerial Objectives which our Final Business plan (FBP) is designed to deliver. Our FBP focuses on meeting existing legislative and regulatory requirements and delivering what customers told us they value most, based on extensive research undertaken during its development. We have already made difficult choices to keep charges affordable in response to stakeholder and customer feedback on the Draft Plan. Any new requirements introduced within SR27 period should be planned ahead wherever possible and will require additional funding or be approved through an agreed multi stakeholder process to reprioritise investment.	
3.	What do you value most about the water and wastewater services provided by Scottish Water? [free text]
Scottish Water has no comment.	
4.	Do you have any concerns about the water and wastewater services provided by Scottish Water? [free text]
Scottish Water has no comment.	
	Principles of Charging

5a.	To what extent do you agree or disagree that the charging approach set out in the draft Principles of Charging remains appropriate for the next 6-year regulatory period 2027-2033? Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree
Agree	
5b.	Please explain your answer to question 5a. [free text]
Scottish Water supports the proposed approach and agrees that the Principles of Charging remain appropriate for the next regulatory period 2027-33. We note the Council tax review is underway and highlight the need to assess and understand any implications for Scottish Water as it progresses.	
6a.	To what extent do you agree or disagree that continuing to provide households with support for charges at the current level over the next regulatory period 2027-2033 will minimise the charge increases for all households? Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree
Agree	
6b.	Please explain your answer to question 6a. [free text]
We agree that the current level of affordability support is appropriate and strikes a reasonable balance between targeting support at the most vulnerable whilst avoiding an undue burden on other customers' bills. Research to inform 2026/27 charge setting, also captured customers views on current affordability support: - 76% of customers agree that it is fair for some households to have discounted bills if they are in need. - 45% of customers felt that the current level of support was about right and 35% felt that it was too high – only 5% considered it too low. We note the proposal to review affordability during SR27. While the current system is not perfectly targeted, any arrangements involve trade-offs between administrative efficiency and effectiveness, the ability to target customer segments in need and the impact of affordability support on all customers' prices.	
7a.	To what extent do you agree or disagree that the current eligibility criteria for the charity exemption scheme remain appropriate? Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree

Strongly agree	
7b.	Please explain your answer to question 7a. [free text]
Scottish Water strongly agrees that the current charitable exemption scheme eligibility criteria remain appropriate. The annual verification process ensures support is targeted at those customers who remain eligible, and basing eligibility on gross income is significantly simpler and therefore costs less to administer than alternative approaches.	
8a.	To what extent do you agree or disagree that a fundamental review of charging policy is needed, to ensure it meets emerging policy needs and to inform the approach for the next regulatory period starting in 2033? Strongly agree / Agree/ Neither agree nor disagree / Disagree / Strongly disagree
Agree	
8b.	Please explain your answer to question 8a. [free text]
We agree that a review of household charging policy is needed to reflect emerging policy needs. We also recognise that any charging approach will involve trade-offs between different policy objectives. While current arrangements are not perfect, they minimise billing and collection costs through shared services with Local Authorities and provide significant affordability support. We suggest the review carefully considers the merits and limitations of alternative approaches relative to the status quo, rather than presupposing an outcome. We support a review of non-household charges, to streamline and simplify them, with alignment to the retail charges. This will reduce cost and complexity for the non-household retail market and will support future innovation in charges as smart meters are rolled out across businesses. It will be beneficial to co-ordinate the review of non-household wholesale and default charges with the report required by Objective 6 of the Ministerial Objectives considering options to address forecast gaps in supply and demand, including the role of price signals. The proposals for paying for additional capacity note that infrastructure charges will increase in line with the cap. We understand WICS intends to formalise how these are set in its Draft Determination. We will work with WICS to propose a mechanism that maintains the balance of infrastructure funding within agreed parameters, supporting responsive delivery of capacity while maintaining stable and affordable developer charges. The draft PoC includes a new proposal under Financing (15b) allowing Ministers to instruct Scottish Water to fund activities necessary to deliver the water sector vision and Ministerial Objectives. Our Business Plan was developed through extensive	

engagement, prioritising compliance and customer value. Any new requirements will require additional funding or reprioritisation through an agreed process.

- End of Document -