

Correspondence from Scottish Water, 10 September 2026

Dear Convener,

Re: Climate Action Committee – determination of committee priorities

Thank you for your letter of 4th September seeking further views on priorities within the Climate Action Committee remit. I have responded to your questions below.

1. What do you see as the priority areas which this Committee should focus on this session to have the most impact?

The Committee has a central role in the continued monitoring and scrutiny of progress against Scotland's Climate Change Plan. As members of the panel reflected in their evidence on Thursday 3rd September, partnership work across the public sector and beyond is critically important in this.

Climate change mitigation and adaptation are integral to the provision of essential water and wastewater services on a sustainable basis. Public Sector Reform presents opportunities to enhance and accelerate this work, but it is important that efforts to improve organisational structures do not lead to any near-term slowing of pace where collaborative programmes are already delivering. An example is the development of pioneer catchments to support large-scale climate resilience - as with the creation of one of Europe's largest new woodlands, in combination with extensive peatland restoration, at Loch Katrine.

With respect to Scottish Water specifically, we welcome the Committee's continued scrutiny of our year-to-year performance, including the final stages of the Strategic Review of Charges for 2027-33; and our delivery against the final regulatory settlement once it is agreed.

Looking at the long-term future of Scotland's water sector as a whole, we would welcome consideration of policy reforms to support a systems-based approach, encompassing the upstream and downstream parts of the water system that Scottish Water does not control (as well as the parts that it does).

The main priority areas for policy development that we see are:

- water resource planning and management;
- behavioural change to support climate change adaptation (encompassing drinking water, use of the sewer and rainwater re-use / drainage);
- opportunities to support wider environmental benefits through nature-based solutions;
- opportunities to support sustainable housing and business growth by enabling development that is water-efficient and energy-resilient; and
- promoting policies and approaches that prioritise upstream solutions ahead of end-of-pipe solutions, particularly to target pollution and flooding.

To provide some context for these priorities, Scottish Water's Long-Term Strategy estimates that over £50 billion of investment will be required between 2025 and 2050, to maintain current services and comply with existing standards. A 'business as usual' approach, focused on traditional end-of-pipe engineering, would see almost all costs falling on homes and businesses via water charges. A more proactive and preventative approach would enable water demand, pollution risks and drainage pressures (especially at times of intense rainfall) to be addressed at lower and more equitable cost.

Establishing a systems-based approach to managing Scotland's water has implications that extend across the remit of several Committees, but - as for scrutiny of the Climate Change Plan - we believe the Climate Action Committee is best-placed to lead and coordinate.

2. In particular where do you think engagement by the Climate Action Committee could help to enhance public participation and awareness?

We note the Net Zero, Energy and Transport Committee's contribution to the pilot of deliberative public engagement through People's Panels during Session 6, particularly in relation to the review of the Climate Change (Scotland) Act 2009. Deliberative public engagement is also a key element of the customer engagement and research programme that has informed the current Strategic Review of Charges, developed under a Memorandum of Understanding between the Water Industry Commission for Scotland, Consumer Scotland and Scottish Water.

We see potential value in this approach to support policy development beyond the scope of the Strategic Review of Charges, particularly in exploring how public understanding, awareness and behavioural change can contribute to Scotland's response to climate and water-related challenges. This includes strengthening the relationship people have with water as a valuable resource and building greater understanding of the actions individuals and communities can take to use water more efficiently. Scottish Water is currently undertaking a pilot project to better understand how providing information on household water consumption may help reduce domestic demand from current levels.

We also believe there is a need for greater public awareness and understanding of drainage and surface water management. Public discussion relating to storm overflows often mischaracterises what is primarily a surface water drainage challenge, increasingly exacerbated by climate change, as solely a sewage pollution issue. There is significant scope to improve understanding of the role that households, businesses and communities can play in managing rainwater at source, reducing the amount entering the combined sewer network and helping to reduce the risk of sewer overflows and flooding. There are important policy choices in this area, with trade-offs between environmental outcomes, resilience and costs to customers. Deliberative public engagement could play a valuable role in informing these choices and identifying the approach that best reflects Scotland's priorities.

3. What implications do the commitments in the Programme for Government have on your resource needs for the 2027-28 Scottish Budget, and what do you expect your key financial challenges to be in the next financial year?

Scottish Water is funded primarily by customer charges, supplemented by a relatively small amount of borrowing from the Scottish Government to support long-term infrastructure investment. Our investment, customer charges, and borrowing levels are determined through the Strategic Review of Charges process, which is undertaken in advance of each regulatory period. We are currently working with the Water Industry Commission for Scotland (WICS) and other stakeholders to finalise arrangements for the next regulatory period, from 2027 to 2033; and have recently submitted our response to the WICS' Draft Determination.

The commitments set out in the Programme for Government align closely with the challenges identified in Scottish Water's Long-Term Strategy, particularly the need to adapt to a changing climate and improve the resilience of critical infrastructure. The proposed creation of a national environment body reflects the wider need to work collaboratively to address these challenges.

Our Long-Term Strategy identifies three key challenges: adapting to a changing climate, responding to shifting population trends and managing and replacing ageing assets. Addressing these challenges will require significant, sustained investment throughout the 2027-33 regulatory period, as well as a whole-system approach that coordinates planning, identifying solutions and investment across organisations.

Scottish Water's principal financial challenge will be balancing the investment needed to deliver resilient, high-quality services and climate adaptation with maintaining affordability for customers who continue to face cost-of-living pressures.

4. The Scottish Government has indicated that it is not expecting statutory nature targets to be introduced within the next year. What are your views on the proposed timescales?

As a public body in Scotland, Scottish Water has a duty to further the conservation of biodiversity in Scotland under the Nature Conservation (Scotland) Act 2004.

Scottish Water has been engaged with NatureScot and others in recent years to support the development of metrics for biodiversity. Establishing this is a key element in understanding the state of nature, setting objectives and tracking progress towards meeting them.

We understand that the Scottish biodiversity metrics will be published for consultation later this year, and it would seem sensible that the setting of targets follows the establishment of an assessment method. Scottish Water would welcome no further movement of nature target timescales.

With respect to targets, Scottish Water would note that it is important we not only consider biodiversity, but also the state of nature and the ecosystem functions on

which we depend. The majority of water catchments are projected to decline in a changing climate in terms of flows, flooding, water quality and environmental capacity. The resilience of natural catchments is critical to support society's resilience to climate change.

As such, we consider that the capacity and resilience of habitats and ecosystems to function effectively in a changing climate should be part of the target setting. Biodiversity is an important indicator, but it is critical we consider the overall functioning of natural systems and their resilience to climate change across all policy areas.

The development of targets for nature should consider key climate resilience priorities to be reflected in the next River Basin Management Plan, due in 2027, the Scottish National Adaptation Plan, due in 2029, and the continuing review of agricultural incentives in Scotland.

This integrated approach to natural catchments is critical for long term water resilience.

5. What engagement will your organisation expect to have in the development of statutory nature targets?

Scottish Water expects to be engaged both as a significant landowner in Scotland - to consider how it might contribute to such targets - and because our services to society in terms of water supply, environmental capacity and the ability to drain without flooding depend on a resilient natural environment. Nature is also key in supporting net zero pathways for Scottish Water.

Investing in nature is a key element of Scottish Water's Beyond Net Zero and Climate Change Adaptation plans, as set out in our Long-Term Strategy and Final Business Plan submission for 2027-33.

To support this, Scottish Water has developed targets for nature within its 2027-33 Regulatory Business Plan to support the resilience and sustainability of its services. The targets are at 2 levels:

- Simple increase in the hectareage of "land managed positively for nature" (4,500 hectares); and
- Assigning biodiversity metric benefits for improvements (currently piloting new metric which can be adopted following any required alterations once the statutory targets are introduced).

The setting of these targets reflects that we need to improve the resilience of our landscapes – restore eroding peatland; bring wider peatland and landholdings under positive management to prevent deterioration; undertake catchment restoration, riparian management and woodland creation.

We would be keen to engage further in the setting of targets to consider how they might support the resilience of our natural environment to climate change.

Additionally, we would want to understand the delivery routes – how will these targets be attained and supported across diverse policy areas including land, agriculture, infrastructure and planning. All areas need to align and contribute to support resilience.

6. What are your views on progress, and the anticipated timescales for action and delivery, of Ministerial duties under the Circular Economy (Scotland) Act 2024 to set targets for a circular economy and to produce a statutory code of practice on household recycling?

Scottish Water does not have a specific view on the proposed statutory code of practice for household recycling or the timescales for delivery of Ministerial duties. More broadly, however, we recognise the importance of the Circular Economy (Scotland) Act 2024 in supporting Scotland's transition to a circular economy.

Embracing the circular economy is a strategic objective for Scottish Water. Since 2021, Scottish Water has met ministerial objectives, embedding circular economy principles within our wastewater strategy and assessing opportunities to recover resources from sewage. This work has informed our forthcoming Bioresources and Resource Recovery Strategy, providing a pathway for investment through SR27 and beyond. In addition, a new circular economy performance measure will be introduced as part of the SR27 regulatory framework, helping to drive and monitor progress in this area.

7. How are you working with other organisations to tackle these pollutants such as 'forever chemicals', microplastics and sewage-related contaminants in drinking water and water bodies and their upstream sources?

Scottish Water co-chairs the Water UK Plastics Network for the UK Water Industry, which aims to understand the source of plastics received by wastewater networks and advocate for improved source control to achieve significant reductions in the quantities of these plastics. Further detail of our position on plastics, including our campaigning work to raise awareness among customers and our policy priorities can be found at [Position on Plastics - Scottish Water](#).

We are working in partnership with SEPA to build knowledge of the source and prevalence of "chemicals of emerging concern", including PFAS substances. Scottish Water also supports [Water UK's advocacy for stronger upstream action to restrict the non-essential use of 'forever chemicals'](#); and is engaged with a range of work with UK Water Industry Research (UKWIR) and academic institutions. As with source control policy reform in relation to plastics and microplastics, we recognise that effective action is likely to be required on a UK market-wide basis (and internationally).

We are an active participant in the [One Health Breakthrough Partnership](#) with NHS Highland, SEPA, the University of the Highlands & Islands' Environmental Research Institute and the Centre of Expertise for Waters (CREW). This is a unique group of researchers, academics, water providers and regulators, environment agency

representatives, and public health specialists working together to reduce pharmaceutical pollution in the environment through sustainable One Health innovation.

We are also engaged with [work by CREW, supported by SEPA, the Drinking Water Quality Regulator \(DWQR\) and the University of Dundee to understand and risk assess the presence of PFAS in drinking water](#), which supports the monitoring and management of risk by Scottish Water's Public Health Team, Public Health Scotland and NHS Boards.

8. What are the key obstacles to progress on water and climate resilience within the current legislative framework?

The current policy and regulatory framework has developed over many decades and was not originally designed with climate pressures on Scotland's water in mind.

Under the established framework, the costs of climate adaptation in the water sector fall very predominantly on Scottish Water and can only be met via increases in customer charges. Many upstream levers – land management; development planning; consumer product standards; household behaviour; industrial demand; and catchment protection – are most commonly beyond Scottish Water's direct control. There is no clear, shared framework to support systems-based decision-making, despite the essential interdependence of all water users - Scottish Water, local authorities, farmers, industry, energy generators and others – and a healthy water environment.

As well as establishing a coherent approach to long-term water resource planning and management, a systems-based approach would help to identify where new policy interventions, incentives and funding can support better outcomes and lower costs of adaptation.

One example is the wider development of blue-green infrastructure to manage rainfall and, where possible, divert it away from combined sewer systems. This can deliver multiple benefits for urban communities – and there are already positive examples of what can be achieved via active drainage partnerships in Dundee, Glasgow and Edinburgh. Equally, there is limited funding, incentives and other resources to support faster and wider delivery. Experience from Europe and the United States suggests that the best outcomes can be achieved where municipal authorities are empowered to lead in this area - reflecting their wide-ranging interests in place-making, flood risk management, active travel, amenity and public health benefits.

Details of the areas of the country experiencing water scarcity

It is important to note that Scottish Water assesses the supply demand balance, meaning the amount of water available for the public water supply in an area compared to projected demand. This is a different measure to water scarcity within the wider environment, which is monitored by SEPA's Drought Risk Assessment Tool (DRAT).

Over the next 25 years the amount of water available from sources currently used for public water supplies is expected to fall short of demand requirements by approximately 280 megalitres per day (ML/d) during drought conditions, compared to the current deficit of 130 ML/d. Without intervention, the number of supply systems forecast to be not resilient to drought will increase from 6 to 13 by 2033.

This is exacerbated by Scotland being one of the highest per-capita water users in Europe at 178 litres per person per day (l/p/d) compared to around 140 l/p/d in some metered areas of England.

The supply demand balance and drought resilience forecasts for the public water supply are illustrated below:

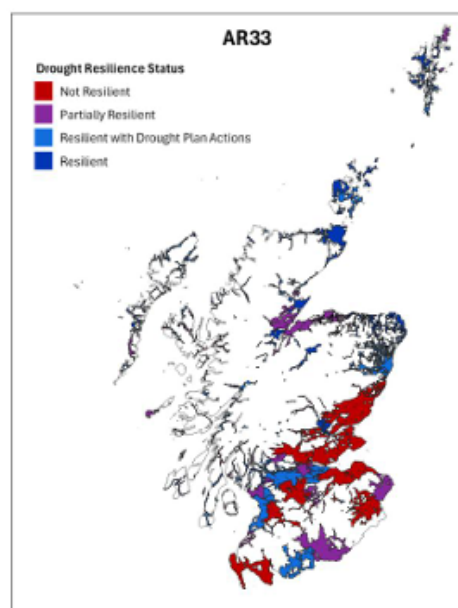
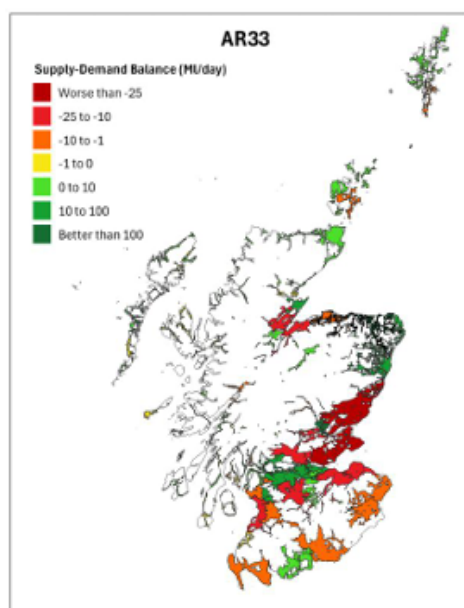


Figure 6: Supply-Demand Balance Forecast 2033 Figure 7: Forecast Drought Plan Resilience 2033

Scottish Water's proposed SR27 investment to improve drought resilience in key areas includes:

- Addressing the supply-demand balance deficit (to 2033) in Dundee, Angus and parts of Perthshire,
- Developing options to reduce the deficit gap in other areas not resilient to drought, including Edinburgh & Lothians, Fife, Lanarkshire and Aberdeenshire/Moray and review priorities for investment,
- Continuing to improve drought management capability.

More information about this and our investment proposals are available in the [Technical Appendix 002 – Water Continuity](#) of our Final Business Plan.

Development can still be accommodated in areas where we project a supply-demand balance deficit in drought conditions. The sustainable provision of the new homes that Scotland needs would be supported by adoption of water-efficient design standards. With respect to any potentially significant non-domestic water users, it

similarly underlines the importance of sustainable design choices, such as closed-loop systems or use of non-potable water sources.

I hope the committee has found this information helpful.

Yours sincerely

Wendy Kimpton

Director of Strategy and Regulation