

Net Zero, Energy and Transport Committee
Tuesday 1 April 2025
13th Meeting, 2025 (Session 6)

Evidence session – Scottish Water

Introduction

1. The Committee has agreed to take evidence from Scottish Water to take stock of the organisation's most recent [Annual Report](#), [draft long-term strategy](#) and to discuss issues relating to its roles and functions.
2. The Committee considered Scottish Water's Annual Report and accounts for 2022-23 on [31 October 2023](#).

Background

3. In Scotland, drinking water and sewerage services are provided by Scottish Water: a publicly owned company operating within a regulatory framework. The company are accountable to the Scottish Ministers who are in turn accountable to the Scottish Parliament.
4. Scottish Water was established by the [Water Industry \(Scotland\) Act 2002](#). It is responsible for providing water and wastewater (sewerage) services to household customers and wholesale Licensed Providers. The 2002 Act requires Scottish Ministers to issue directions to Scottish Water on how to exercise its functions. Scottish Water exercises statutory water and sewerage functions under the provisions of the [Sewerage \(Scotland\) Act 1968](#) and the [Water \(Scotland\) Act 1980](#).
5. Serving approximately 2.62 million households and 153,000 business premises, Scottish Water supplies around 1.38 billion litres of drinking water daily and treats 929 million litres of wastewater before returning it safely to the environment. Its infrastructure includes over 30,000 miles of water pipes, 242 water treatment works, more than 32,000 miles of sewer pipes, and 1,826 wastewater treatment works.
6. Scottish Water is funded through a combination of customer charges and borrowing from the Scottish Government.
7. Oversight of Scottish Water is provided by the Water Industry Commission for Scotland (WICS). WICS is a public body independent of the Scottish Government with statutory powers to monitor Scottish Water's performance. This includes powers to cap the prices Scottish Water can charge customers. It can also, under certain circumstances, place limitations on how much Scottish Water can borrow from the Scottish Government. Business Stream is a subsidiary of Scottish Water and provides non-domestic customers with water and wastewater services. Consumer Scotland is another independent statutory body with a key oversight

function in the water industry in Scotland. The organisation has a role in ensuring Scottish Water gives Scottish consumers an affordable deal for their water services. It has statutory powers to undertake investigations into practices and services which it sees as being potentially detrimental to consumers.

Meeting on 1 April

8. At its meeting on 1 April, the Committee will take evidence from a panel of senior officials from Scottish Water, including:
 - Deirdrie Michie, Chair
 - Alex Plant, Chief Executive
 - Peter Farrer, Chief Operating Officer
 - Professor Simon Parsons, Director of Environment, Planning and Assurance
9. The main focus of this session will be to reflect on Scottish Water's Annual Report and the company's performance over the past year. The Committee may additionally take this opportunity to discuss any topical matters within its remit which relate to water and wastewater services and infrastructure in Scotland, such as Scottish Water's environmental performance, how it is reducing its carbon footprint, and what effect the climate emergency is having on its service provision.
10. Scottish Water has provided a background briefing, which is provided in the Annexe.

Clerks to the Committee
March 2025

Annexe: Written evidence from Scottish Water

BACKGROUND

Scottish Water was created in 2002, bringing together three regional water authorities into a single publicly owned, independently regulated and commercially operated water company for Scotland.

The performance of this distinctive model and the commitment of our people has helped to transform the water sector in Scotland over the last 23 years from the worst performing in the UK to one of the best.

Strong public support is reflected in the findings of the January 2025 UK Customer Satisfaction Index (UKCSI), which is based on a survey of over 15,000 consumers, and found Scottish Water to be the most trusted water company in the UK and among the top performing utilities.¹

We currently invest over £1 billion every year to maintain and improve service, support growing communities and protect Scotland's environment. This investment is funded through customer charges, supported by some access to borrowing via the Scottish Government. Unlike privately owned models, all money raised by Scottish Water is reinvested in the future of our services.

PERFORMANCE UPDATE

As reflected in our [2023/24 Annual Report and Accounts](#); and our [September 2024 Interim Report and Accounts](#), Scottish Water has continued to perform well across its key performance indicators.

We recognise that we are attending the Committee at the end of the 2024/25 reporting year, for which final performance numbers are still being finalised, ahead of our 2024/25 Annual Report being laid in the Scottish Parliament and published in the summer.

In the meantime, we are pleased to be able to report that 2024/25 has seen Scottish Water's best performance to date in terms of our Overall Performance Assessment (OPA). At the end of February 2025, we forecast:

- 99.92% compliance with world class drinking water quality standards;
- Leakage significantly reduced from 2023/24 and expected to be within our target range of 444 to 459 Megalitres per day;
- Reduction in the most impactful Environmental Pollution Incidents (Category 1 and 2 EPIs);
- Continuing high Customer Satisfaction levels - at 94.2% among household customers surveyed following contact with our teams; and

¹ UKCSI findings published in January 2025, based on customer survey responses between March 2024 and September 2024.

- A further year of record investment via our capital programme, exceeding £1 billion in value.

The continued strong performance of Scottish Water as a whole is a clear reflection of the commitment of our people both to the customers and communities we serve and the environment that we help to protect.

IMPROVING URBAN WATERS

The quality of Scotland's water environment is at its highest level since the first Water Framework Directive classifications in 2009, with 87% of waterbodies assessed by SEPA as being in 'good' or better condition. Progress has been supported by substantial and well-targeted investment in improving wastewater infrastructure over successive decades.

Our Improving Urban Waters Routemap was published in December 2021 and has driven further significant progress, representing an additional £500m investment in response to concerns about limited monitoring of sewer overflows and their potential impact on the water environment in and near urban communities.

In line with the commitment made in the Routemap, we completed the installation of 1,000 new Event Duration Monitors (EDMs) on overflows in November 2024; and a near real time [Overflow Map](#) was launched on our website in December 2024, to make this information available to all. Installation of further EDMs is continuing, with 700 more expected to be installed during 2025 and added to the map as they come online.

The data from our fast growing network of EDMs, and also from the wider intelligent wastewater network (WWIN) capability which we are developing, is supporting our operational response to prevent pollution; and improving our confidence in the hydraulic modelling tools which we use to understand our sewer networks' long-term performance.

Other important strands of our Improving Urban Waters programme are also progressing, including investment to improve 108 high priority overflows that have been identified as unsatisfactory, either due to their impact on water quality or release of sewage related debris (SRD) to the environment. A new phase of our Nature Calls campaign is set to launch this Spring, continuing our efforts to raise customers' awareness and change behaviour - in order to address the problem of SRD at source, wherever possible, and reduce the associated risk of sewer blockages.

We are committed to working with SEPA and other stakeholders to support continuing progress, using the available evidence to target investment where it can deliver the greatest environmental benefit.

DRAFT LONG TERM STRATEGY

Our [draft Long Term Strategy](#) anticipates that Scottish Water will need to work differently to meet the challenges that the water sector faces over the next 25 years and beyond.

This will mean driving ever closer partnership with other organisations, customers and communities to find solutions that go beyond the traditional boundaries of a utility company.

It will also mean a continued drive to transform and further increase efficiency through innovation and technology.

We know that there are real benefits we can realise through working with customers to help reduce demand for water and to ease the pressures caused by rainwater flowing into our combined sewers.

By way of example, if we can help everyone in Scotland to reduce consumption this will both help the environment and reduce costs, recognising that Scottish Water customers currently use an average of around 180 litres each day – about 40% more water than people in Yorkshire².

We are currently embarking on a pilot project in the north-west of Dundee to install 'smart' monitors for around 2,000 homes over a three year period – to assess the difference we can make by helping customers understand their water usage, reducing leaks within the home, and further improving our ability to find and fix leaks on our network too.

Even while taking opportunities to work differently, innovate and reduce demand as far as possible, it is clear that sustained, prudent investment will still be needed to maintain high service standards, adapt to climate change and renew Scotland's ageing water infrastructure.

We are determined to maximise the public value of our investment, both via its direct contribution to the Scottish economy through our supply chain, employment and training opportunities; the environmental protection and enhancement it can deliver; and its crucial role in enabling growth across the wider economy. That means supporting the delivery of much-needed new homes, business expansion, and ultimately playing our role in support of a flourishing Scotland.

We are keen to play our part in a wide-ranging conversation with customers, communities, partners and regulators over the year ahead - spanning the development of our Long Term Strategy, our proposed business plan for 2027 to 2033 and the future of Scotland's water sector as a whole. We believe the challenges we face are clear, but we are well placed to take the right steps together, and make the investment that is needed, to ensure Scotland's water remains a justified source of national pride.

We look forward to discussing these matters with the Committee.

² Yorkshire water consumption data from Discover Water - <https://www.discoverwater.co.uk/amount-we-use>