

## **CONSUMER SCOTLAND – DRAFT WORK PROGRAMME 2025-26**

### **SCOTTISH WATER’S RESPONSE – for publication**

#### **REFLECTIONS ON 2024-25**

Scottish Water has benefited greatly from the new evidence and insights which Consumer Scotland has brought to the water sector in the past year. In particular we have utilised insights from work completed on water poverty and the affordability of water and sewerage charges and consumers’ perceptions of and engagement with the transition to Net Zero.

Consumer Scotland’s involvement in the Strategic Review of Charges 2027 to 2033 delivers a useful customer perspective into key conversations, and the agreement of a Memorandum of Understanding between both parties and WICS truly puts customers at the heart of the business planning process.

The sector has also benefited from Consumer Scotland chairing the Senior Stakeholder Group which represents the wholesale water market and published a new code of practice this year.

#### **WORK PROGRAMMES OF RELEVANCE TO SCOTTISH WATER**

##### **Fair and affordable water charges**

Scottish Water appreciates Consumer Scotland’s recognition of the need for investment in Scotland’s water sector to maintain service levels and respond to the climate crisis. We agree action may be required to protect low-income consumers from the impact of increases to charges which may be required.

We welcome Consumer Scotland’s plan to update the 2024 Affordability of Water report with updated forecasts and pricing assumptions, this will support assessment of the affordability of Scottish Water’s SR27 Business Plan.

We also welcome continued work to develop and deliver policy options to protect low-income customers. We note a number of potential interventions are laid out by Consumer Scotland, including increasing the level of discount provided through the Water Charges Reduction Scheme and consideration of a ‘by application’ scheme to support low-income customers. We look forward to working with other members of the Future Charging Group to discuss these and other options to ensure the right protections for those who are vulnerable, without placing unnecessary financial burden on others.

##### **A strategic investment programme for Scotland’s water shaped by consumers**

Scottish Water agrees it is vital that customers’ voices are at the heart of the decision-making process for SR27 and welcome the Memorandum of Understanding which has been agreed by Scottish Water, Water Industry Commission for Scotland and Consumer Scotland. We are currently working closely with Consumer Scotland and Scottish Water’s Independent Customer Group (ICG) to develop the research programmes which are required within a collaborative Research Advisory Group. This includes Consumer Scotland’s deliberative research programme which will test customers’ views of Scottish Water’s Final Business Plan. This is a significant innovation from past Strategic Review of Charges which directly fulfils the Scottish Government’s request that Scottish Water’s final Business Plan commands consumer support.

## **Consumers at the centre of a climate resilient water sector**

Scottish Government led work is ongoing to develop policy proposals required to modernise the current legislation surrounding water, wastewater and drainage and ensure it provides sufficiently for the adaptation required due to climate change. Scottish Water appreciates the role Consumer Scotland plays within this work, particularly highlighting the role customers can play in supporting climate change outcomes and how partnering with customers and communities can help achieve these outcomes.

## **An improved system for preventing and dealing with water debt**

Scottish Water recognises that the finding from previous research that 1 in 5 customers in Scotland were in debt for water and sewerage services is based on previous analysis from 2014. This value appears high based on current in-year collection rates of around 95%, and the treatment of customers on direct debit instalment plans (a payment method used by a growing proportion of customers) would need to be clarified to derive an accurate current value.

We are currently progressing work with the councils and their software suppliers to develop a new suite of reports which will give us far better visibility of household billing and collection data, including debt information, on a regular and standardised basis in future. We expect to receive the first iteration of this data later this year and will keep Consumer Scotland informed as this progresses.

While the scale of water debt in Scotland has still to be fully understood, we do recognise that there are a small group of customers who do not realise they are liable to pay a water charge because they benefit from full Council Tax relief, and therefore subsequently may fall into water debt. Scottish Water appreciates Consumer Scotland's recommendation that clearer information should be made available to these customers and welcomes the opportunity to explore how to raise awareness amongst this customer group.

Debt recovery practices are managed by Local Authorities, who are best placed to understand individual's circumstances and offer tailored support to those in debt. We look forward to discussing any opportunities to enhance the support provided to those customers who are least able to pay.

## **A water market that works for non-domestic consumers**

As chair of the non-household water market's Senior Stakeholder Group, Consumer Scotland has played a valuable role in encouraging the adoption of Ethical Business Practice amongst market participants and facilitating the development of the Licensed Provider Code of Practice. Scottish Water welcomes Consumer Scotland's continued engagement to support implementation of the Code and to use the Senior Stakeholder Group to drive better outcomes for customers.

## **Public bodies delivering for consumers**

The introduction of the new 'consumer duty' in 2024 and associated draft guidance enabled Scottish Water to confirm the activities which we undertook to support the principles of the duty, and we note we were used as a positive example. We look forward to participating in the awareness session and supporting these if that is helpful.

## **Consumer insight driving decision making**

Scottish Water fully supports putting customers at the heart of decision making and using insights to ensure we are well informed on expectations, priorities and views of customers and communities. As Consumer Scotland understands which topical issues they wish to explore, we appreciate the transparency with which insights are shared, and therefore where relevant we can use these.

## **A cross-market approach to delivering more affordable services**

Scottish Water supports the need to consider a more consistent and joined-up approach to affordability across markets, so that customers in the most vulnerable financial circumstances get the support they need. We welcome the work being proposed to undertake analysis and identify improvements, where this work is available to inform the Future Charges Group discussions of Principles of Charging for SR27 it should be considered, however as a larger piece of work it may be more appropriate to consider how recommendations could inform SR33.

## **Supporting Work**

We recognise the important role Consumer Scotland play in supporting the water sector, particularly in multi-stakeholder forums such as the High-Level Group, Strategy Group, Future Investment Group, Future Charges Group and Customer Research Coordination Group.

We would appreciate further engagement on the supporting work on 'Understanding the consumer experience'. We understand work was undertaken in 2024-25 on customer complaints and would be keen to see the findings from this work, so we can build recommendations into SR27 planning. We look forward to working with Consumer Scotland on how this work will develop in 2025-26.