SCOTTISH WATER'S PERFORMANCE 2025-26

November 2026

WICS Economic regulation for Scotland's water

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About this document

This report sets out WICS' assessment of Scottish Water's performance in the financial year 2025-26, the fifth year of the 2021-27 regulatory control period.

The report covers six areas:

- WICS' role in the Scottish water industry;
- How WICS performs this role;
- Charges and expenditure;
- Delivery of the investment programme; and
- The delivery of key outcomes for customers and the environment.

Executive Summary

The Water Industry Commission for Scotland (WICS) is the economic regulator of the Scottish water industry. Each year, we publish an assessment of Scottish Water's overall performance against the forecasts made during our Final Determination of Charges for the period 2021-22 to 2026-27 and against performance in previous years. This report assesses Scottish Water's performance in the financial year 2025-26, the fifth year of the six year regulatory control period.

For this performance report, we compare Scottish Water's reported performance in 2025-26 against:

- the allowed-for expenditure from the Final Determination;
- Scottish Water's measures of progress in delivering the investment programme, levels of service, water quality and environmental performance; and
- Scottish Water's past performance.

Scottish Water's performance summary

Overall picture

Continuing high customer and operational service performance

Expenditure broadly in line with allowances

Off-track on some investment commitments

AREA	PERFORMANCE SUMMARY
Customer Service	• Customer satisfaction remains high across all areas Households and developer satisfaction levels slightly improving
Service performance	• Overall service performance remains among the strongest levels achieved • Operational performance improved in some measures in particular fewer serious pollution incidents • Operational performance deteriorated in wastewater treatment works compliance • Scottish Water's leakage performance marginally missed the target range
Drinking water quality	• High drinking water quality maintained despite small decrease compared to previous year • 99.9% of samples compliant in 2025
Capital expenditure	• Capital expenditure so far is broadly as planned in the updated allowances despite lower revenues • Increased risk for some commitments in removing Unsatisfactory Intermittent Discharges (UIDs) and climate milestones
Operating expenditure	• Operating expenditure including PFI expenditure was £522m against an implied regulatory allowances of £504m in 2025-26, missing the implied allowance by 3.4% • Scottish Water will need to reduce its operating expenditure in 2026-27 to meet its forecasts for the period in its Final Business Plan
Financing costs & other expenditure	• Scottish Water benefited from lower interest costs due to market conditions, allowing it to maintain capital investment
Environment & climate	• Delivery on removing UIDs behind plan for December 2027 and achievement of the Improving Urban Waters Routemap is at risk • Reduction in carbon emissions behind target, with operational emissions down 55% against the 60% milestone

Overall assessment

In 2025-26, Scottish Water maintained high performance on its customer and performance measures. Its expenditure was broadly in line with the allowances set in the Commission's Final Determination for the 2021-27 regulatory period. There remain opportunities to catch up in some underperforming outputs compared to the 2024 forecasts. There is also a risk it will not meet the commitments set out in the Improving Urban Water and Net Zero Routemaps.

Performance and customer service

Scottish Water has maintained high performance on its performance measures that it introduced in 2021. These measures cover levels of service performance and investment delivery. Underperforming service areas include missing the leakage target and lower wastewater compliance compared to previous year.

Capital expenditure and customer charges

Over 2022 to 24, Scottish Water increased charges at a slower rate than assumed in response to the cost-of-living pressures faced by customers across Scotland. Since then it has increased the charges by the maximum allowed charge cap to catch up. This has meant a shortfall in capital available for investment, which has been offset by net financial outperformance. Despite the lower revenue, Scottish Water's investment has been broadly in line with the capital expenditure allowance. Scottish Water has spent £3,636m on investment projects in the first five years of the period (£10m less than WICS allowed for in the Final Determination). The operating and PFI costs were higher in 2025-26 than FD modelled, which was offset by the lower interest costs.

Investment delivery

Over the period 2021-22 to 2025-26, Scottish Water has delivered more outputs than it forecast it would at an overall level. There has been a slowdown over the year: when looking at enhancement and growth, 99% of the forecast outputs have been delivered at an aggregate level, compared to 118% last year. While Scottish Water is outperforming its forecast in some areas, there are some key areas where it does not expect to meet its forecast by the end of the 2021-27 regulatory period.

Scottish Water has two separate Routemaps, Improving Urban Waters for environmental improvements and Net Zero. Some of the commitments made as part of these routemaps are at risk of not being met within the planned timescales. 8 of the 108 UID committed schemes may not be completed in time. Scottish Water also remains off track to achieve net zero by 2040. Scottish Water attributed the gap due to slower than expected UK grid decarbonisation.

1. Introduction

1.1. WICS' role in the Scottish water industry

The Water Industry Commission for Scotland (WICS) is the independent economic regulator of Scottish Water. WICS is a non-departmental public body established through the Water Services Etc. (Scotland) Act 2005.[1] As outlined in the Act, WICS has a statutory duty to promote the interests of customers. Fulfilling these duties involves three main activities:

- Setting the maximum level (known as charge caps) that Scottish Water can raise bills for household customers and wholesale charges for the retailers (known as licensed providers) that serve non-household customers through a process known as the Strategic Review of Charges;
- Monitoring Scottish Water's performance against the forecasts made at the time of setting charge caps; and
- Overseeing the orderly functioning of the non-household retail market in Scotland to ensure that the retail market delivers good outcomes for customers.

This performance report is an assessment of Scottish Water's performance over the last financial year in line with the second activity above.

1.2. How WICS performs its role

As noted above, WICS sets the maximum level (known as a charge cap) that Scottish Water can raise bills for household customers and wholesale charges for licensed providers. These charge caps are determined through a transparent and consultative multi-stakeholder process known as the Strategic Review of Charges. The period covered by the Strategic Review of Charges is known as the regulatory period, which is currently six years. The process ends with WICS confirming these charge caps in a Final Determination before the regulatory control period begins. For example, the Final Determination published in December 2020 set the charge caps to apply over the regulatory control period 2021-22 to 2026-27.[2]

WICS sets charge caps based on its assessment of the lowest reasonable overall cost Scottish Water incurs in delivering the investment priorities set by Scottish Ministers (known as the Ministerial Objectives).[3] These charge caps must also be consistent with the Principles of Charging that Scottish Ministers set. To set these charge caps, WICS forecasts the cash (from revenue and borrowing) that

[1] The Water Services etc. Scotland Act 2005, available at https://www.legislation.gov.uk/asp/2005/3/
[2] WICS (2020), '2021-27 Final Determination', available at https://wics.scot/publications/price-setting/strategic-review-charges-2021-27/determinations/2021-27-final-determination.
[3] Scottish Government (2020), 'Scottish Water: directions 2020', December, available at: https://www.gov.scot/publications/scottish-water-directions-2020/

Scottish Water requires to cover the efficient[4] cost of providing water and wastewater services, as well as delivering the investment priorities outlined in Ministerial Objectives.

These forecasts cover three broad categories:

- **Sources of cash:** covering revenue and net new borrowing from the Scottish Government;
- **Uses of cash:** covering the efficient cost of running the business (see the section on the different categories of expenditure) and delivering the investment programme; and
- **Benefits delivered:** covering what customers receive in terms of levels of service performance and tangible deliverables from the investment programme (known as investment outputs or contributions to higher-level outcomes).[5]

Unless otherwise specified, we present Scottish Water's expenditure, revenues, and allowances in 2017-18 price base, which was the price base in our SRC21 Final Determination. This allows for like-for-like comparisons.

Collectively, WICS refers to these forecasts as 'the baseline,' which is typically provided before the regulatory period begins. During the regulatory period, WICS will compare Scottish Water's reported performance against the forecast values in the baseline and seek to understand any differences. Such monitoring enables WICS to report on whether Scottish Water has achieved the required efficiencies and the investment programme, and ultimately, to hold Scottish Water accountable for its delivery.

The Strategic Review of Charges 2021-2027 (SRC21) adopted a different approach to establish the baseline for service levels and the investment programme. Service level targets were set using existing service measures, aiming to maintain the high standards of service that most Scottish Water customers receive.

The baseline for the investment programme was based on top-down allowances, with the expectation that further details on the investment programme (e.g. on tangible deliverables) would follow through the Water Industry Investment Group (WIIG).[6] The WIIG would oversee Scottish Water's development of the investment programme throughout the regulatory period.

[4] An improvement in efficiency is defined as either a reduction in costs with no deterioration in service; or maintaining costs, while improving service.

[5] Outputs are tangible deliverables provided by an investment project, driven by legislative or other requirements, which will contribute toward meeting investment drivers or outcomes. Outcomes are higher level objectives that customers and society value – for example, a clean water environment.

[6] The Water Industry Investment Group (WIIG) – previously the Scottish Government Investment Group (SGIG) – is a group chaired by the WICS and attended by Scottish Water, Drinking Water Quality Regulator, Scottish Environmental Protection Agency, Consumer Scotland, the Scottish Public Services Ombudsman, and WICS. It oversees the progress of Scottish Water's capital investment programme and ensures that it is sufficient to deliver the objectives set by ministers for the water industry.

Scottish Water provided a detailed forecast of tangible deliverables, referred to as investment outputs, in 2024. These investment outputs cover 'what' Scottish Water is delivering, such as kilometres of water mains replaced or the number of unsatisfactory intermittent discharges improved or removed.[7] We cover Scottish Water's progress in delivering these investment outputs in Section 3.3.

1.3. Structure of this performance report

This report covers three areas:

- Charges and expenditure (Section 2);
- Delivery of the investment programme (Section 3); and
- The delivery of key outcomes for customers and the environment (section 4).

2. Charges and expenditure

- Capital expenditure is broadly as planned despite lower revenues resulting from delaying charge increases in response to the cost-of-living crisis
- 2025-26 operating expenditure including PFI expenditure was £522m against an implied regulatory allowances of £504m in 2025-26, missing the implied allowance by 3.4%
- Scottish Water will need to reduce its operating expenditure in real terms in 2026-27 to meet the forecasts for SRC21 it set out in its SRC27 Final Business Plan
- Scottish Water benefited from lower interest costs than assumed in the SRC21 FD due to market conditions, allowing it to maintain capital investment despite lower revenues

This chapter focuses on charges and expenditure, summarising the impact of Scottish Water's charging decisions over 2021-22 to 2025-26 and financial performance to date on the funding available for capital expenditure.

We present Scottish Water's expenditure, revenues and allowances in 2017-18 price base, which was the price base in our SRC21 Final Determination. This allows for like-for-like comparisons.

2.1. Revenue & borrowing

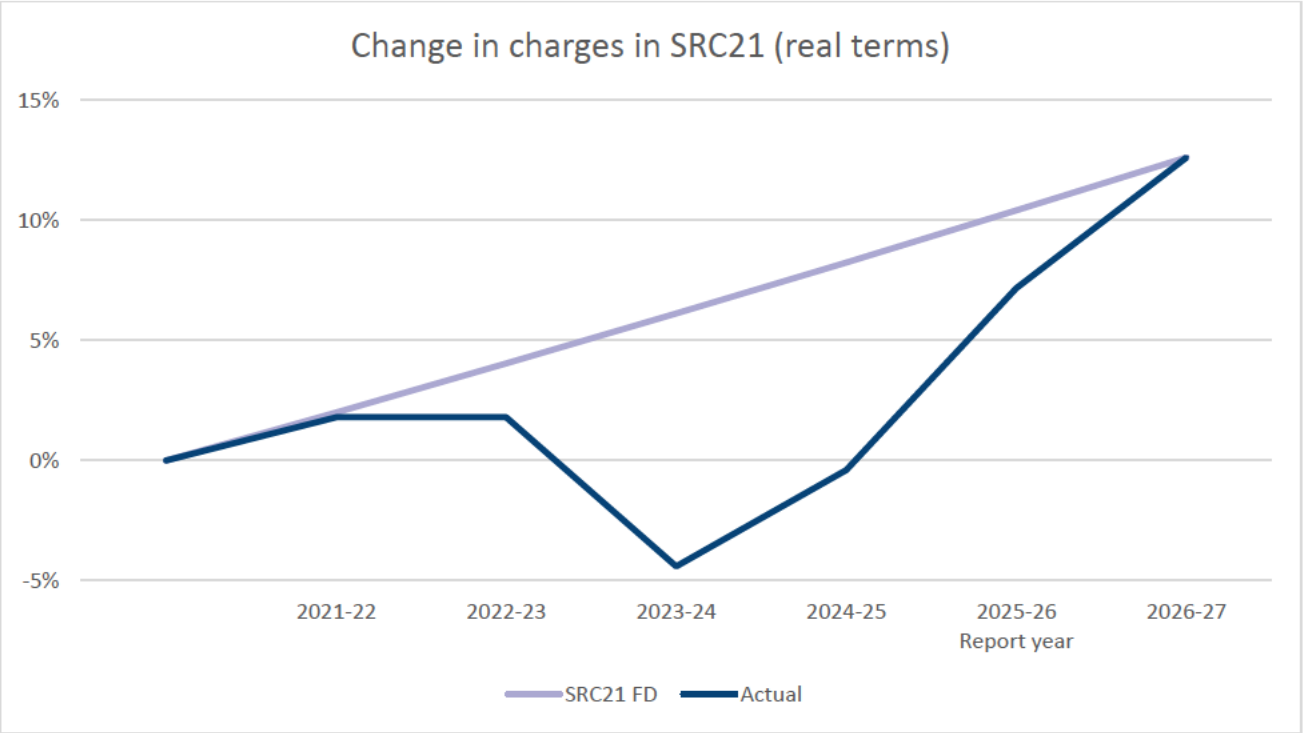
The SRC21 Final Determination set a charge cap relative to the Consumer Prices Index measure of inflation. The Determination set an overall charge cap for the regulatory period of CPI+12.6%, which is equivalent to a cap of CPI+2% on average each year.

In the first half of the regulatory period, Scottish Water delayed increases to charges relative to the CPI+2% profile assumed in the Final Determination in response to the cost-of-living crisis. This

[7] This baseline is based on Scottish Water's Investment Planning Scenario (IPS) from early 2024 (which Scottish Water defines as IPS 24.1). We will use this IPS to understand and comment on Scottish Water's performance for the remainder of the SRC21 period.

decision kept bills more affordable for customers but reduced the expenditure available for investment. Since 2024-25, Scottish Water has increased customer charges to recover to a level consistent with WICS' CPI +12.6% cap for the period. These pricing decisions are shown in Figure 1.

Figure 1: Change in charges in SRC21 (real terms)



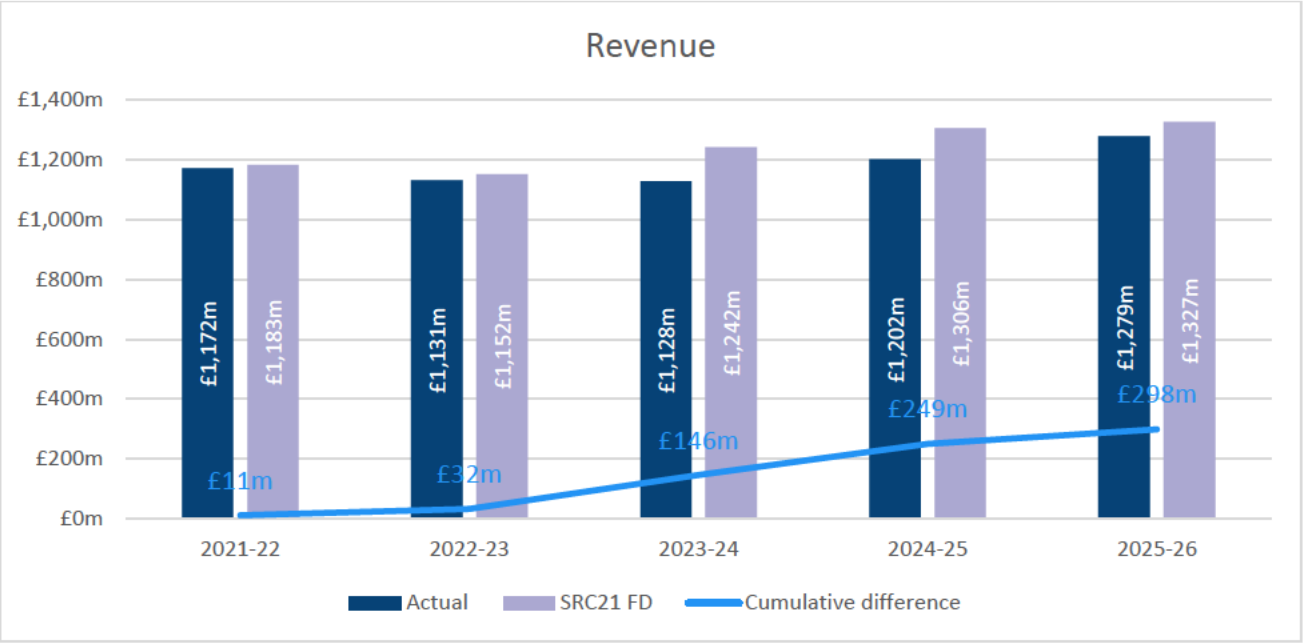
Primarily, as a result of Scottish Water's chosen price path (as shown in Figure 1), revenues through the 2021-27 regulatory period have been lower than allowed for in WICS' Final Determination. In 2025-26, household revenue and non-household revenue were £18m and £21m below the revenue assumed at the time of the Final Determination. Including infrastructure charges and other revenue, the total revenue collected was £49m lower than assumed in the Final Determination.

The vast majority, over 99%, of household customers pay their water and wastewater charges based on their council tax band, with annual charges ranging from £400 for a Band A customer to £1,200 for a Band H customer in 2025-26.

As a result of Ministers' charging policy, around half of Scottish Water's household customers qualify for a discount or exemption, such as the status discount and the Water Charges Reduction Scheme (WCRS). The status discount includes the single-person discount and provides for discounts of 25%

and 50%. WCRS provides a discount of up to 35% for eligible households. Customers eligible for both discounts receive the higher of the two.

Figure 2: Revenue



To date, net new borrowing in SRC21 is broadly in line with the levels assumed in our Final Determination. Over the first five years of the period, in nominal terms, Scottish Water debt increased by around £896m, while the Final Determination assumed an increase in debt of £889m (£717m compared to £707m in 2017-18 prices).

2.2. Operating expenditure

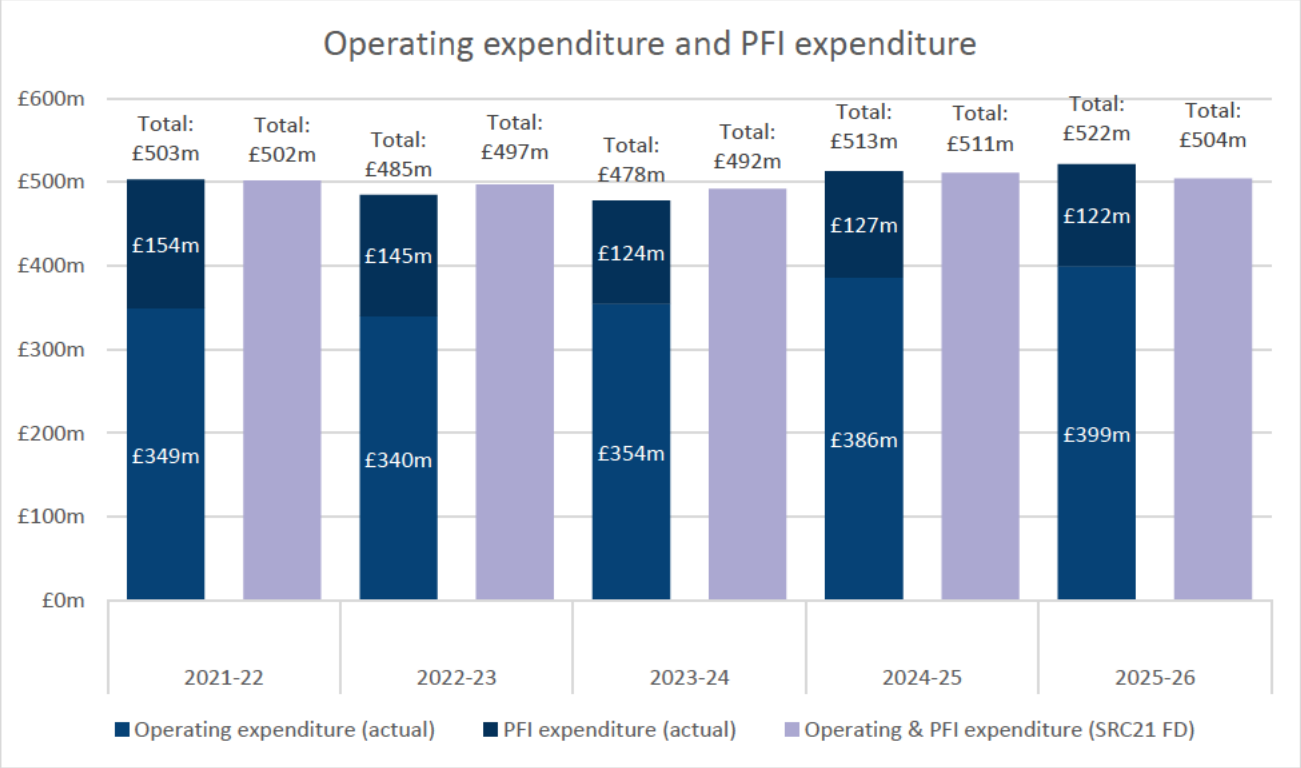
OPERATING AND PRIVATE FINANCE INITIATIVE (PFI) EXPENDITURE

Scottish Water slightly underperformed against its expectations for total operating costs before tax in 2025-26, as set out in its interim accounts, by £2m. This was driven by Scottish Water spending £8.3 million more on regulatory operating expenditure than forecast. It was partially offset by better than expected performance in PFI costs and interest charges.

Additionally, Scottish Water's total operating expenditure and PFI expenditure are higher than that assumed at this stage in the SRC21 Final Determination. Its total operating expenditure including PFI expenditure was 3.4% above the implied allowance.

The increase in operating expenditure compared to the previous year was mainly driven by increases in employment costs, including national insurance and pension costs, and electricity costs. The increases in these operating cost items were partially offset by higher recharges and lower property costs.

Figure 3: Operating expenditure and PFI expenditure



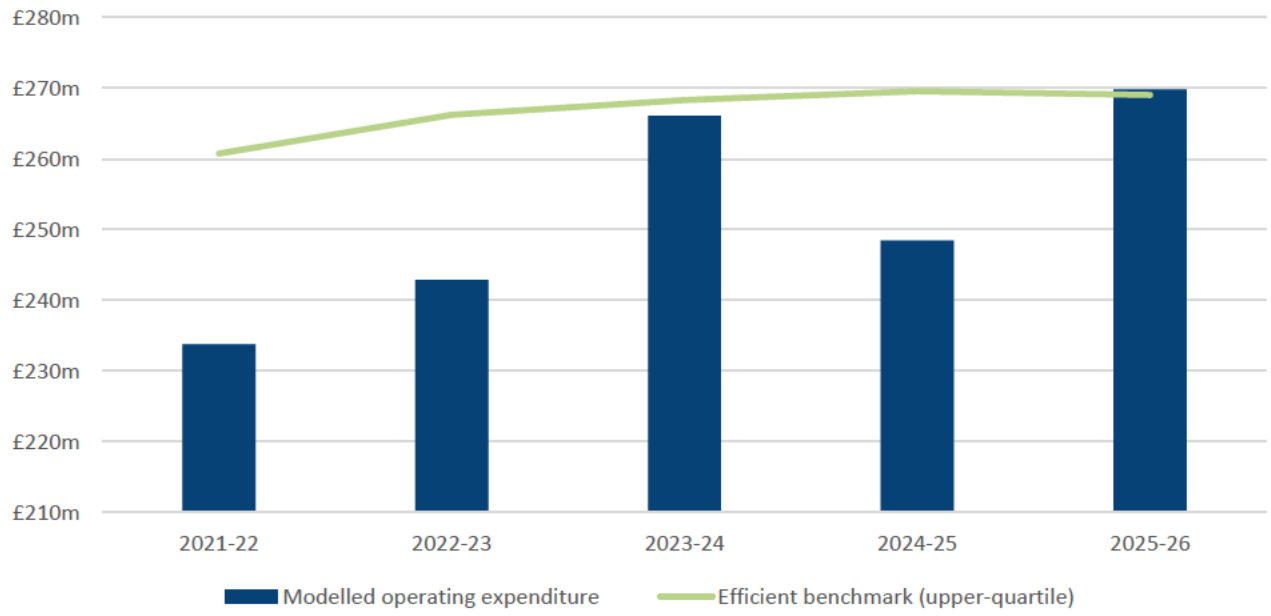
OPERATING COSTS EFFICIENCY

Throughout this year, WICS has been using statistical models to compare and benchmark Scottish Water's operating expenditure to the companies in England and Wales as part of the Strategic Review of Charges for 2027-33. We are able to use this analysis to aid understanding of whether Scottish Water's 2025-26 costs were at the efficient level. The models exclude expenditure outside management control, such as local authority rates and service charges (e.g. abstraction licences paid to SEPA). In line with this, PFI fees have been excluded to examine the underlying operating expenditure over which Scottish Water has control. This leaves items that water companies' control, such as staff costs, energy, and materials. We have updated the models using Scottish Water's data from the Annual Return 2025-26.

Scottish Water also included in its 2025-26 operating expenditure the provision for £18m unforeseen pension costs. This resulted in lower Tier 1 outperformance due to the provision.

Figure 4 compares Scottish Water's actual operating expenditure used for benchmarking purposes (as shown by the blue bars) to an efficient benchmark based on an upper quartile level of efficiency (as shown by the green line) from 2021-22 to 2025-26.

Figure 4: Modelled operating expenditure versus efficient benchmark (2017-18 prices)



With any benchmarking there will always be uncertainties over the validity of the results. Costs may be allocated differently across different areas, in particular between operational and capital expenditure. Also, the explanatory variables used to explain differences in companies' operating environments (for example due to differences in geography or topography) may over- or under-estimate differences in efficiency, leading to a greater or lesser efficient challenge than is appropriate. Scottish Water has higher Capital Maintenance expenditure compared to its peers in England and Wales. We also note that we were unable to utilise 2025-26 information for all cost drivers for companies in England and Wales due to a lack of available information. We therefore recognise there must always be uncertainty when interpreting the results.

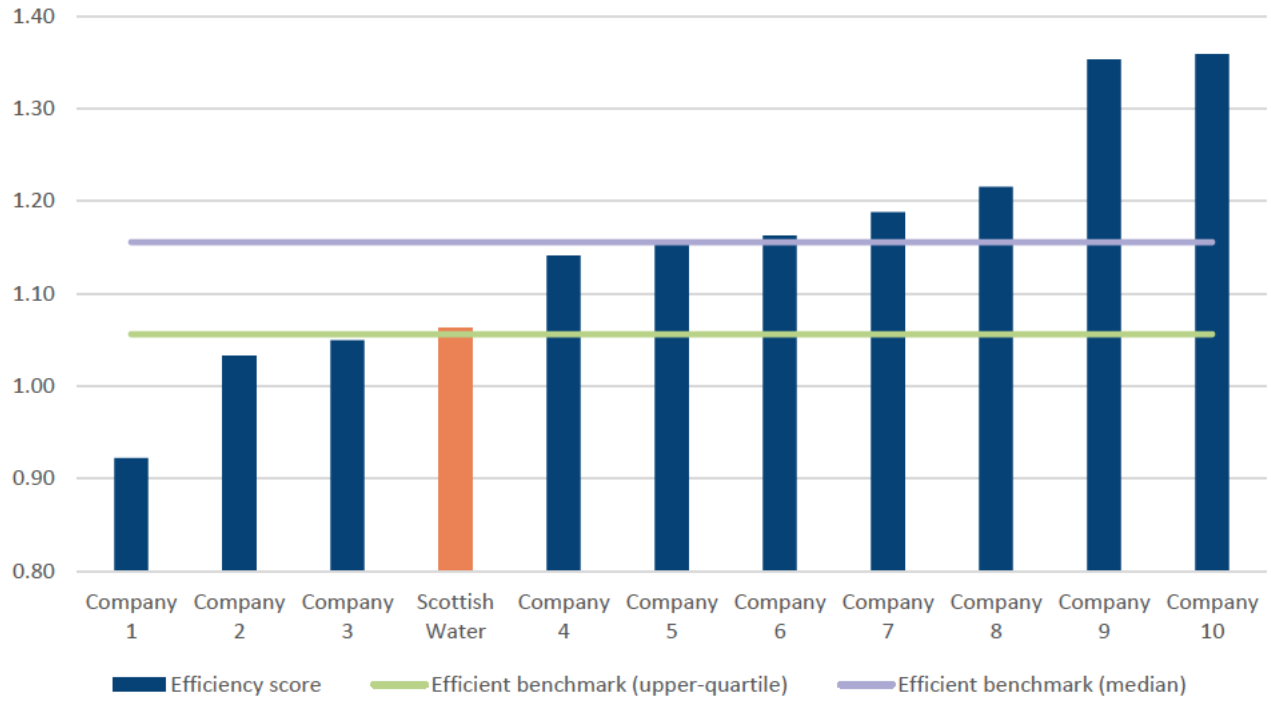
As shown in Figure 4, the modelling suggests that Scottish Water's operating expenditure in 2025-26 was very slightly above the efficient benchmark, by 0.3%. In the SRC27 Draft Determination, we assessed operating expenditure efficiency over a five-year period to allow for year-to-year variability in expenditure. On this basis, Scottish Water's operating expenditure appears approximately at the efficiency benchmark.

Scottish Water's recent efficiency scores have benefitted from its decision to pre-purchase around 50% of the electricity it consumes. Consequently, it has benefitted from significantly lower electricity costs than companies in England and Wales over the modelling period. We commend Scottish Water's decision to pre-purchase energy. The outperformance generated over the period of the hedging has benefitted customers by allowing additional funds for investment. We recognise, however, that this outperformance is a time-limited benefit and Scottish Water will revert to paying

market prices for electricity when these hedging arrangements expire which will have implications for its efficiency position in the future.

If Scottish Water's energy costs had increased in line with the energy costs of the companies in England and Wales, as was broadly the case from 2011-12 to 2020-21, then it would be 0.6% above the efficient benchmark over the modelling period, as shown in Figure 5. This results in Scottish Water moving from being the second most efficient water and sewerage company in Britain, to the fourth most efficient company. This indicates there may be some opportunities for Scottish Water to become more efficient in other areas of operational expenditure out with energy.

Figure 5: Scottish Water efficiency position with power costs increasing in line with England and Wales (2021-22 to 2025-26)



In Scottish Water's SRC27 Final Business Plan, Scottish Water forecast an increase in operating expenditure of £15.2m (2024-25 prices) in 2025-26. This was attributed to increases in employment costs, employer National Insurance contributions, energy costs and "an unusually high contingency in our budget to account for events such as ongoing drought, industrial action and winter risks".[8] Scottish Water forecast a reduction in operating expenditure of £12.8m in 2026-27, in part due to an expected normalisation of contingency levels. The actual increase in operating expenditure in 2025-26 was £18.0m, £2.8m above Scottish Water's forecast. As a result, to meet our estimate of notionally

[8] Scottish Water (2026), 'SR27 Final Business Plan: Table 7 – Other Costs and Assumptions Commentary', 26 February 2026, p.5.

efficient company Scottish Water will have to find additional reductions in operating expenditure in 2026-27 above their forecast in the Final Business Plan to return to the level of operating expenditure set out in the SRC27 Draft Determination.

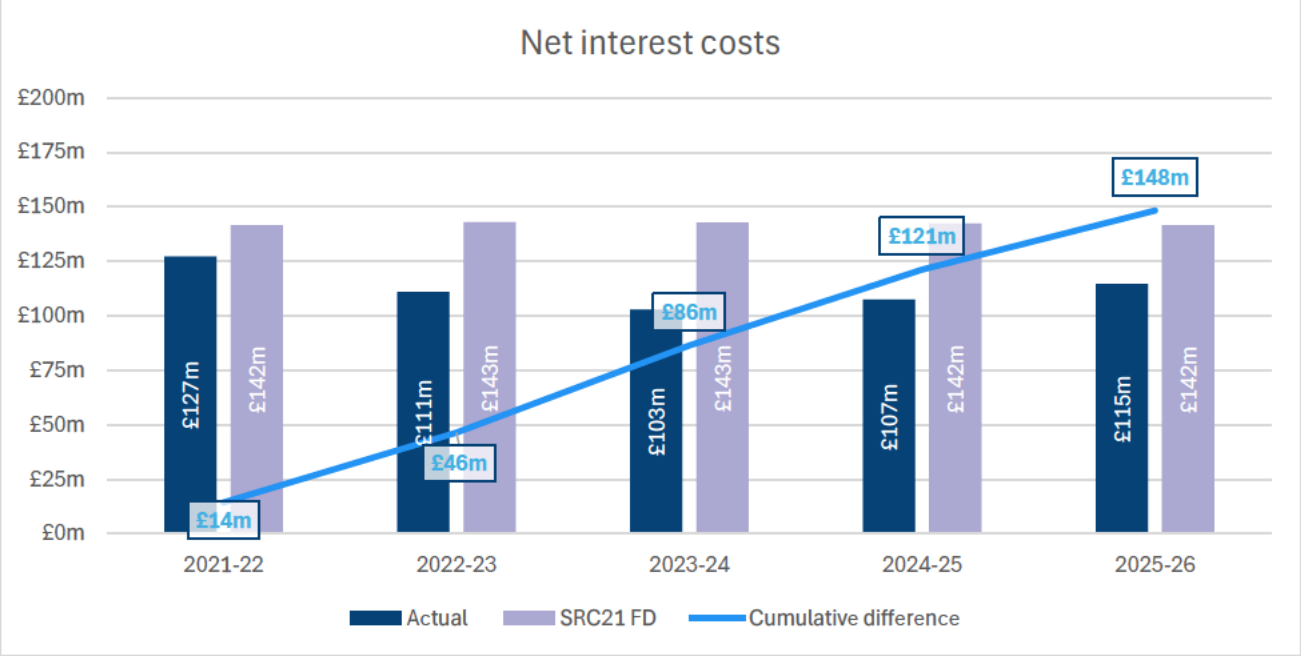
FINANCING COSTS

As observed in previous years of the 2021-27 regulatory period, Scottish Water's net interest costs are significantly lower than was assumed in the Final Determination. In 2025-26, Scottish Water's interest costs were £27m lower than was assumed in our Final Determination.

This is primarily due to lower-than-expected interest rates and Scottish Water's ability to refinance embedded debt at the lower prevailing rate. In total over the period 2021-22 to 2025-26, Scottish Water has saved £148m in interest costs, with these fluctuations in interest rates being beyond the control of management. This has allowed Scottish Water to maintain capital investment while revenues have been lower than expected. SRC21 Final Determination-assumed and actual interest costs are shown in Figure 6.

We note that in recent years, Scottish Water has taken on loans with a significantly shorter term than it has in the past. We understand that Scottish Water has taken this approach because of the lower interest cost associated with shorter-term loans.

Figure 6: Net interest costs

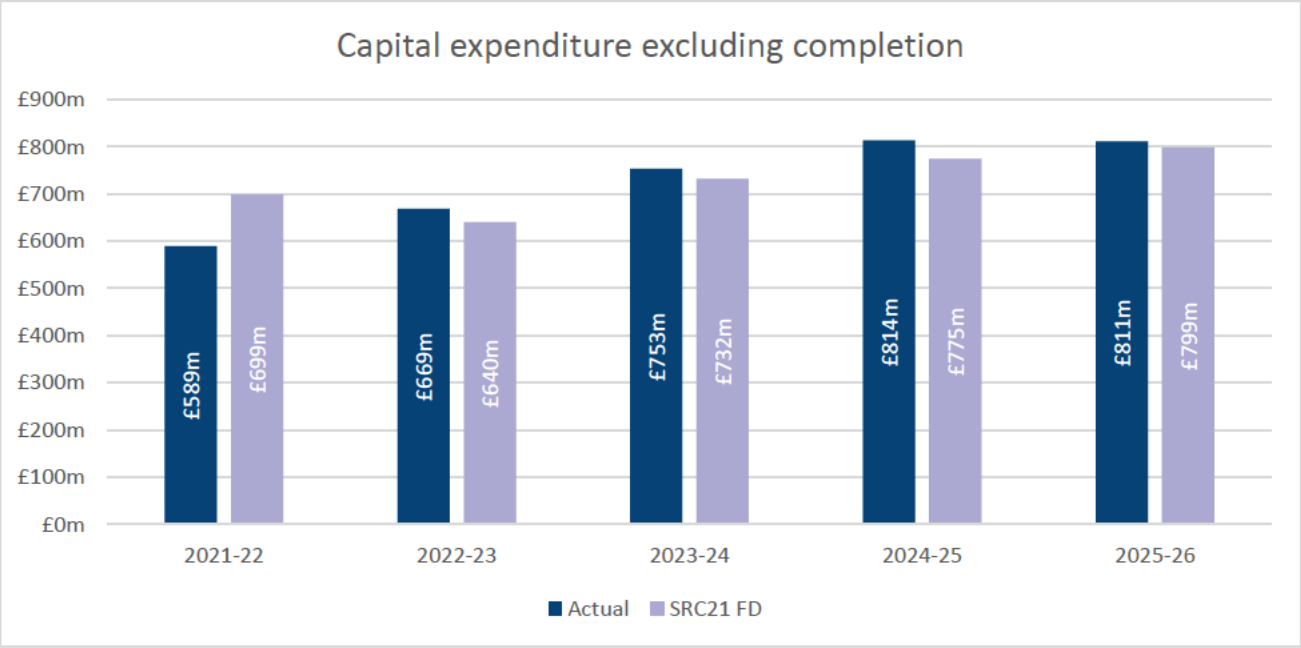


2.3. Capital expenditure

Our Final Determination allowed for £3,646m in the first five years of the 2021-27 regulatory period. This investment includes asset repairs, refurbishments, replacements as well as investment in growth and enhancement projects. This investment figure does not include completion investment which WICS instead required to be funded through cash balances held at the beginning of the regulatory period.

A comparison of actual against SRC21 Final Determination-assumed investment in the period to date is shown in Figure 7.

Figure 7: Capital expenditure excluding completion



Over the period to date, Scottish Water's investment has been broadly in line with the capital expenditure allowance. Scottish Water has spent £3,636m on investment projects in the first five years of the period (£10m less than WICS allowed for in the Final Determination).

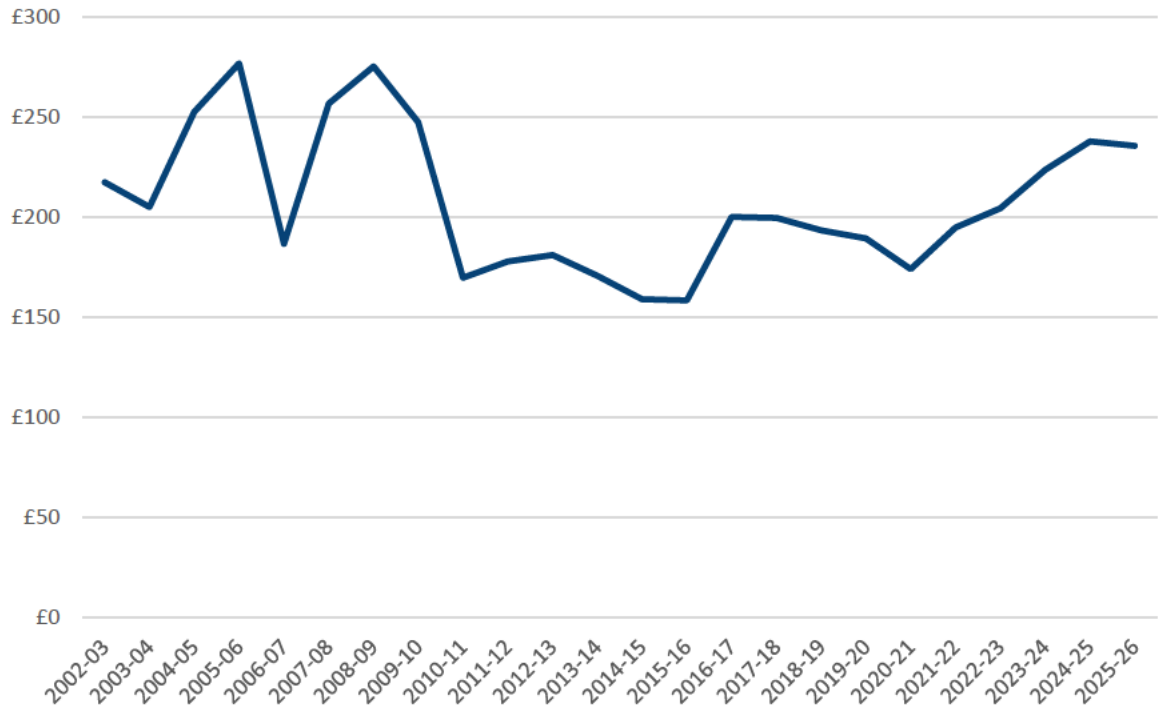
This means that Scottish Water has been able to invest broadly in line with the Final Determination despite revenue being around £300m lower than expected. This has been possible because the lower-than-forecast revenue has been offset by reduced interest costs (c.£150m) and favourable movements related to working capital, taxation and other cash flows.

CAPITAL EXPENDITURE PER HEAD

Scottish Water's capital expenditure per head of population in 2025-26 was similar to the level experienced in 2024-25. This followed a prolonged period of annual increases since the beginning of the regulatory period, as shown in Figure 8. Investment should remain at the same level for 2026-27, the final year of SRC21, before increasing again in 2027-28 based on the allowances in the SRC27

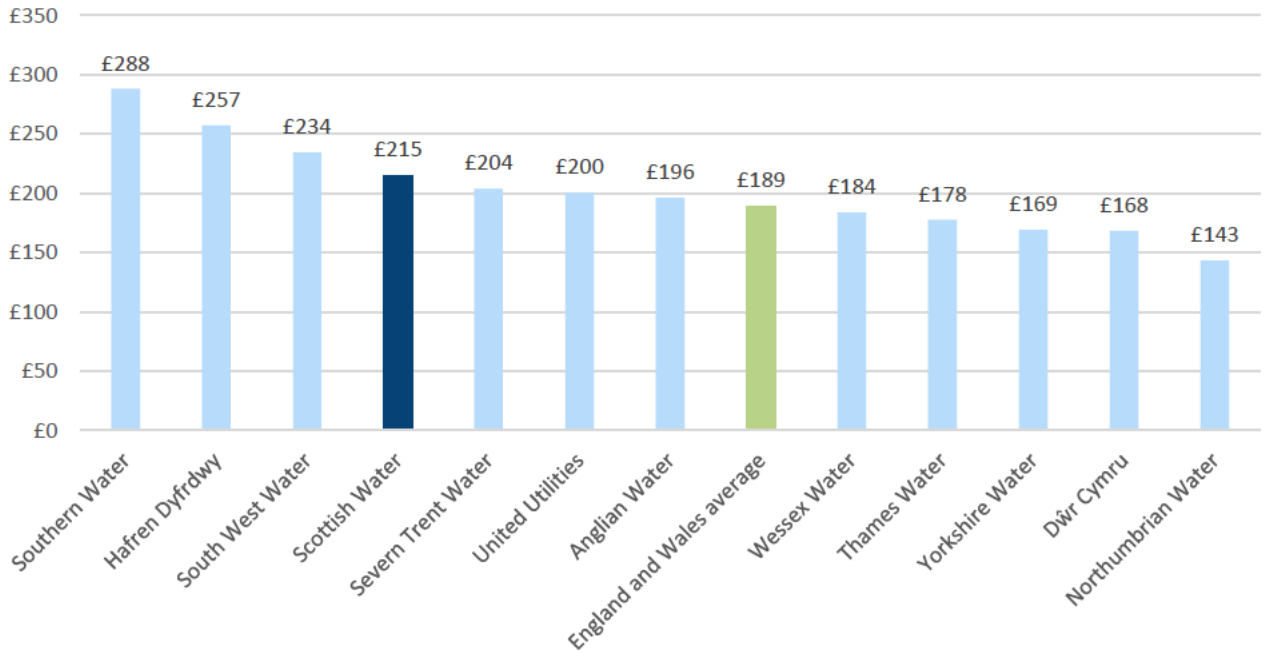
Final Determination. This approach aligns with the multi-year strategy to build Scottish Water's capacity and capability to deliver a larger investment programme efficiently while minimising shocks to the supply chain.

Figure 8: Scottish Water investment per head of population (2025-26 prices)



When comparing to the other water and sewerage companies in Great Britain, Scottish Water is among the top companies in capital expenditure per head in 2025-26, as shown in Figure 9. This represents around £25 more investment per person when compared to the average in England and Wales.

Figure 9: Investment per head of population 2025-26 (outturn prices)



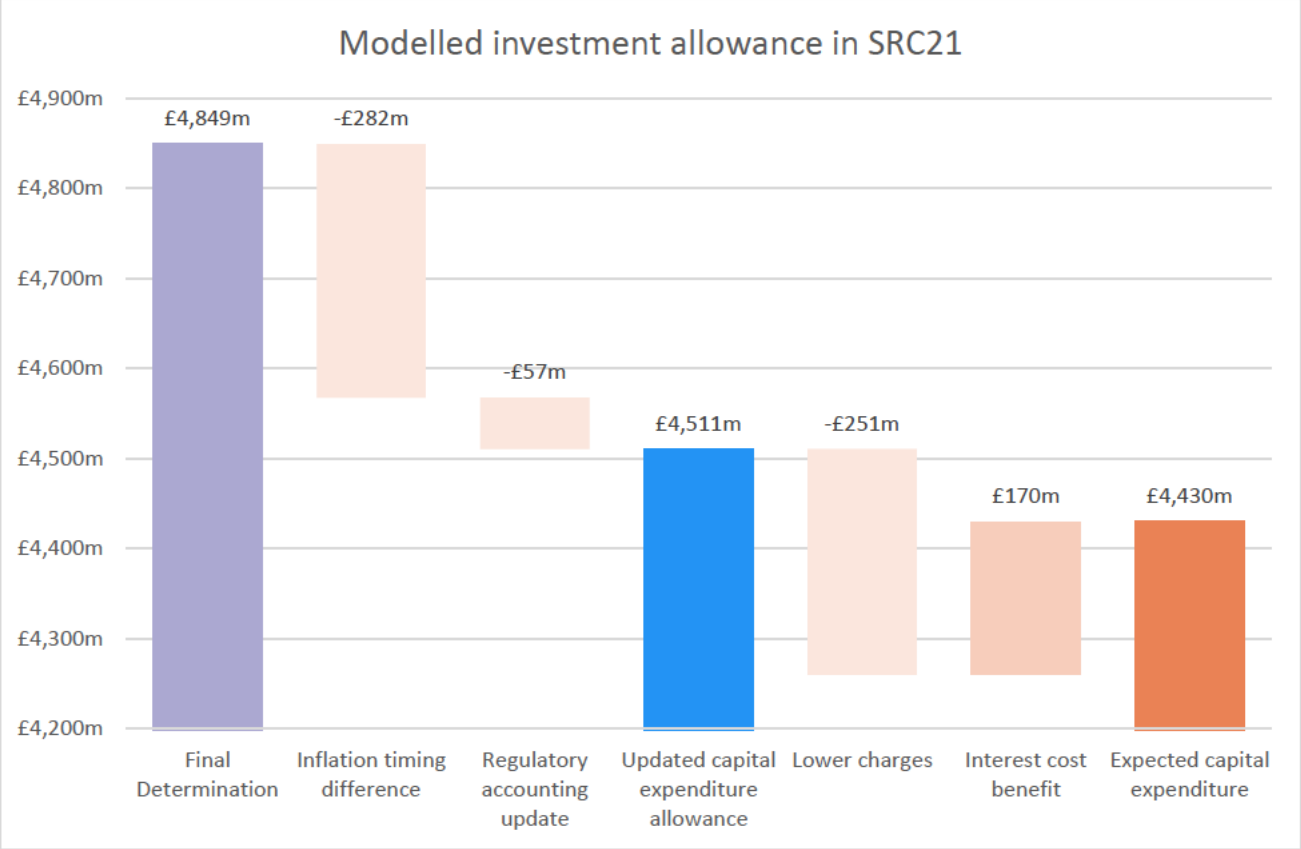
2.4. Outlook for the full regulatory period

Over the 2021-27 regulatory period, WICS originally allowed for c.£4,850m of capital expenditure. As discussed above and in our previous reports, the allowance has been revised downward to reflect the timing difference between cost and price increases applied in the period to date (i.e. the CPI index applied to Scottish Water's costs rose at a faster pace than the increases it applied to customer bills).

In addition, Scottish Water's decision to increase charges at a slower rate than WICS allowed in the Final Determination has further reduced the funds available for capital expenditure. This has been partly offset by the unforeseen benefits Scottish Water has experienced because of lower-than-expected interest costs and other favourable movements in cash, resulting in more funds available for investment than would have been the case.

WICS expects the reduction in revenue and financing costs to continue through the final year of the 2021-27 regulatory period. This means that WICS expects Scottish Water to deliver around c.£4,430m of capital expenditure over the period, which is c. £420m lower than was originally allowed for in the Final Determination. This is summarised in Figure 10. Scottish Water can reduce this shortfall if it can outperform relative to Final Determination in the final year of the period, or if it continues to benefit from favourable movements in working capital and other cash flows.

Figure 10: Expected capital expenditure compared to allowance in SRC21



3. Investment delivery

- Project delivery was maintained towards the upper end of Scottish Water's targets over the course of 2025-26
- While overall output delivery remained strong, the number of off-track enhancement and growth areas increased from 22 to 32 (out of 82) compared to the previous year
- Delivery on removing Unsatisfactory Intermittent Discharges (UIDs) is behind plan for December 2027 and achievement of the Improving Urban Waters Routemap is at risk
- Reduction in carbon emissions is behind target, with operational emissions down 55% against the 60% milestone

As set out in section 1.2, we set charge caps based on our assessment of the lowest reasonable overall cost of Scottish Water delivering the investment priorities set by Scottish Ministers (known as the Ministerial Objectives). These Objectives are high-level and outcome based. Scottish Water manages its investment programme on a rolling-basis in order to meet these Ministerial Objectives. In initial planning stages, it develops options for each project and appraises them. Once a project is appraised and a solution is selected, it is considered through Scottish Water's investment governance process and, where approved, Scottish Water commits to and delivers the project. This chapter focuses on the appraisal process and project delivery.

3.1. Investment appraisal

One of the key performance indicators (KPI 6) from our Corporate Plan relates to the effectiveness of Scottish Water's investment appraisal process. One key area of focus is the extent to which Scottish Water appropriately considers the broader non-financial costs and benefits within decision making, including carbon emissions and social and environmental impacts.[9]

We are currently working with Scottish Water to improve appraisal guidelines going into SRC27, including working towards capturing customer benefits in the Project Investment Appraisal (PIA) as part of the overall economic assessment. The current guidelines[10] require Scottish Water to establish the need for investment and how these needs could be met through option development and appraisal. Scottish Water uses its Net Present Cost & Carbon Calculator (NPCC) to compare both financial and carbon costs (embodied and operational) across different investment solutions to determine the best value option, while also considering the risks, opportunities and deliverability.

The majority of appraisals reviewed during 2025-26 formed part of the SRC27 Draft Determination process and included over 150 PIAs. While most submissions demonstrated a clear articulation of the underlying need and provided evidence to support option selection through risk reduction and NPCC assessment, Scottish Water should work towards ensuring the that the quality of appraisals across the programme is more consistent.

In particular, WICS identified areas where there were opportunities to improve the quality of supporting evidence, the strength of the links between identified needs and intended outcomes, the level of detail provided and the transparency of decision-making at key stages of project development. In several cases, Scottish Water could have done more to articulate how it had narrowed the options presented, how assumptions had evolved through the appraisal process or how decisions taken at previous stages had informed subsequent recommendations.

We welcome Scottish Water's continued engagement in reviewing and strengthening its appraisal framework particularly in the consistency, transparency, and evidencing of decision-making.

Over the SRC27 period our focus will be on advancing Scottish Water's appraisal of non-financial benefits (such as environmental and social outcomes) and see them become increasingly important to investment decision-making. We welcome Scottish Water's planned improvements and will look for appraisals to demonstrate clearly how customer outcomes, environmental impacts and wider societal benefits have informed the assessment and selection of options.

[9] WICS (2020), 'Corporate Plan', November 2020, p.14.
[10] Scottish Water (2025), 'Level 1 and 2: project investment appraisal (PIA) user guide version 9.0', April 2025.

3.2. Project delivery

SRC21 PROJECT DELIVERY

Once Scottish Water has appraised projects and confirmed its preferred solution, it is considered through Scottish Water's investment governance and prioritisation process and, where approved, the project is added to a Committed List of investment projects. At this stage, Scottish Water also confirms its budget and progression timeline. The project will reach three delivery milestones: Start-on-site, Completed project acceptance, and Financial Completion. Scottish Water then reports when every project passes each delivery milestone to industry stakeholders through the Water Industry Investment Group (WIIG).

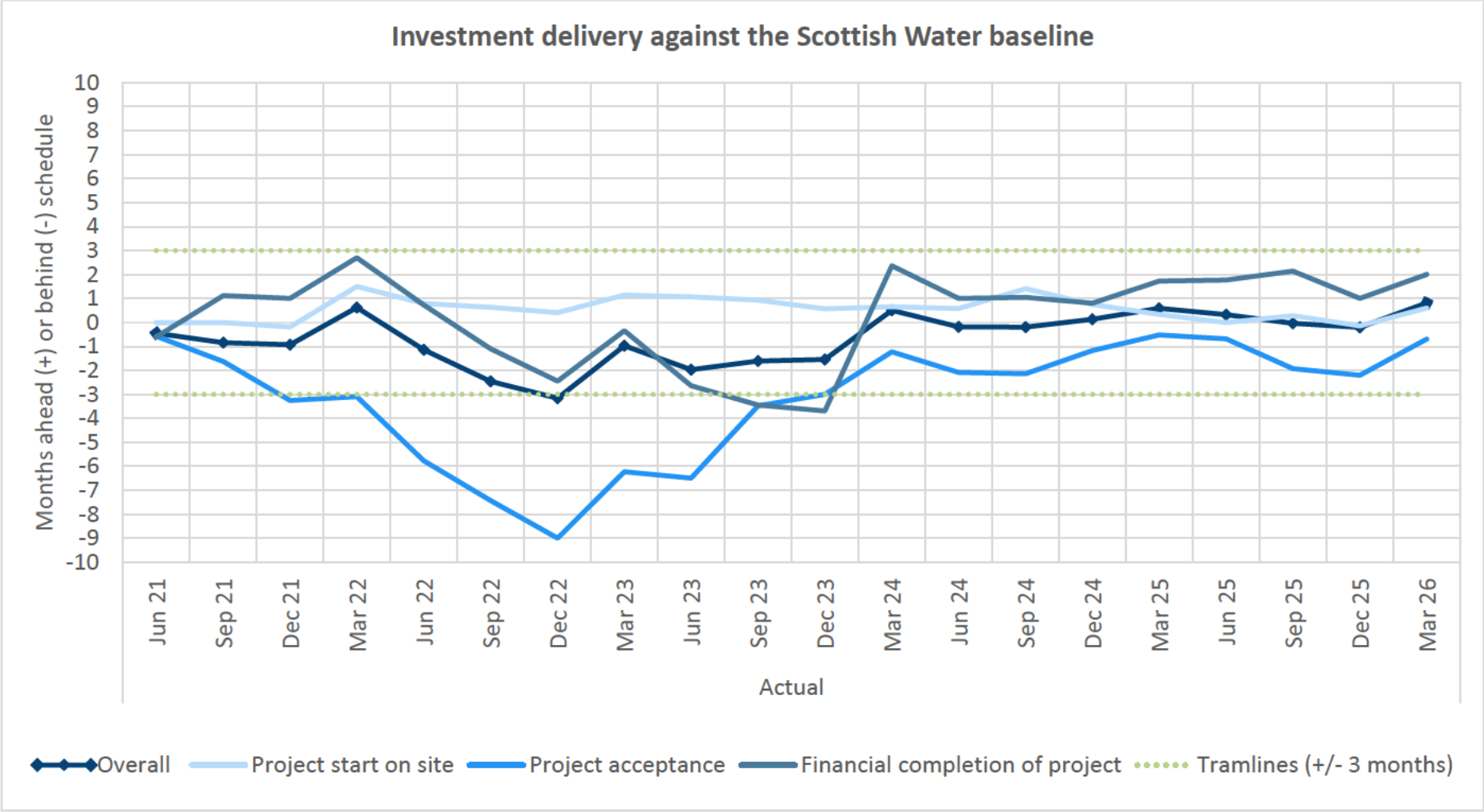
Scottish Water has a measure showing progress against each delivery milestone at an aggregate level across the investment programme. This measure is known as the Indicator of Progress on Overall Delivery (IPOD) and captures projects with a value of over £1m. The score on this measure for 2025-26 was 1,421 points, against a range of 1,340 to 1,464 points as of March 2026. This indicates that Scottish Water has maintained delivery towards the upper end of its forecasts over the year and is on track to deliver the projects on the Committed List.

Scottish Water was also on track when measuring progress against each of the three individual delivery milestones outlined above. The IPOD score for each of the constituent gates was within the respective target ranges for these gates, as set out below and shown in Figure 11:

- **Start-on-site** has consistently met the target during the SRC21 period and stayed within its target range in 2025-26.
- **Completed project acceptance** was below the target range earlier in the period, between Quarter 3 of 2021-22 and Quarter 2 of 2023-24. This indicates that completing projects once they had started on site had consistently taken more time than Scottish Water had forecast initially. However, since Quarter 3 of 2023-24, Scottish Water has remained within its target range, remaining so across the entirety of 2025-26.
- **Financial completion** has been mostly within the target range during the SRC21 period except for Quarters 2 and 3 of 2023-24 which was linked to delays in project acceptance milestones; however, it has been back on track since Q4 2023-24. It was at the upper end of its target range over the entirety of 2025-26 and is expected to exceed the upper end of its target range in 2026-27.

WICS is working with Scottish Water and other stakeholders to improve the IPOD measure and reporting on investment delivery in SRC27.

Figure 11: Investment delivery against the Scottish Water baseline



COMPLETION INVESTMENT

Completion investment relates to investment included in the investment programme for the 2015-21 regulatory period but is still to be delivered. There are two categories of SRC15 completion projects:

- Delayed Projects – projects that were expected to complete by the end of SRC15 but were impacted by Covid-19, re-optioneering, scope change, construction risk and third-party risk.
- Planned Projects – projects that commenced in SRC15 but were always expected to complete during SR21.

Table 1: Completion investment

	Delayed	Planned
Total remaining projects at 31 March 2021	86	57
March 2021 forecast for completed projects by 31 March 2026	86	57
Actual completed projects by 31 March 2026	81	55
Actual less forecast number of projects to be completed by 31 March 2026	5	2

The investment programme from the 2015-21 regulatory period that remains to be delivered is behind the March 2021 forecast. Scottish Water explains that this is due to a combination of changes in scope, requiring redesign, and third-party challenges to already complex projects. A total of 5 "Delayed projects" and 2 "Planned projects" are still to achieve completed project acceptance.

Of these, two projects had been on site, however, they are currently undergoing redesign before returning to construction. These are UID Westbank Quadrant at Eldon Street Bridge CSO in Glasgow and SR15 Staney Hill North (Q Sandy Loch water treatment work).

There are two projects have not started on site yet:

- **Rockcliffe Bathing Water** improvement to deliver sufficient bathing water status. Scottish Water are developing a potential revised pump-away option to transfer influent from the existing Kippford wastewater treatment work to Dalbeattie wastewater treatment work.
- **Benbecula water resource realignment** to enable greater network connectivity between South Uist and Benbecula water resource zones to allow Benbecula WTW to support South Uist Stoneybridge WTW in times of scarcity.

Scottish Water holds regular bilateral meetings with DWQR and SEPA, where projects of specific interest to these stakeholders, including completion projects, are reviewed to give detailed updates on progress and answer any queries. Progress on these projects is also examined through the WIIG.

3.3. Output delivery

Our regulation focuses not only on expenditure but, importantly, on what customers receive from the capital expenditure in terms of tangible deliverables, or what we refer to as investment outputs. These investment outputs cover 'what' Scottish Water is delivering, such as metres of water mains replaced or the number of unsatisfactory intermittent discharges removed.

Scottish Water established a forecast for investment projects and outputs in March 2024 (referred to as IPS24.1). These forecasts show how Scottish Water proposed to meet the Ministerial Objectives at that point in time, recognising that there may be changes to investment priorities to respond to developing or new investment needs. In terms of investment outputs, the forecast includes 183 output categories across all areas covering asset repair, refurbishment and replacement, as well as enhancement and growth. Examples of outputs include the length of water mains cleaned, the number of new top-up-from-the-tap points, and the additional capacity enabled from strategic network reinforcement. This is the forecast that we use for measuring Scottish Water's progress on delivering investment outputs for the remainder of the 2021-27 regulatory period.

Over the period 2021-22 to 2025-26, Scottish Water has delivered more outputs than it forecast it would at an overall level. When looking at enhancement and growth, 99% of the outputs forecast by the end of 2025-26 have been delivered at an aggregate level, when accounting for expenditure. This remains high but represents a slowdown since 2024-25, when enhancement and growth output delivery was 118%. In some areas Scottish Water has completed more outputs than it forecast, and in some areas it has completed less. While outperformance is positive, our primary focus is on areas of underperformance, where customers may not receive the benefits that Scottish Water expected to deliver.

Out of 82 enhancement and growth output categories, Scottish Water reports that 31 are either in line with or above the forecast number of outputs and 32 are below the forecast number of outputs.[11]

There are several areas where Scottish Water has outperformed its forecast delivery from 2021-26, such as the additional capacity enabled from strategic water network reinforcement (population equivalent of 54,700 against forecast 49,100). There are also several areas where Scottish Water has already exceeded its target for the entire 2021-27 regulatory period, such as:

- The number of wastewater treatment works continuous discharges improved or removed (34 against SRC21 end forecast of 17);
- The number of water treatment works with auto-shutdown risk control interventions (6 against SRC21 end forecast of 1);

[11] The remaining 19 enhancement and growth output categories reported 0 outputs forecast and 0 outputs delivered between 2021-22 and 2025-26.

- The number of water treatment works sites with improved organics removal (7 against SRC21 end forecast of 3); and
- The number of sites enabled for community access (5 against SRC21 end forecast of 3).

Table 2 provides a summary of the 32 outputs that are below the forecast number of outputs at the end of 2025-26. Of these, Scottish Water expects to recover its position and meet the forecast by the end of the regulatory period 2026-27 for 9 of them. Scottish Water has stated that it is currently working with its delivery teams to better capture up-to-date delivery. In some areas, such as the number of Event Duration Monitors installed, the outputs do not reflect the current status as outputs are not reported until a programme is fully completed. There may therefore be a significant catch-up in these underperforming areas at the end of the SRC21 period.

Table 2: Output categories with under-delivery as of March 2026

Output description	Cumulative outputs delivered 2020-21 to 2025-26		
	Delivered	Forecast	%
Outputs categories forecast to recover to on-track by March 2027			
Number of lead communication pipes replaced	8,903	9,350	95%
Number of Water Supply Zones with improved resilience	13	14	93%
Number of service relocations - waste	14	16	88%
Additional Capacity enabled from strategic wastewater network reinforcement (population equivalent)	37,385	44,311	84%
Number of WTW with increased capacity	1	2	50%
Reduction in energy usage through improved energy efficiency (GWh per annum)	14.82	32.67	45%
Number of Event Duration Monitors (EDM) deployed	32	1,080	3%
Number of catchments with network monitoring Food Service Establishment roll outs	0	1	0%
Increase in Part 4 capacity to meet strategic growth requirements	0	8,760	0
Outputs categories forecast to remain off-track by March 2027			
Number of properties removed from internal flooding at risk register	183	185	99%
Number of sites with water security enhancements	63	65	97%
Length of water main replaced or refurbished (m)	36,276	40,562	89%
Number of sites with reservoir drawdown enhancements	7	8	88%
Length of service relocations - water mains (m)	12,404	15,068	82%
Number of unsatisfactory intermittent discharges (UID) improved or removed for water quality	3	4	75%
Number of properties removed from external flooding at risk register	89	122	73%
Number of properties with meter installations for first time registered non domestic premises	16,444	23,007	71%
Number of carbon capture sites established or supported	5	8	63%
Number of sites with enhanced metals removal	1	2	50%
Number of peatland catchment assessments	1	2	50%
Number of studies complete	327	729	45%
Number of treated water storage operability (by-pass) interventions	55	127	43%
Number of Climate Change studies	1	3	33%
Number of WTW sites made compliant with standards	44	142	31%
Number of properties with lead sampling and risk assessment completed	861	4,700	18%
Number of new top-up-from-the-tap points	0	50	0%
Number of Lighthouse projects delivered	0	6	0%
Number of innovation pilot programmes undertaken	0	1	0%
Increase in renewable energy generated	0	1	0%
Number of sites with biodiversity improvements	0	20	0%
Number of Resilience Improvements	0	2	0%
Number of resilience improvements via Water Efficiency campaigns	0	1	0%

We can only determine whether Scottish Water has met the Ministerial Objectives at the end of the regulatory period, as Scottish Water may decide to reprofile investment over the period or reallocate investment in response to developing or new investment needs.

Our analysis shows there are areas where Scottish Water expects to be off-track by the end of the regulatory period. The most important off-track areas include the number of unsatisfactory intermittent discharges improved or removed for water quality and the number of water treatment works made compliant with standards.

Between 2024-25 and 2025-26, the number of "off-track" output areas increased from 22 to 32. The number of these output areas expected to recover by the end of SRC21 fell from 11 to 9, meaning the proportion of off-track output areas expected to recover fell from 50% to 28%. Of the areas off-track in both 2024-25 and 2025-26, performance has worsened in 38% and stayed the same in 19%, with 44% improving. There needs to be an improvement in performance in 2026-27 for Scottish Water to deliver some of the investment outputs it committed to by the end of the 2021-2027 period.

We will engage further with Scottish Water and other regulators to understand these differences for the end of the SRC21 period. We look forward to Scottish Water explaining the variation between its forecast and its delivery in areas where there are material differences between its forecasts in 2024 and what it will actually achieve by the end of the SRC21 period. This covers both under- and over-forecasting, but in particular what it has delivered in place of the investment where there is a shortfall in outputs, to ensure that customers receive the benefits for which they have paid.

Looking forward to the 2027-33 regulatory period, we are making changes to the governance of the rolling investment programme. This includes strengthening the change process to gain better understanding among stakeholders on the in-period investment decisions. This will be detailed in our Final Determination for 2027-2033.

We now cover two aspects of the Ministerial Objectives in more detail:

- Environment; and
- Climate change, adaptation and mitigation.

ENVIRONMENT

The Ministerial Objectives related to environmental performance include requirements that:[12]

[12] Scottish Government (2020), *'Scottish Water: directions 2020'*, December, available at: https://www.gov.scot/publications/scottish-water-directions-2020/, last accessed on 14 October 2025.

"(2) Scottish Water must prepare and implement delivery plans throughout the 2021-27 period which set out how improvements to its water and sewerage infrastructure are expected to contribute effectively to the RBMP[13] objectives.

(3) Scottish Water must provide regular updates on the progress it has made towards delivering its obligations in respect of river basin management plans."

To meet this requirement, Scottish Water prepared an Improving Urban Water Routemap in December 2021 for implementation by 31 December 2027. This routemap was published nine months into the 2021-27 regulatory period and was not considered at the time of the Final Determination. Scottish Water incorporated it into future investment plans through the rolling-investment programme.

As part of its Improving Urban Waters Routemap,[14] Scottish Water has made commitments to:

- Improve water quality by addressing the high-priority discharges impacting water quality and causing sewage related debris in support of Scotland's River Basin Management Planning Objectives;
- Increase monitoring and reporting to cover all combined sewer overflows (CSOs) that discharge into the highest priority waters;
- Significantly reduce sewer related debris in the environment; and
- Reduce spills from the sewer network.

The Routemap and the subsequent annual updates set out tangible commitments relating to these areas, including:[15]

- Installing monitoring on network and treatment works CSOs discharging to the highest priority waters (c. 1,000 CSOs);
- Publishing near-real-time spill data for all monitored CSOs by the end of December 2024; and
- Developing solutions for CSOs confirmed as being high-priority Unsatisfactory Intermittent Discharges (UIDs) for delivery by December 2027.

Scottish Water anticipated that the cost of delivering these activities was approximately £150m to £200m and would require rephasing or reprioritisation of other Scottish Water activities planned for the 2021-27 regulatory period.

[13] "RBMP objectives" are the objectives set by SEPA for the purposes of a river basing management plan pursuant to section 9 of the Water Environment and Water Services (Scotland) Act 2003.
[14] Scottish Water (2021), *'Improving Urban Waters – Route Map',* December, p.1 available at https://www.scottishwater.co.uk/Help-and-Resources/Document-Hub/Key-Publications/Urban-Waters-Improvements, last accessed on 14 October 2025.
[15] Scottish Water (2021), *'Improving Urban Waters – Route Map',* December, pp.4-5.

In the Annual Return and in its reporting at the WIIG, Scottish Water have stated that they installed 1,002 new Event Duration Monitors by December 2024 and in total 1,846 by December 2025.[16] It plans to increase the number of monitors in the future. It also launched a near-real-time map of overflows in December 2024.[17] We welcome the fact that Scottish Water has met the two commitments above.

In relation to the third area above, in its first annual update of the Improving Urban Waters Routemap, Scottish Water confirmed that 108 high-priority UIDs were identified and agreed with SEPA, with solutions to these promised by December 2027.[18]

While the deadline for the removal of these UIDs is December 2027, we note that Scottish Water is currently off track in removing the UIDs compared to its original forecasts. Furthermore, as of September 2026, Scottish Water identified that it is unlikely to deliver all 108 identified UIDs and will instead deliver 57 UIDs from the original list and 43 different UIDs which were not on that list by December 2027, resulting in the removal of 100 UIDs in total.[19] Of these, 22 have been removed with a "no build solution", that is following operational intervention or further investigation and assessment, SEPA has agreed there were no performance deficiencies identified that would require the overflow to be considered unsatisfactory and require capital intervention.

Scottish Water have stated that 8 committed schemes may not be built before December 2027. There is therefore a material risk it will not achieve its commitments made in the RBMP.

We consider that there is a lesson to be learned from making commitments in separate plans (such as route maps) without fully documenting the assumptions and costs of realising the commitments made. While maintaining the flexibility of the rolling investment programme, we expect Scottish Water to establish a baseline against which it can be held accountable. In certain circumstances, such as when regulators or legislation introduce new requirements, there may be a need for a change to the baseline. We will introduce a change control process to enable industry stakeholders to understand the impact of the proposed changes on the investment programme and performance in other areas.

[16] We note that Scottish Water have not stated the deployment of the EDM monitors in their Outputs reporting in the section above.
[17] Available at: https://www.scottishwater.co.uk/Your-Home/Your-Waste-Water/Overflows/Live-Overflow-Map
[18] Scottish Water (2022), 'Improving Urban Waters Routemap Annual Update', available at https://www.scottishwater.co.uk/-/media/ScottishWater/Document-Hub/Key-Publications/Improving-Urban-Waters/141222IUW22AnnualUpdateV22.pdf, last accessed on 14 October 2025.
[19] This update was provided at the 29th meeting of the Water Industry Investment Group (WIIG) held on 16 September 2026.

We welcome that Scottish Water has committed to providing quarterly updates on progress towards delivering the UID programme to industry stakeholders through the Water Industry Investment Group (WIIG).

CLIMATE CHANGE ADAPTATION AND MITIGATION

The Ministerial Objectives related to climate change mitigation include requirements that:[20]

"(1) Scottish Water must…(c) make substantive progress in the 2021-27 period towards the climate change targets, and ensure it is on an appropriate trajectory to meet or exceed those targets."

""*Climate change targets" means the commitment by Scottish Water to:*

1. *increase the renewable electricity generated or hosted on its land and assets to 300% of its annual usage by 2030, and*
2. *achieve net zero emissions by 2040"*

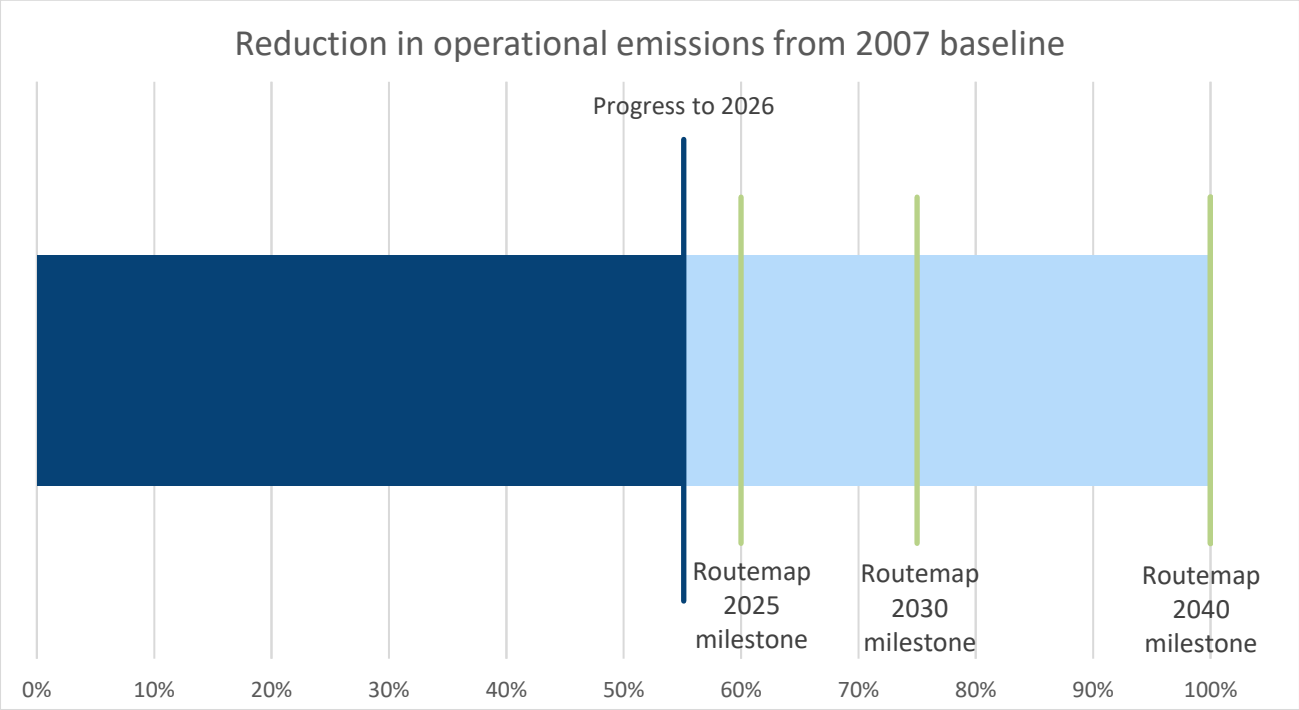
In 2025-26, the total renewable electricity capacity on Scottish Water's land was 945 GWh. This is 189% of Scottish Water's grid consumption in 2025-26, and 215% of the 2018-19 baseline grid consumption used to set the 300% target. We will continue to monitor progress towards this target between now and 2030.

The target of net zero emissions by 2040 applies to operational emissions and all emissions associated with the capital investment programme, offset by the emissions sequestered on Scottish Water's land. As a stepping stone on its journey towards net zero, Scottish Water published a Net Zero Emissions Routemap which established interim milestones to reduce operational emissions from the 2006-07 baseline by at least 60% by 2025 and by at least 75% by 2030.[21] The 2030 milestone was set to align with the previous Scotland-wide target, which has been superseded by a carbon budget approach to setting climate targets.[22]

Scottish Water reported 207,243 tonnes of carbon dioxide equivalent (tCO2e) of operational emissions and 111,140 tCO2e of emissions from capital investment in 2025-26. Figure 12 shows Scottish Water's progress in reducing its operational carbon emissions compared to the 2006-07 baseline. As of 2025-26, Scottish Water has reduced its net operational carbon emissions by around 55% compared to the 2006-07 baseline.

[20] Scottish Government (2020), *'Scottish Water: directions 2020'*, December, available at: https://www.gov.scot/publications/scottish-water-directions-2020/, last accessed on 1 September 2026.
[21] Scottish Water (2020), *'Net Zero Emissions Routemap',* September, p.10.
[22] Scottish Government (2024), 'Climate Change Bill passed', November, available at: https://www.gov.scot/news/climate-change-bill-passed/, last accessed 21 November 2024.

Figure 12: Reduction in operational emissions from 2007 baseline



This continues to fall short of the interim milestone Scottish Water established in its Net Zero Routemap to reduce operational emissions by at least 60% (from the 2006-07 baseline) by 2025. Last year, Scottish Water attributed the shortfall to the UK electricity grid "greening" (ie, becoming less carbon-intensive) more slowly than UK Government forecasts had predicted, and that the milestone would have been met in 2024-25 if greening had followed the UK Government's initial prediction.

Performance against carbon emissions targets makes up a third of the annual performance-related pay received by Scottish Water staff. In correspondence to Scottish Water earlier this year, we highlighted that the emissions target they set for 2025-26 could have been more ambitious, because it was less stretching than a linear path to achieve their stretch target for emissions reductions by March 2027.

In late July 2026, Scottish Water notified WICS of significant changes to guidance from UK Water Industry Research (UKWIR) on the reporting of nitrous oxide emissions. Specifically, there has been an increase in the assumed volume of nitrous oxide produced from wastewater treatment. These changes are the result of the adoption of revised factors by the Intergovernmental Panel on Climate Change (IPCC). These factors were subsequently adopted by DEFRA in January 2026 and reflected by UKWIR in its update of the Carbon Accounting Workbook from version 19 to version 20 in mid-July. Nitrous oxide is a highly potent greenhouse gas with a global warming potential almost 300 times greater than carbon dioxide. This change will significantly increase Scottish Water's reported operational emissions from 2026-27. Scottish Water plans to install nitrous oxide monitoring at major

wastewater treatment facilities in the coming years, which will reduce the need to calculate the volume of nitrous oxide produced from assumed values and is expected to result in another material change to reported operational emissions. Scottish Water's 2025-26 update to the Net Zero Emissions Routemap explains that it expects this change to materially impact the pathway to net zero, and that further work will be required to mitigate emissions going forward.[23]

As a result of these changes, there is a significant uncertainty regarding Scottish Water's operational emissions going forward, and we are engaging with Scottish Water to inform WICS' approach to operational emissions targets in the upcoming 2027-2033 regulatory period.

We will continue to engage with Scottish Water, the Scottish Government and other stakeholders on monitoring Scottish Water's progress towards meeting its climate change targets. At the end of the 2021-27 regulatory period, we will assess progress against the requirements set by the Ministerial Objectives. We expect Scottish Water's upcoming refresh of the Net Zero Emissions Routemap to set out a clear plan to achieve its climate change targets in light of recent developments, in line with their Ministerial Objective to "ensure it maintains its trajectory towards achieving net zero emissions".

4. The delivery of key outcomes for customers and the environment

- Customer satisfaction remains high across all measures
  Households and developer satisfaction slightly improving
- Overall service remains among the strongest levels achieved
- Operational performance improved in some measures in particular fewer serious pollution incidents
- Operational performance deteriorated in wastewater treatment works compliance
- Scottish Water's leakage performance marginally missed the target range

This chapter focuses on the delivery of key outcomes to customers and the environment. In 2025-26, Scottish Water maintained its performance and overall met its targets on the performance measures in place for the 2021-27 regulatory period.

4.1. Assessment against targets for 2025-26

CUSTOMER SERVICE

Scottish Water measures customer service through a measure known as the customer experience measure (CEM), established for household customers in 2014-15. The CEM covers both customer

[23] Scottish Water (2026), *'Net Zero Emissions Routemap: Year Six Update'*, October, available at: https://scottishwaternetzero.co.uk/annual-update/, last accessed 1 October 2026.

satisfaction and customer complaints. There are now separate CEM measures in place for households, non-households (i.e. licensed providers and business end-users) and developers.

The scores for these measures are shown against the annual targets Figure 13 (households), Figure 14 (non-households) and Figure 15 (developers). Positively, Scottish Water has outperformed its minimum targets for CEM in all areas. Household CEM has remained stable and high over the period; non-household CEM remains above the minimum target, although it has decreased over the last two years; and developer CEM has maintained its stronger performance after slipping in 2022-23 and 2023-24.

Figure 13: Household CEM

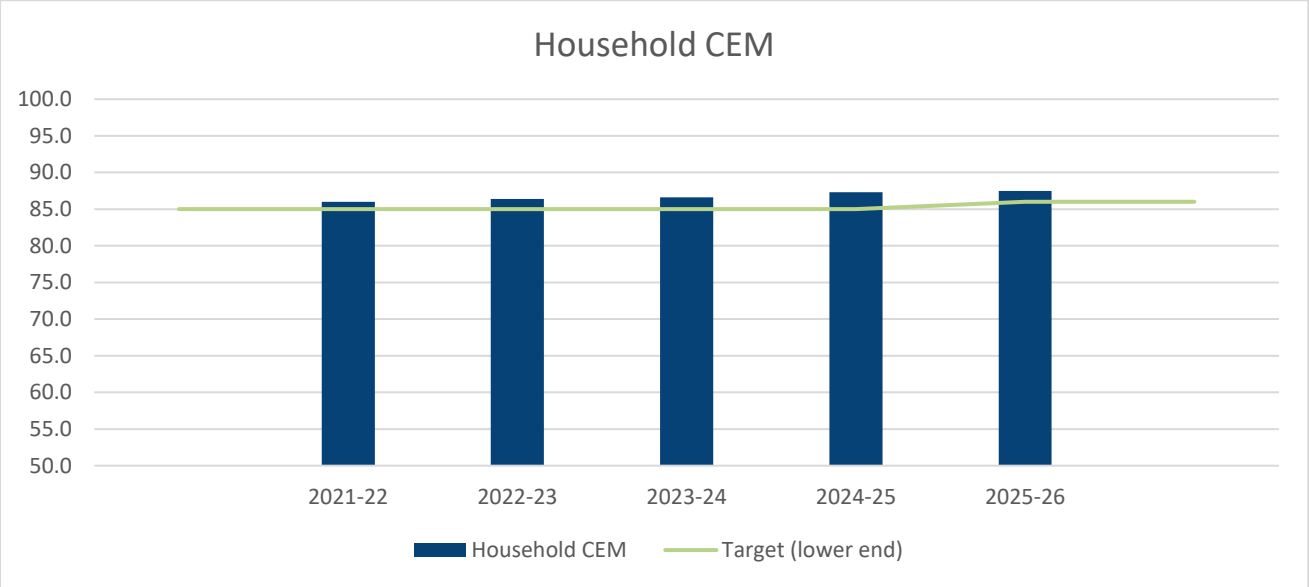


Figure 14: Non-household CEM

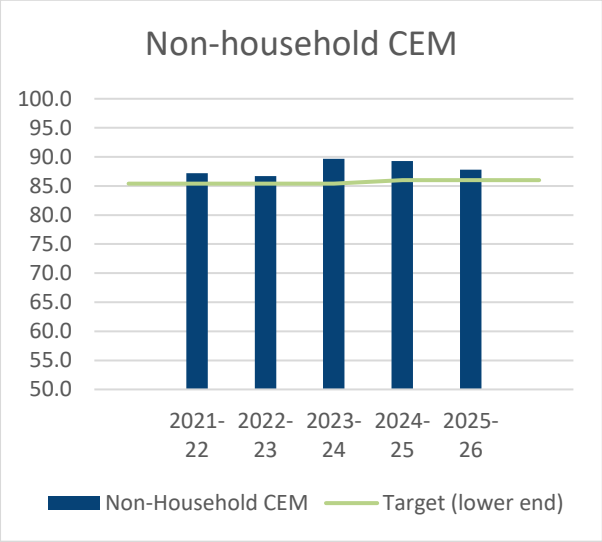
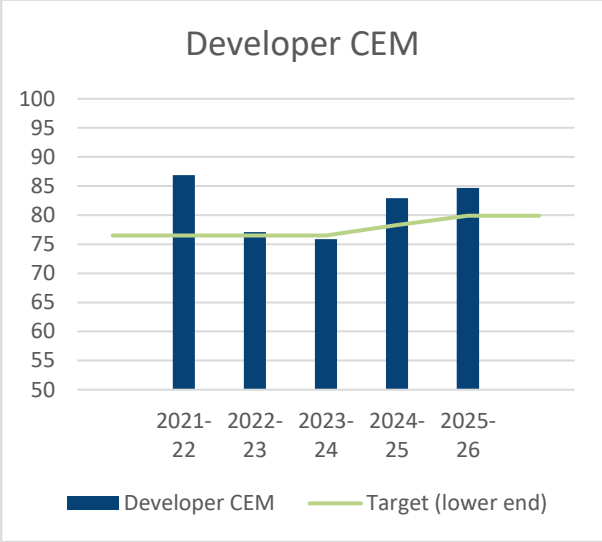


Figure 15: Developer CEM



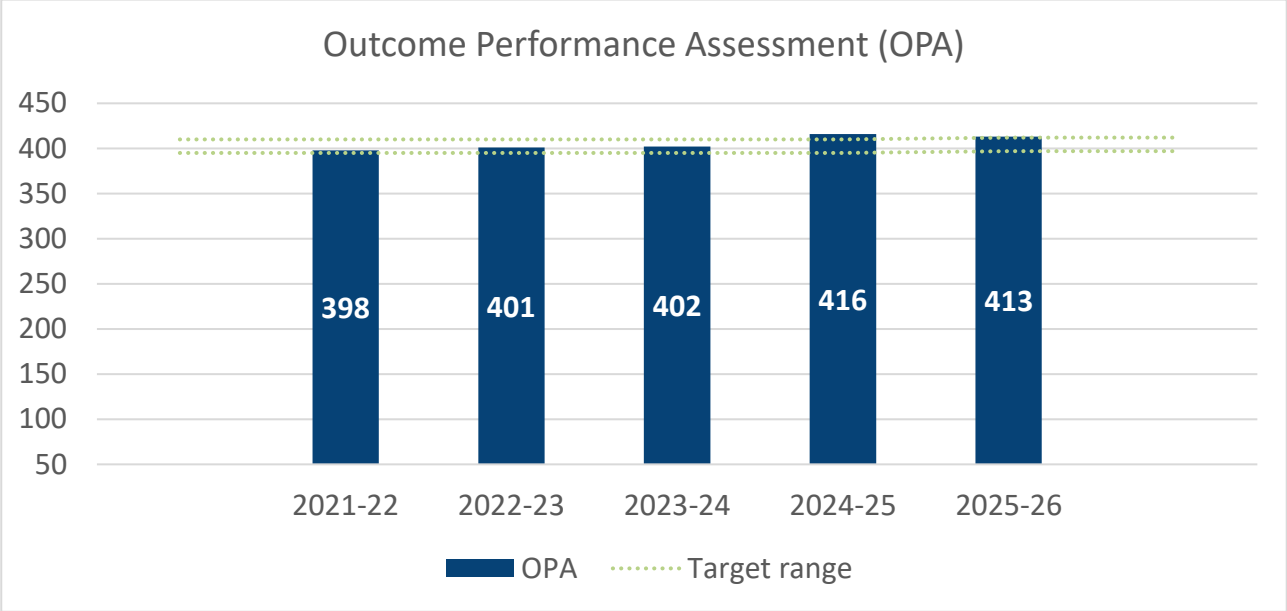
SERVICE PERFORMANCE

Scottish Water measures its service performance across nine measures in total (as shown in Table 3), covering the water service, wastewater service, and the impact of these services on the water environment. Performance on these nine measures is combined into an overall measure known as the outcome performance assessment (OPA), introduced in Scotland in 2002-03.[24] Updates to the measure's composition were made in 2010-11 and 2021-22.

In 2025-26, Scottish Water reported a score of 413 (92% of points available) against a target range of 397 – 412 points. This is the second highest score reported on the measure and slightly above the higher threshold of the target range, as shown in Figure 16.

[24] Changes to the measures included in the OPA, the weightings and overall score have been made in both 2010-11 and 2021-22.

Figure 16: Outcome Performance Assessment (OPA)

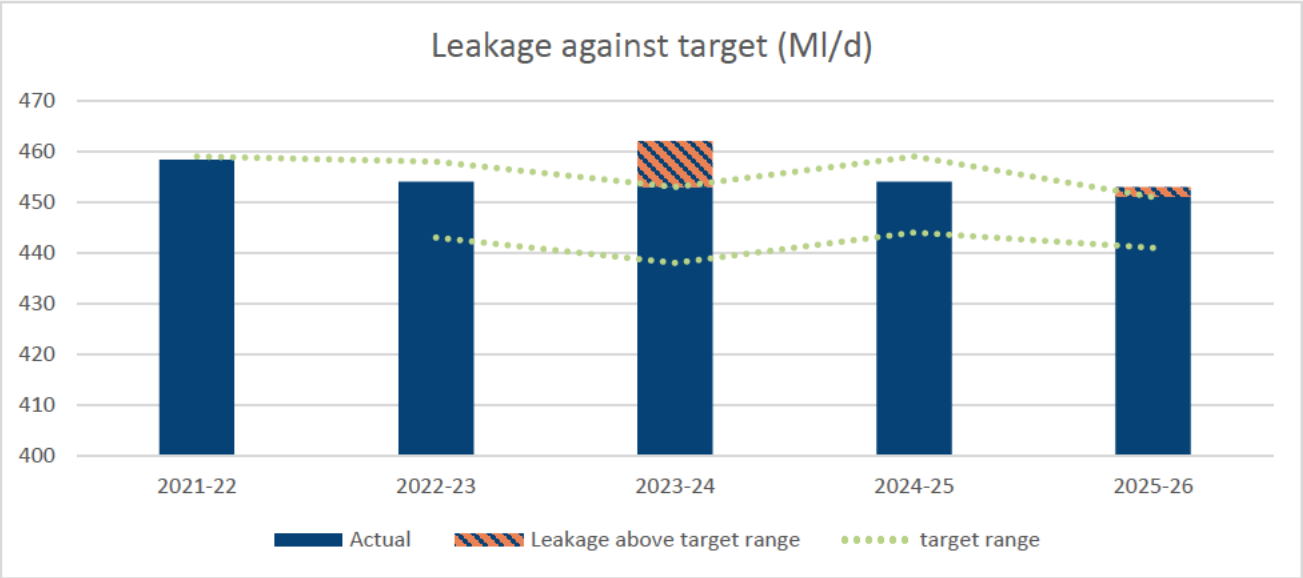


The small fall in 2025-26 compared to 2024-25 was driven by an increase in the number of non-compliant wastewater treatment works and slightly lower drinking water quality compliance. This was partially offset by fewer pollution incidents. Table 3 shows performance across all measures.

The number of non-compliant wastewater treatment works increased from 18 to 26, however, the total population equivalent affected decreased from 696,092 to 356,184. Scottish Water attributes the increase in number of failings to extreme weather events including the prolonged dry weather conditions which resulted in drought conditions at the start of the year and the four named storms during the year.

Leakage in 2025-26 was 453 megalitres per day which was a decrease of 1 compared to the previous year. This was slightly above Scottish Water's target range of 441 to 451 for the year, despite them repairing 14,517 leaks during the year (9% more than in 2024-25). This is the second time in the SRC21 period where the actual leakage was outside of Scottish Water's own target range. Figure 17 shows leakage against target in SRC21 period so far. We look forward to Scottish Water continuing to reduce the leakage and achieving an over 10% reduction by the end of 2027-2033 period.

Figure 17: Leakage against target range



Drinking water quality

Drinking water quality remained high, with 99.9% of water samples in 2025 compliant with parameters.

The Drinking Water Quality Regulator (DWQR) publishes its report on Scottish Water's performance covering each calendar year. The most recent report covering calendar year 2025 was published in August 2026. The report said that very high sample compliance "demonstrates that drinking water quality in Scotland remains amongst the best in the world and reflects the considerable efforts made by Scottish Water to deliver safe drinking water to communities across the country.", however, DQWR expressed "concerns that Scottish Water have historically relied too heavily upon compliance figures to measure success." It pointed out that "the number of drinking water quality incidents investigated by DWQR increased further during the year, particularly as many were preventable. Consumer contacts relating to drinking water quality also increased by 5%, with the majority concerning discoloured water. While such discoloration events rarely pose a risk to public health, they can significantly affect consumers' confidence in their drinking water supply."[25] DWQR's full report is available on its website.

We are aware that operational incidents impacting customers may not affect the overall compliance score in the OPA and are working with DWQR on how we can further collaborate to measure Scottish Water's performance in this area during the next SRC27 period.

[25] Drinking Water Quality Regulator (2026), 'Drinking Water Quality in Scotland Public Supplies', available at: https://dwqr.scot/information/annual-report/2025-annual-reports/

Table 3: OPA measures performance

Indicator	Definition	Performance range to achieve		2021-22	2022-23	2023-24	2024-25	2025-26
		min score	max score					
Total Drinking Water Quality	Percentage of water samples that comply with parameters	99.522%	99.978%	99.936%	99.929%	99.923%	99.932%	99.926%
Interruptions To Supply	Percentage of connected properties experiencing unplanned interruptions	1.768%	0.057%	0.340%	0.200%	0.230%	0.178%	0.182%
Poor Pressure	Properties per 10,000 water connections subject to inadequate water pressure	11.947	0.165	0.163	0.169	0.139	0.078	0.053
Leakage	Actual leakage (Ml/d)	1,046.16	400.00	458.39	453.71	461.84	453.56	452.64
Internal Sewer Flooding	Number per 10,000 connected wastewater properties suffering internal sewer flooding caused by overloading and other causes	16.72	0.40	1.55	1.37	1.43	1.04	1.07
EPIs (Category 1 & 2)	Weighted number of water and wastewater environmental pollution incidents (category 1 and 2) incidents per 10,000km of sewer network[26]	4.226	0.149	1.119	1.291	1.006	0.362	0.179
EPIs (Category 3)	Weighted number of water and wastewater environmental pollution incidents (category 3) incidents per 10,000km of sewer network[27]	1.225	0.1013	0.5205	0.3781	0.3620	0.3877	0.3528
Wastewater Compliance	Number of non-compliant wastewater treatment works	131.3	6.5	20	22	22	18	26
Sludge Compliance	% of sludge disposed of satisfactorily	98.22%	100%	100%	100%	100%	100%	100%

[26] Pollution incidents are classified according to their impact on the environment and people, from category 1 (the most serious) to category 4 (little or no impact) and the level of response needed.
Weighted number of water and wastewater environmental pollution incidents (categories 1 and 2) is calculated as 0.5*wastewater incidents + 1*water incidents.
[27] Weighted number of water and wastewater environmental pollution incidents (category 3) is calculated as 0.01*wastewater incidents + 0.02*water incidents.

4.2. Comparisons to English and Welsh water companies

While there are different water quality and environment regulations in Scotland than in England and Wales, it is still possible to compare Scottish Water's performance to that of other companies in England and Wales for a subset of measures. These are:

- Leakage
- Per capita consumption
- Water supply interruptions
- Customer contacts about water quality
- Serious pollution incidents
- Total pollution incidents per 10,000km of sewer length
- Discharge permit compliance
- Internal sewer flooding

Table 4 shows Scottish Water's performance across these measures in 2025-26 and how it compares to performance of eleven water and wastewater companies in England and Wales.

Table 4: Performance across Great Britain

Measure		Scottish Water	England and Wales range[28]			
			min	median	weighted average*	max
Leakage (Leakage as percentage of distribution input)		24%	14%	20%	20%	27%
Per capita consumption (lpd)	Overall	177	123	132	135	155
	Unmeasured		144	166	173	409
Water supply interruptions (average minutes lost) (hh:min:s)		00:09:31	00:04:11	00:11:12	00:17:37	01:23:11
Customer contacts about water quality	Taste and odour	0.50	0.17	0.29	0.27	0.47
	Appearance**	2.22	0.24	0.81	0.80	2.04
	Total	2.72	0.42	1.11	1.07	2.51
Serious pollution incidents (calendar year)		3	0	4	9	22
Pollution incidents per 10,000km of sewer length		34.6	19.0	46.9	40.46	63.9
Discharge permit compliance		95.34	88.22	98.20	N/A	100.00
Internal sewer flooding		1.05	0.54	1.21	1.47	2.53

*Weighted average normalised by: distribution input for leakage; household population overall (measured and unmeasured) and unmeasured households for PCC overall and unmeasured, respectively; resident population for customer contacts about water quality, sewer length for pollution incidents; number of sewer connections for internal sewer flooding.
**For Scottish Water contacts about Discoloured Water, Aerated (Milky) Water, Particles in Water and Organisms in Water are included; for England and Wales contacts about Discoloured water, Particles, White – air (white or milky), White – chalk, Animalcules (a creature, living or dead), and general conditions (leaving slime) are included.

Scottish Water is performing better than the average of the English and Welsh companies on the following measures:

- Water supply interruptions;
- Pollution incidents;
- Internal sewer flooding.

[28] Sources: Companies' Annual Performance Reports 2025-26

However, its performance is below the average of English and Welsh companies in terms of leakage reduction, per capita consumption, and discharge permit compliance.

5. Looking ahead

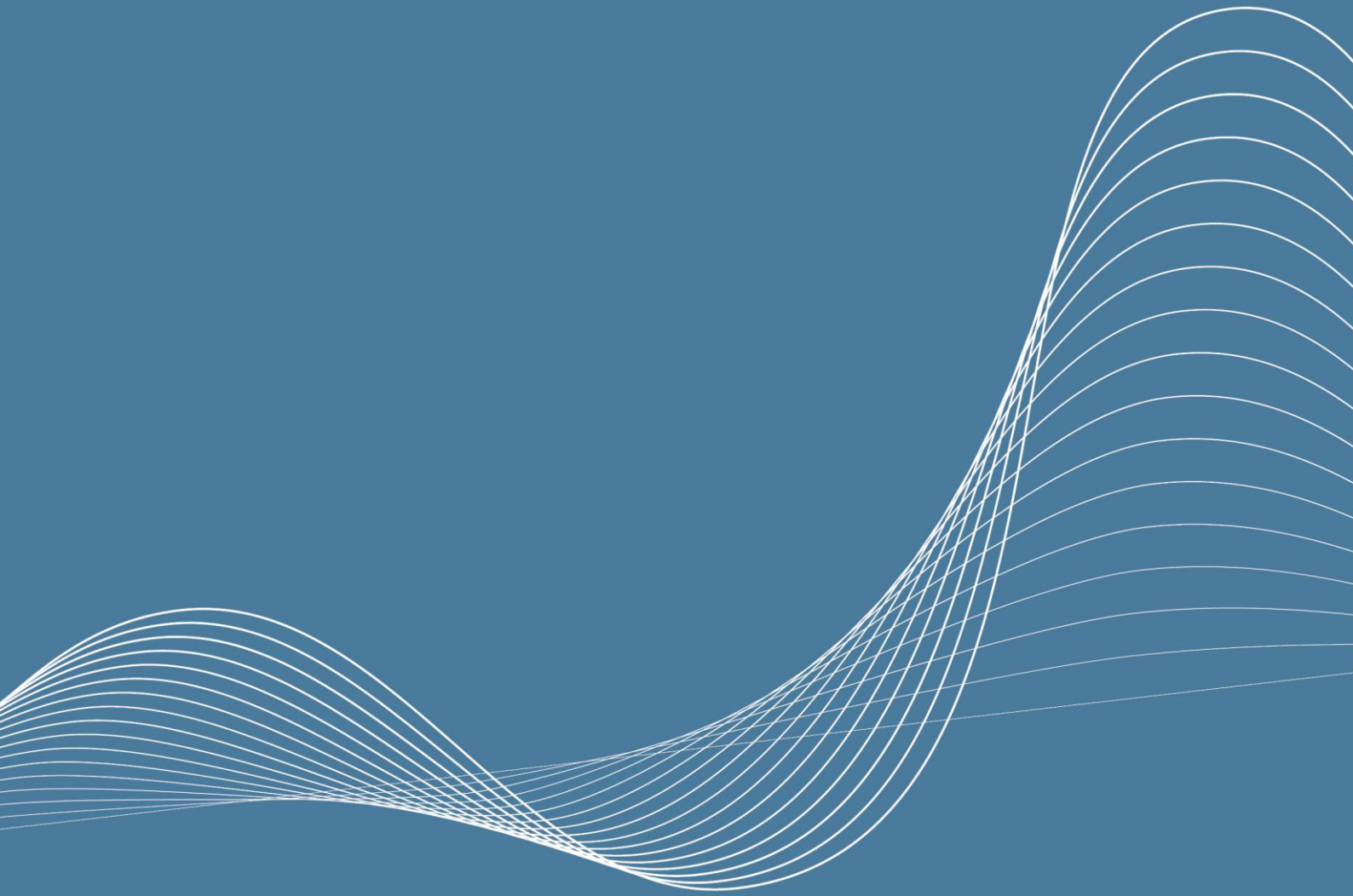
Scottish Water and the broader industry face several challenges, including mitigating and adapting to the impacts of a changing climate, managing the risks associated with an ageing asset base, and meeting stakeholder and societal expectations for drinking water quality and environmental protection. There are also opportunities, such as enhancing natural and social capital. We look forward to working with Scottish Water to meet the challenges of the future, building on its strong performance in SRC21.

Over the coming years, we will be monitoring how Scottish Water addresses these challenges and maintains high levels of service. In the strategic review of charges 2027-33 (SRC27), we will require Scottish Water to report their performance across a broader set of measures than in the current period. We will also introduce stretching yet achievable targets for these measures at the beginning of the period. We will look to Scottish Water to make improvements in several areas, including reducing leakage and reducing sewer flooding.

From 2027, our ongoing monitoring framework will include:

- Scottish Water producing a Delivery Plan in advance of each year that sets out how it will meet its commitments in the SRC27 Final Determination.
- Our Performance Report will continue to provide visibility of Scottish Water's outturn performance at the end of each year.
- Finally, we are enhancing the quarterly reporting at the Water Industry Investment Group (WIIG) which WICS now chairs. The WIIG provides a forum for Scottish Water to regularly update Scottish Water to demonstrate its progress, gain feedback for any proposals or changes it wishes to make, and provide visibility of external or internal risks, such as deliverability issues or emerging delays.

We will publish our Final Determination for the SRC27 on 12 November 2026. It will set out the charge caps, targets for outcomes, investment requirements and baselines for years 2027-28 to 2032-33.



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