Scottish Water's Performance 2025-26

WICS Economic regulation for Scotland's water

WICS is Scotland's independent economic regulator for the water industry. We work on behalf of current and future customers to help ensure water and wastewater services remain affordable, resilient and deliver long-term value.

Water is something we all rely on every day. It supports our homes, businesses, communities, public services and the environment.

Water and wastewater services depend on a vast network of infrastructure across Scotland, from reservoirs and treatment works to thousands of miles of pipes. Keeping that infrastructure working, and investing in it for the future, requires long-term planning and careful decisions about how money is spent.

Economic regulation helps make sure those decisions are taken in customers' interests, balancing the need to keep bills affordable today while investing in services that will continue to meet Scotland's needs in the future. This is the role WICS plays on behalf of current and future customers.

This report sets out our assessment of Scottish Water's performance during 2025-26.

Scottish Water's 2025-26 Performance



Consistently strong overall performance



Investment broadly in line with planned levels



Off-track in some investment commitments



Increasing risks to environmental and climate commitments

Overall assessment

In 2025-26, Scottish Water continued to deliver high overall performance and spent broadly in line with the funding available for the current regulatory period. Customer satisfaction remained high across all areas and many aspects of service performance remained strong. However, performance weakened in some areas compared with the previous year and Scottish Water remains behind plan in delivering some of the improvements it has committed to deliver by the end of 2026-27. There are material risks that it will not meet its commitments under its Improving Urban Waters Routemap and Net Zero Emissions Routemap.

Performance and customer service



Scottish Water continued to provide high levels of service for customers in 2025-26. Customer satisfaction remained high and overall performance remained among the strongest levels achieved during the current regulatory period. Performance improved in some areas, including a reduction in serious pollution incidents.

However, performance worsened in some areas that customers value. Leakage just missed Scottish Water's target range and wastewater treatment works compliance was lower than in the previous year. Drinking water quality remained high overall, with 99.9% of samples meeting required standards, although performance was slightly lower than in 2024-25.

Capital expenditure and customer charges

Scottish Water chose to apply lower charge increases during the first half of the regulatory period in response to cost-of-living pressures facing customers across Scotland. This resulted in lower revenues than originally expected.

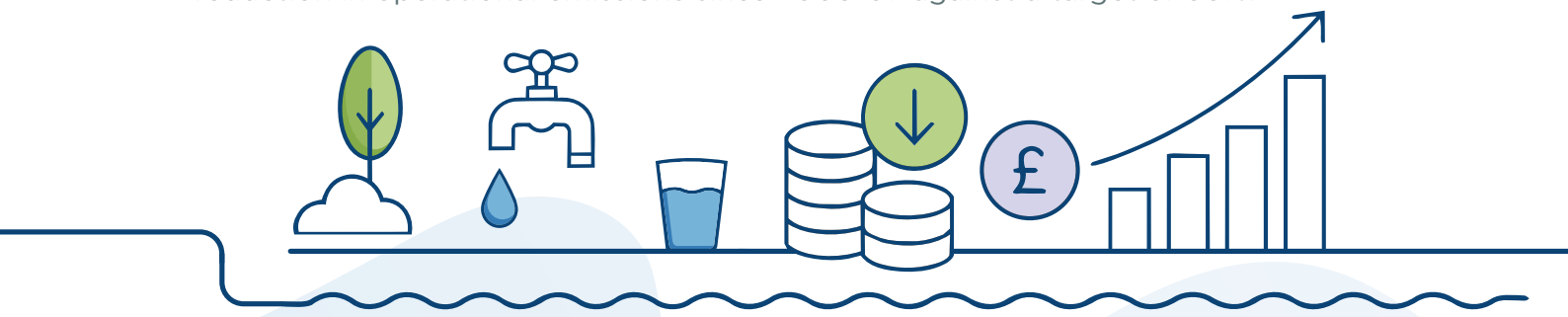
Despite this, Scottish Water has continued to invest at broadly the level planned. Over the first five years of the regulatory period, it invested £3.636 billion in maintaining and improving water and wastewater services across Scotland, £10 million below the level assumed when charges were set. It has achieved this by benefitting from several financial factors, most significantly lower interest costs than expected. Operating expenditure was above allowances by 3.4%.

Investment delivery

Investment is not only about how much money is spent, but also about what customers receive in return.

Overall, Scottish Water has delivered more investment outputs than originally forecast during the current regulatory period. However, more areas of the investment programme are now behind plan than in 2024-25. When looking specifically at improvement and growth projects, Scottish Water has delivered around 99% of the outputs it originally expected to achieve but some areas remain behind forecasts..

Some longer-term commitments are also at risk of not being delivered. Scottish Water previously committed to removing 108 high-priority sewage discharge issues by December 2027 but several schemes may not be completed by the deadline. Scottish Water also missed its interim carbon reduction milestone, achieving a 55% reduction in operational emissions since 2006-07 against a target of 60%.



Scottish Water's Performance Summary

Area	Performance Summary
Customer Services	Customer satisfaction remains high across all areas Households and developer satisfaction slightly improving
Service Performance	Overall service remains among the strongest levels achieved Performance improved in some service level measures in particular serious pollution incidents Performance lower compared to the previous year in wastewater treatment works compliance Leakage performance just missed target range
Drinking Water Quality	High drinking water quality 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 UIDs and climate milestones
Operating Expenditure	Operating expenditure above allowances made in the Final Determination for the 2021-27 regulatory period in 2025-26 Scottish Water will need to reduce it expenditure in 2026-27 to meet its forecasts
Financing Costs & Other Expenditure	Scottish Water benefited from lower interest costs due to market conditions
Environment & Climate	Delivery on removing Unsatisfactory Intermittent Discharges (UIDs) behind plan for December 2027 Emissions target missed, with operational emissions reduced by only 55% since 2006-07 compared to the 60% milestone.

Looking ahead

Scottish Water and the wider water industry continue to face significant challenges, including adapting to climate change, maintaining ageing infrastructure and meeting increasing expectations for environmental performance and customer service. At the same time, there are opportunities to improve resilience, support sustainable growth and enhance environmental outcomes.

The final year of the current regulatory period will be important in demonstrating delivery against the commitments made to customers and stakeholders. Particular focus will be needed on leakage, environmental improvements and investment outputs that are currently behind plan.

We look forward to working with Scottish Water to meet the challenges of the future, building on its strong performance over this regulatory period.

In summary

In summary, Scottish Water continues to deliver high levels of service for customers while maintaining investment broadly in line with planned levels.

Customer satisfaction remains strong. However, delivery risks have increased across some parts of the investment programme and progress towards some environmental and climate commitments remains behind plan.

WICS will continue to monitor performance closely during the final year of the 2021-27 regulatory period to ensure customers receive the outcomes and improvements they have funded.



Scottish Water's Performance 2025–26

November 2026

WICS
Moray House
Forthside Way
Stirling FK8 1QZ

T: 01786 430200

E: enquiries@wics.scot

www.wics.scot

WICS Economic regulation for Scotland's water