

PUBLIC SERVICES REFORM (SCOTLAND) ACT 2010 DISCLOSURES

Disclosures for the financial year 2023-24



**Scottish
Water**

Trusted to serve Scotland

Introduction

The **Public Services Reform (Scotland) Act 2010** requires public bodies to publish information on certain expenditure and activities. Under this Act, we have a duty to publish the following information:

- Details of any expenditure incurred on public relations, overseas travel, hospitality and entertainment, and external consultancy.
- The number of individuals (if any) who received remuneration in excess of £150,000.
- Payments with a value in excess of £25,000. This includes all payments in excess of this figure but excludes payments to employees.
- A statement of the steps taken during the year to promote and increase sustainable growth.
- A statement of the steps taken during the year to improve efficiency, economy and effectiveness.

Information relating to Scottish Water is shown below for the financial year ended **31st March 2024**.

Expenditure Details for the Period April 2023 to March 2024

Type of Expenditure	£
Public Relations	£578,614
Overseas Travel:	
- In connection to Scottish Water business	£49,254
- In connection with Scottish Water Horizons Ltd international business	£10,022
Hospitality & Entertainment	£198,553
External Consultancy	£11,144,138

Remuneration – Members and Employees	
No Of Members or Employees receiving Remuneration in Excess of £150,000	15

Payments with a value in excess of £25,000

Scottish Water publishes a report of payments with a value over £25,000 on annual basis. Here is the [Report covering transactions from April 2023 to March 2024.](#)

Statement of the steps taken during the year to promote and increase sustainable growth

Our purpose is to support a flourishing and resilient Scotland through being trusted to care for the water on which we all depend. We supply water and waste water services to households and are also the wholesaler to 22 Licensed Providers who operate in the water and waste water retail market for business customers in Scotland. Using Scotland's natural resources, our assets and the skills of our people, we are committed to improving our services for customers and communities while protecting and enhancing Scotland's environment.

Our strategic plan, Our Future Together, outlines our three strategic ambitions: Service Excellence; Going Beyond Net Zero Emissions; and Delivering Great Value and Financial Sustainability.

We strive to deliver consistent and reliable high quality service that meets or exceeds our customers' expectations. To do this, we work to understand and anticipate our customers' needs and to be responsive and helpful to find solutions that add value to their experience. Our customers' views help us shape how we deliver services now, and how we should think about our future plans. Most of our customers enjoy uninterrupted services and, when things go wrong, we work as quickly as possible to return service to normal.

Changing weather patterns continued to bring challenges to our delivery of water and waste water services to customers. The summer, with record high temperatures, led to drinking water quality issues and a surge in demand. In winter, we experienced a succession of storms which led to a rise in bursts and flooding. We did, however, see a decrease in customer contacts on service issues such as no water and low pressure.

Our investment programme is one of the largest infrastructure programmes in Scotland – and we continue to invest at record levels. Investment in vital water and waste water infrastructure in the last year rose by £95 million – up to £789 million from £694 million. When we include our responsive repair, refurbishment and replacement of our assets, our overall investment has risen to £1.02 billion. Our ability to deliver year-on-year increase in investment is supported by our people and partners and by continuing to transform, innovate and work with communities and customers. Our internal measure, which tracks project progress from start on site to completion, ended the year within the target range and our performance on getting projects in to service for customers continued to improve and was on target. We have worked hard to ensure our list of vital upcoming projects are ready to be delivered and aim to continue to maintain our sustainable delivery momentum. Our procurement strategies aim to create, support, develop and evolve a resilient, sustainable and growing supply chain in Scotland.

Our investment programme enables economic activity and growth as well as employment. The Scottish Government's Hydro Nation Report 2022 stated Scotland's water sector, including Scottish Water, is worth an estimated £3.7 billion to the Scottish Economy and provides almost 17,000 jobs.

We are committed to playing our part in ensuring Scotland flourishes and continue to invest in water and waste water assets to enable housing and other economic development. In the last year, we completed 14,346 new water connections and 12,896 waste water connections. This is a significant reduction on last year from 22,647 and 21,708 for water and waste water, respectively. Despite the drop in connected properties, the volume of applications received has remained relatively static year-on-year with 4,998 technical applications received compared to 4,801 the previous year. There were two key factors for the reduction in the number of reported connected properties. Firstly, the development market has slowed in the year – and the latest Scottish Government figures have reported an 11% reduction in the number of house completions and 24% reduction in the number of house starts. Secondly, the way we calculate connected properties has changed to be more representative of the build out rate of developments.

Statement of the steps taken during the year to improve efficiency, economy and effectiveness in the exercise of SW’s functions

Costs before items subject to Long Term Normative Charges (LTNC - responsive repair and refurbishment costs, reasonable cost contributions to developers and tax payments) for the year at £752 million, were £70 million lower than anticipated in the Final Determination set by our independent economic regulator, the Water Industry Commission for Scotland. This was driven by lower interest charges of £52 million and lower operating and PFI costs of £18 million. As set out in the 2022/23 Performance and Prospects, planned costs before items subject to LTNC were expected to be £803 million. Actual out-turn was £51 million lower at £752 million. The main contributors, compared to plan, were the successful appeal of the 2017 Water Undertaking revaluation resulting in a refund of rates charges totalling £25 million, lower electricity costs and gas prices compared with the market expectations when we set the plan, and lower interest charges driven by improved interest rates paid on funds on deposit. Reduced PFI costs resulting from folding the former North-East Scotland PFI activities into Scottish Water’s waste water operations in October 2022 also contributed to the out-performance. Costs before items subject to LTNC, on a cumulative basis since the start of the regulatory period, were £139 million lower than that anticipated in the Final Determination.

Our investment planning framework, which we developed in partnership with our economic regulator and other stakeholders, has enabled us to increase our investment to higher levels than at any point over the last decade. We want to keep our customers’ and stakeholders’ confidence that we are delivering great value despite the ongoing challenges we face. We know there is much more that needs to be done to replace ageing assets and to adapt. To continue to be financially sustainable we will need ongoing investment, and, for our part, we will have to look at ways to work more efficiently. We are committed to sustaining our levels of investment year-on-year over the regulatory period.

We remain on track to reach our 2040 Net Zero target. Applying the learning from the previous year, we have achieved our emissions reduction target, delivering cumulative reductions of 27,723 tCO₂ e since 2021 which is in line with what we had forecast. In 2023/24, we delivered 12,042 tCO₂ e of reduction activities. We published our first Climate Change Adaptation Plan which outlines the efforts it will take to make services and assets resilient to the impacts of climate change that we predict and highlights the consequences on water supplies, water quality, sewer systems, infrastructure and the environment without adaptation. We continue to respond to the changing climate by assessing risks and building resilience into our operations and investment plans where possible. But, with growing impacts on assets and services from the changing climate, the new plan highlights the steps that must be taken to go further and faster in adapting our assets and services to ensure they remain reliable, resilient and sustainable.

We delivered 48 projects to improve energy efficiency across our asset base, enabling 5.68GW reduction. Over the past three years we have delivered 19GW reduction from our work on energy efficiency. A total of 42GWh of renewable energy was generated on our assets, with our PFI partners generating a further 20GWh.

We progressed our solar and hydro programme, delivering 13 projects with a generating capacity of 5.8GW. This included our first waste water hydro scheme at Hamilton Waste Water Treatment Works. Over the last three years we have delivered 14.7GW of renewable generation capacity.