

Scottish Water: Creeping Privatisation Report



Introduction

[A new report 'Scottish Water: creeping privatisation'](#) by Des McNulty, Glasgow University and Alan McKinlay, Newcastle University and commissioned by UNISON Scotland has revealed the deeply concerning extent of creeping privatisation at Scottish Water. The report highlights issues across privatisation, employment practices and trade union relations, executive pay, and a lack of accountability, and calls for an independent inquiry into Scottish Water. This briefing provides an overview of the report's findings, and highlights key recommendations for change to restore Scottish Water to a genuinely publicly operated and delivered public service.

Context

Scottish Water was created in 2002 following an overwhelming public rejection of water privatisation, and a decisive mandate from the people of Scotland for public ownership. Public ownership is perceived positively by the Scottish public – something Scottish Water reflects in its marketing campaigns. However, increasingly, the realities of privatisation within Scottish Water are at odds with corporate narratives of public ownership.

Creeping privatisation

Scottish Water remains a public corporation in legal form, but in practice it is being privatised by stealth. Scottish Water has been transformed into a market-orientated utility. It is almost impossible to tell the difference between how Scottish Water and its fully privatised counterparts in England operate.

Approximately 92% of major works are now delivered by third-party contractors for whom Scottish Water is the main customer. The majority of staff involved working on Scottish Water major infrastructure projects are employees of third-party contractors. These workers are not covered by collective bargaining arrangements, and have minimal or no guaranteed access to union representation. The fragmentation of the workforce between directly employed and contractor staff creates a two-tier system with a much reduced collective voice. The current regulatory framework lays the ground for even more privatisation of Scottish Water while maintaining the veneer of public ownership

The report also raises serious concerns over a major procurement process under an 'enterprise partnership model' involving Scottish Water worth between £5 and £9 billion that could bind not only the next Scottish Government but successive administrations, without adequate parliamentary scrutiny. This has the potential to have far-reaching consequences for further privatisation, public finances, governance, and workers.

KEY POINTS:

- **Scottish Water remains a public corporation but is being privatised by stealth**
- **The majority of staff working on Scottish Water major infrastructure projects are employed by third-party contractors**
- **Scottish Water has refused to engage with unions on key employment issues**
- **Scottish Water's CEO and two second-tier managers are paid more than the First Minister of Scotland**



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Trade union and employee relations

For staff directly employed by Scottish Water, employee relations and employment practices have been poor, and worsened over time. Union representatives report receiving grudging consultation at best, with unwilling executives. In 2025 alone, Scottish Water did not provide information necessary for consultation about changes in contracts, major projects, and asset sales.

The report also highlighted serious concerns about HR and management practice at Scottish Water. As one union representative told the report authors “HR write the rules, ignore the rules, break the rules. Where do you go when HR are quite happy to beak their own rules?”

The erosion of collective bargaining and of management’s engagement with trade unions is a key part of Scottish Water’s transformation into an market-orientated organisation. Deliberate outsourcing erodes union density, and replaces public-service values with market values. This outsourcing, combined with a private sector managerial culture, has diluted what was a culture of shared public purpose.

Executive pay

Alex Plant joined Scottish Water as Chief Executive from Anglian Water, a privatised English water company. Plant was paid 28% more in his first year in post than his predecessor was paid in their final year. This increase happened while customer bills rose by 8.8%, workers faced pay restraint, and unions were engaged in disputes over pay and conditions. Two second-tier managers at Scottish Water are paid more than the First Minister of Scotland. As one trade union representative said “Basically, it’s [Scottish Water] being run as a private company.”

Accountability

Governance around the publicly owned water and sewage industry in Scotland deliberately excludes worker voice and makes democratic scrutiny more difficult. Governance of Scottish Water operates through multiple layers, and strategic decisions are made through complex six-yearly reviews. This removes decision making from democratic scrutiny and public debate. There are also concerns and unanswered questions around potential conflicts of interest and career movements between Scottish Water and its major contractors.

Recommendations for change

- Begin a wide-ranging inquiry into systemic problems at Scottish Water
- Make Scottish Water’s governance more democratic - key decisions should be subject to parliamentary and public scrutiny
- Bring work back in-house– rebuild public sector skills and capabilities rather than increasing dependence on external contractors
- Transparency – publish career movements of senior managers between Scottish Water and contractors and regulators, and their conflicts of interest
- Worker voice – reinstate meaningful collective bargaining and union representation in strategic governance
- Public service values – bring executive pay in line with public service norms, and challenge arguments for private sector excess
- Fiscal transparency – publish clear and accessible information on the relationship between Scottish Water’s finances and the Scottish Government’s fiscal arrangements

Additional reading

- [Scottish Water in crisis - MSP Briefing 2023](#)
- [STUC: Research on the Cost of Outsourcing](#)



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