

DAG WORKING GROUP

DRAFT DELIVERY ASSURANCE REPORT: Quarter 3 2019-20

1. Introduction

This document summarises what has been achieved for customers against Scottish Water's Delivery Plan for the 2015-21 period and confirms the position up to the end of December 2019 (Quarter 3 2019/20). All forecasts were made before the Covid-19 pandemic impacted Scotland and are therefore liable to change. This document has been prepared by the Delivery Assurance group (DAG), a group set up by Ministers to monitor and report on the delivery of their [Objectives](#).

The DAG comprises the main stakeholders in Scotland's water industry: Scottish Government, Scottish Water, Citizens Advice Scotland, Scottish Public Services Ombudsman and the regulators (the Water Industry Commission for Scotland, the Scottish Environment Protection Agency and the Drinking Water Quality Regulator). It is chaired by Scottish Government and operates under a Terms of Reference agreed by Ministers.

2. What We Monitor

Each quarter the DAG assesses Scottish Water's progress with the delivery of outputs using a metric, Overall Measure of Delivery (OMD), to measure Scottish Water's progress against targets agreed in its Delivery Plan.

Progress in the delivery of outputs agreed for individual programmes in Scottish Water's Delivery Plan is shown in the following sections:

- Appendix A: Providing continuous high quality drinking water (includes drinking water quality, reliability and security of supply).
- Appendix B: Protecting and enhancing the environment (includes flood risk management).
- Appendix C: Supporting economic development (includes climate change and improving the long term cost of service).

Each section explains where a programme area is ahead or behind and, if behind, the remedial actions being taken by Scottish Water. The year-end and period end status for each programme area has been measured against Scottish Water's Delivery Plan update as approved by the Scottish Government in March 2019.

Scottish Water's also reports to DAG on progress in completing those projects due but not delivered by 31 March 2015 so that the benefits to customers can be delivered as quickly as possible.

3. Key points

The key points to report on Scottish Water's output delivery in the period up to the end of December 2019 (Quarter 3 2019/20) are:

- The overall measure of delivery (OMD) position was on target at 207 points, against a Quarter 3 2019/20 OMD range of 191 to 211 points. This is an increase of 4 points from the Quarter 2 2019/20 position of 203 points.
- Providing continuous, high quality drinking water: in line with the previous quarter, of the 10 programmes in this category, 8 were forecasting to be on or ahead of the year-end target for regulatory sign-off of outputs at the end of Quarter 3 2019/20,. The two areas that are currently forecasting to be behind target are 'Number of water treatment works improved' and '2010-15 outputs planned to complete in the 2015-21 period'. At the end of the regulatory period it is forecast that 8 outputs in the programme 'Number of water treatment works improved' will not have achieved regulatory sign-off, compared to 6 in the last quarter – with the exception of Back Tolsta and Burncrooks these outputs are forecasting acceptance and benefit to customers before March 2021. We continue to monitor delivery risk on these projects.
- Protecting and enhancing the environment: in line with the previous quarter, of the 10 programmes in this category, 8 are forecasting to be on or ahead of the year-end target for regulatory sign-off of outputs at the end of Quarter 3 2019/20. The two areas that are currently forecasting to be behind plan remain: 'Number of improvements required to meet the Water Framework Directive' and 'Number of improvements required to meet UWWTD - Glasgow completion'.
- Supporting economic development: in line with the previous quarter, of the 6 programmes in this category, 1 is now complete, 1 is forecasting to be on or ahead of the year-end target for regulatory sign-off of outputs by the end of Quarter 3 2019/20. The remaining 4 are demand driven.
- Projects due to have been completed by March 2015: by the end of Quarter 3 and as reported in Q2 2019/20 Scottish Water had completed 35 of the 37 projects that were outstanding at March 2015.

4. Overall Measure of Delivery (OMD)

The [Overall Measure of Delivery](#) provides a high level measurement of Scottish Water's progress against its Delivery Plan; it assesses the progress of the investment outputs monitored by DAG across each of the five key delivery milestones, combining this information to give an overall score. Progress with delivering late projects from previous investment periods and demand led schemes (such as new capacity to support economic development) are not included in the OMD.

At the beginning of the programme the OMD score starts at zero and at 31 March 2021 should reach 250 points confirming that all outputs monitored have been delivered. At the end of December 2019 Scottish Water's OMD position was ahead of target at 207 points, against a Quarter 3 2019/20 OMD range of 191 to 211 points. This is an increase of 4 points from the Quarter 2 2019/20 position of 203 points as illustrated in Figure 1.

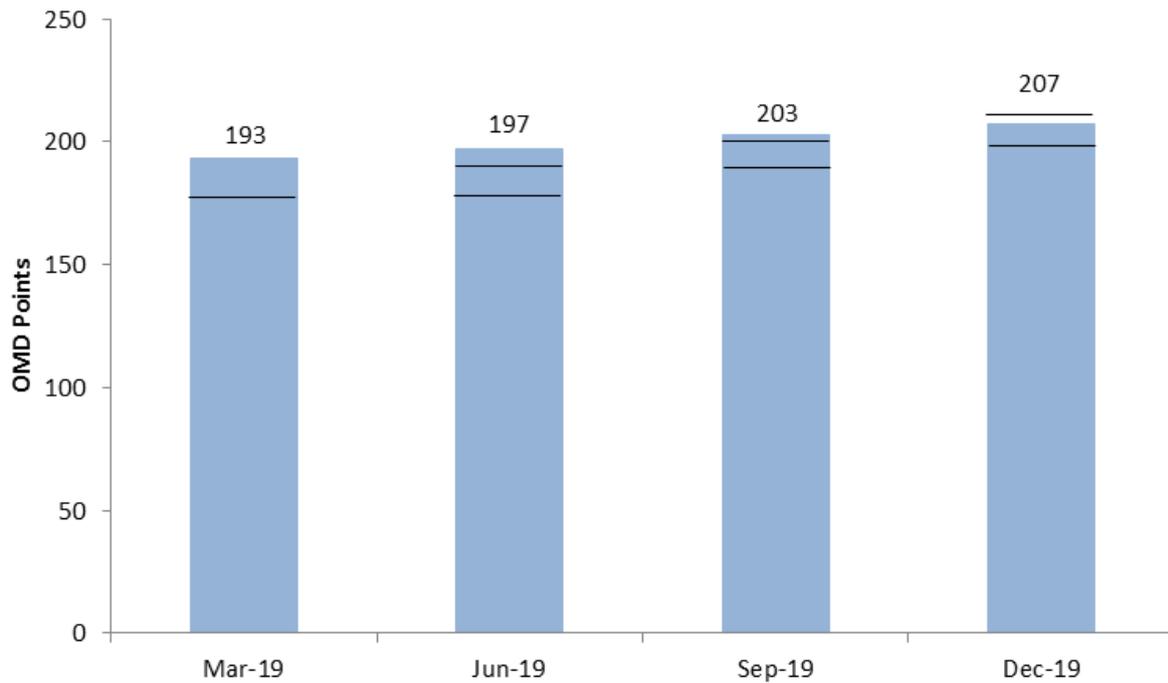


Figure 1 – Overall Measure of Delivery to Quarter 3 2019/20

5. Progress against milestones

To demonstrate the progress being made through each of the 5 programme milestones monitored by DAG, Figure 2 below shows the cumulative % budget, number of outputs and target level for each milestone for the reported programmes.

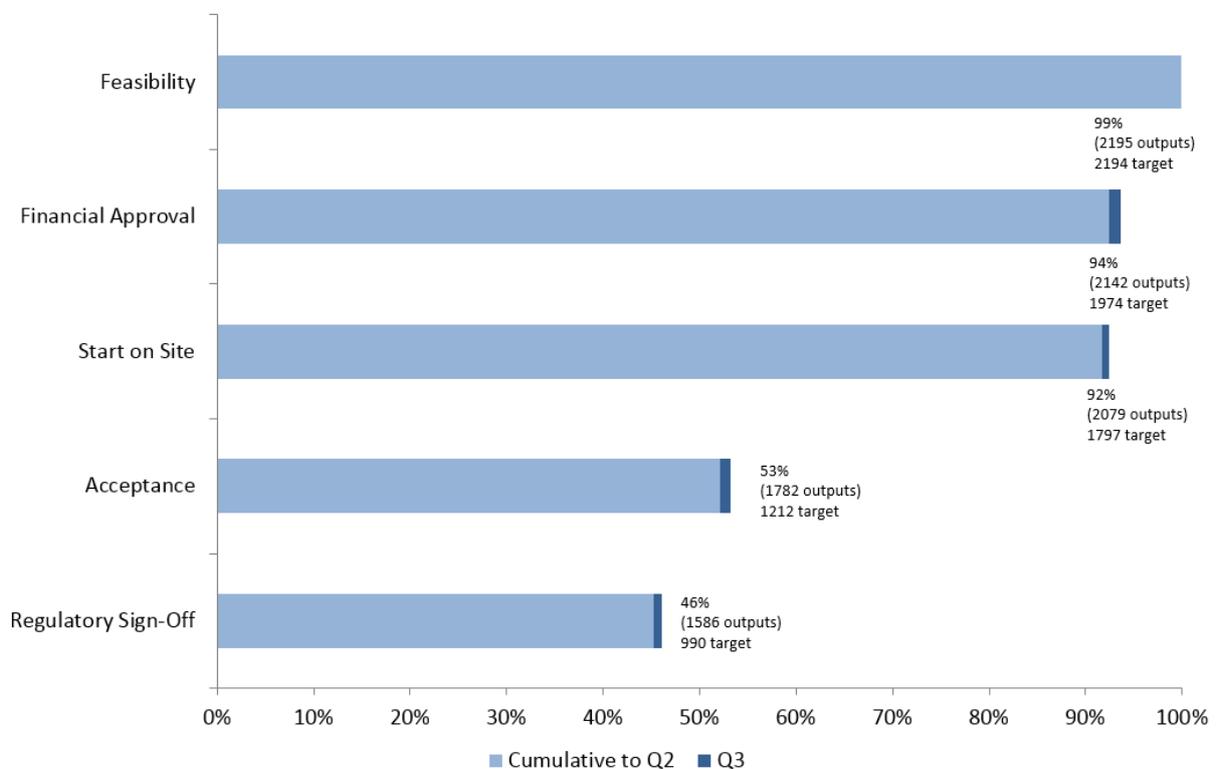


Figure 2: Reported output programmes – cumulative % budget, number of outputs and target for each milestone – all outputs (including IR18)

6. Projects due but not delivered by 31 March 2015

Scottish Water started the 2015-21 period with 37 projects from the previous programme which were due but not completed by March 2015. Scottish Water has achieved regulatory sign-off for 35 of these 37 projects. Scottish Water remains focussed on delivering all projects due to have been completed by March 2015 and the remaining 2 projects are on site.

	2018/19	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20	2020/21
Planned completion	33-36	35-36	35-36	35-36	35-36	37
Latest forecast completion range	35	35	35	35	35-37	37

7. Conclusion

The DAG notes the good progress made to December 2019, Quarter 3 2019/20, of the 2015-21 regulatory period with the delivery of outputs required by Ministers, as measured through the Overall Measure of Delivery and programme milestones. It notes that there are a number of programmes for which challenges to delivery remain, due to a small number of projects, which are not expected to complete by March 2021. Within these projects there are a number that impact compliance and for those temporary measures have been installed where possible. Ministers continue to stress to Scottish Water the importance of maintaining and achieving the investment milestones as agreed in Scottish Water's Delivery Plan.

RAG Status

The following colour coding is applied to the forecast in the output delivery tables, using the definitions outlined below:

Red	Progress is behind target and will not recover within the year/period
Amber	At risk of not delivering the outputs within the year/period
Green	On or ahead of programme, or if off track will recover within the year
Blue	Programme complete

Appendix A: Providing continuous high quality drinking water

Scottish Water is undertaking work associated with the 10 programme areas in the table below. This includes additional IR18 outputs.

Objective	Quarterly monitored programme areas	Q3 2019/20 Actual	2019/20 Year end Target	2019/20 Year end Forecast	Period End Target	Period End Forecast
Drinking water quality and reliability	Number of water treatment works improved	13	18	15	26	18
	Number of zones made compliant with iron & manganese standards	47	48	54	61	64
	Number of improvements to reliability of supply (catchments and treatment)	14	16	20	42	42
	Number of improvements to reliability of supply (networks and storage)	42	22	50	83	83
	Distribution mains cleaned (km) ¹	1,242	1,735	1,770	3,849	4,357
	Number of water quality etc studies to inform future periods	278	282	338	347	362
	2010-15 outputs planned to complete in the 2015-21 period	16	18	17	22	20
Drinking water security of supply	Water supply resilience strategy and improvements made	13	12	13	18	17
	Number of zones with improved security of supply (SOSI)	6	6	6	8	7
	Number of security measures and improvements to the infrastructure of critical reservoirs	557	269	606	691	692
Total		986	691	1,119	1,298	1,305

Scottish Water is currently forecasting to be 3 outputs behind the 2019/20 year-end target of 18 in the 'Number of water treatment works improved' programme. At the end of the regulatory period 8 outputs are forecast not to have achieved regulatory sign-off - Loch Ness Regional Scheme (2 outputs), Glenlatterach, Back Tolsta, Fair Isle, Savalbeg, Roberton and Burncrooks. All outputs with the exception of Back Tolsta and Burncrooks are forecast to be complete on site and deliver benefits to customers by March 2021. Back Tolsta and Burncrooks are forecast to be in the last stages of construction by the end of the regulatory period.

Scottish Water is currently forecasting to be 1 output behind the 2019/20 year-end target of 18 in the '2010-15 outputs planned to complete in the 2015-21 period' programme. Two outputs are currently forecasting regulatory sign off after March 2021 - Dalwhinnie and Picketlaw. Dalwhinnie is forecast to be complete on site and deliver benefits to customers before March 2021 while the programme for Picketlaw is under review.

Scottish Water is currently forecasting completion of one output past the end of the regulatory period in the 'Water supply resilience strategy and improvements made' programme – Ayrshire Strategic Resilience (C1a main).

¹ Addition of Barra WTW Flushing to monitoring

Scottish Water is currently forecasting one output to achieve regulatory sign-off past the end of the regulatory period in the 'Number of zones with improved security of supply (SOSI)' programme – West Lewis. Opportunities to recover remains under review and will be confirmed prior to financial approval.

Appendix B: Protecting and enhancing the environment

Scottish Water is undertaking work associated with the 10 programme areas in the table below.

Objective	Quarterly monitored programme areas	Q3 2019/20 Actual	2019/20 Year end Target	2019/20 Year end Forecast	Period End Target	Period End Forecast
Protecting and enhancing the environment	Number of WWTWs improved to meet UWWTD	23	23	23	26	26
	Number of waste water networks improved to meet UWWTD ²	36	31	38	42	51
	Number of improvements required to meet UWWTD - Glasgow completion	65	69	68	85	80
	Number of improvements required to meet the Water Framework Directive	3	12	3	23	9
	Studies to inform requirements under the revised Bathing Waters Directive ³	9	2	10	11	11
	Number of environmental studies to inform future periods	106	58	117	130	128
	Number of improvements required by the Compliance Assessment Scheme; odour reduction and sludge management	31	36	36	94	95
	2010-15 outputs planned to complete in the 2015-21 period	13	13	14	15	14
Flood risk management	Reservoirs Act - Number of improvements to dams	44	36	47	54	54
	Flood Risk Management Act - models and integrated catchment studies	179	123	204	216	218
Total		509	403	560	696	686

Scottish Water is currently forecasting to be 1 output behind the year-end target of 69 in the 'Number of improvements required to meet UWWTD - Glasgow completion' programme due to 3 hydraulically linked UID's in the Kelvingrove area which have been reprogrammed following discussion with the local school to ensure that access is available at all times during the school term. Five outputs are forecasting completion late after March 2021. 3 of these form part of the Kelvingrove cluster. Construction of the remaining 2 - Scotwood UID and Downiebrae Rd UID – is forecast to be complete within the period.

Scottish Water is forecasting to be 9 outputs below the target in the 'Number of improvements required to meet the Water Framework Directive' programme due to the decision to keep Amlaird WTW temporarily in operation as part of the revised strategy for Ayrshire water supplies. Three projects (delivering 17 outputs) are currently forecasting conclusion past the end of the regulatory period, all of which are in construction. Scottish Water is also planning to complete three outputs, previously planned for delivery post March 2021, in the period.

² SR15-088 Removal of Ailsa Drive Dual Manholes

³ SR15-087 Removal of Gairloch and Big Sands Bathing Water Study from monitoring

Scottish Water are currently forecasting two studies to conclude past the end of the regulatory period in the 'Number of environmental studies to inform future periods' programme – The Inner Clyde Estuary Model and the Dalmuir WW Strategy Review. The delivery of the Dalmuir Strategy is dependent on the completion of the Inner Clyde Model which is forecasting completion in Q1 2021-22.

Scottish Water is currently forecasting one output past the end of the regulatory period in the '2010-15 outputs planned to complete in the 2015-21 period' programme – Rockcliffe BW- where the solution trialled proved ineffective and a full treatment option has been developed and passed to delivery.

Appendix C: Supporting economic development

Scottish Water continues to support the Scottish economy by meeting the demand for water and waste water connections to new households and businesses and where necessary has initiated projects to increase strategic capacity. Connections have been made to 108,261 new households and businesses since April 2015. Scottish Water has also installed 14,782 first time wholesale meters and replaced 60,740 wholesale meters as shown in the table below.

Objective	Quarterly monitored programme areas	Q3 2019/20 Actual	2019/20 Year end Target	2019/20 Year end Forecast	Period End Target	Period End Forecast
Supporting economic development	Number of new connections to households and businesses	108,261	Demand driven	Demand driven	Demand driven	Demand driven
	Delivery of new water & waste water capacity for 73,290 people	27,330	Demand driven	Demand driven	Demand driven	Demand driven
	Number of first time non domestic meters installed	14,782	Demand driven	Demand driven	Demand driven	Demand driven
	Number of wholesale meters	60,740	Demand driven	Demand driven	Demand driven	Demand driven
Climate change	Number of climate change vulnerability assessments	91	95	110	110	123
Long term cost of service	Improvements in renewable power and energy efficiency (GWh)	17.5	12.5	17.5	17.5	17.5

Glossary of Terms

Assets	Physical plant and equipment used to produce and transfer water, to collect and treat waste water such as water treatment works and water mains, sewers and sewage works etc.
Climate Change Adaption and Mitigation	'Adaptation' is the action taken by Scottish Water to increase the resilience of its assets to climate change variability and extremes whereas 'mitigation' is the steps to permanently eliminate or reduce its carbon emissions associated with its activities.
Delivery Assurance Group (DAG)	Representatives of Scotland's water industry who will seek assurance on the delivery of committed projects and sub-programmes within Scottish Water's investment programme.
Delivery Plan	Scottish Water's annual statement of investment outputs and financial targets.
DMA	District meter areas (DMA) help to identify any localised leakage by the installation of online flow monitors.
Plan / Prepare / Deliver	Scottish Water's overarching process to planning and delivering investment to achieve the outcome required.
IR18	Rolling Investment Review 2018 to consider priorities and outputs for the 2018-21 period and beyond.
Leakage	The water lost from Scottish Water's network of water pipes and its assets (service reservoirs etc.) between putting water into supply and it arriving at customer taps.
Ministerial Objectives	A statement of requirements (deliverables) set out by Scottish Ministers.
Outputs	Tangible deliverables, such as an improved waste water treatment facility, which benefit customers, the environment or both.
Overall Measure of Delivery (OMD)	The metric used to assess Scottish Water's delivery of its investment-related outputs.
Overall Performance Assessment (OPA) Score	A comparative overview of company performance which is calculated each year. It covers measures of water supply, sewerage service, customer service and environmental performance.
UID	Unsatisfactory Intermittent Discharges. An overflow on the sewer network that requires to be improved so as to meet environmental standards for the water body into which it discharges or which it affects.
UWWTD	The Urban Waste Water Treatment Directive is a European Union directive concerning the "collection, treatment and discharge of urban waste water and the treatment and discharge of waste water from certain industrial sectors".
WWTW	A waste water treatment works (WWTW) treats waste water before returning it to the environment.