

OUTPUT MONITORING GROUP

OUTPUT MONITORING REPORT: Quarter 1 2015/16

1. Introduction

This document summarises progress up to the end of June 2015 (Quarter 1 2015/16) with achieving the customer service and environmental performance improvements set out in Scottish Water's Delivery Plan for the 2015-21 regulatory period. It has been prepared by the Output Monitoring Group (OMG) which was set up by Ministers to monitor and report on the delivery of their [Objectives](#).

The Output Monitoring Group 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.

1.1 What the OMG reports on

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

Delivery progress is also monitored against the outputs agreed for individual programmes in Scottish Water's Delivery Plan, as shown in the following sections:

- Section 2: Providing continuous high quality drinking water (includes drinking water quality, reliability and security of supply).
- Section 3: Protecting and enhancing the environment (includes flood risk management).
- Section 4: Supporting economic development (includes climate change and improving the long term cost of service).
- Section 5 covers progress of projects due but not delivered by 31 March 2015.

A further set of outputs, including customer service measures, are reported annually at the end of each financial year.

Each section sets out whether a programme area is ahead of, on or behind target. Where progress is behind target, an explanation is provided along with identifying the remedial actions being taken by Scottish Water.

1.2 Summary

The key points to report on Scottish Water's output delivery in the period up to the end of June 2015 (Quarter 1 2015-16) are:

- The overall measure of delivery (OMD) score was 32.2 points in Quarter 1, within the target range of 31.1 to 32.7.
- Providing continuous high quality drinking water: no outputs have reached the delivery stage, against a target of 1 in this quarter.
- Protecting and enhancing the environment: Scottish Water has delivered 8 outputs against a target of 2 in this quarter.
- Projects due to have been completed by March 2015: during Quarter 1 Scottish Water has completed 4 of the 37 projects that were outstanding at March 2015, against a baseline of 8.

1.3 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 OMG 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 growth) are not included in the OMD.

At the beginning of the programme the OMD score starts at zero and at 31 March 2021 reaches 250¹ points confirming that all outputs monitored have been delivered. Performance is considered to be 'on target' if it is within 2.5% of the agreed OMD score. At the end of June 2015 Scottish Water's OMD score was 32.2 points, within the target range for this quarter of 31.1 to 32.7. Scottish Water forecasts that OMD will drop below the target range in Quarter 2 and will recover and be within, or above, the target range (71.4 to 75.0 points) at March 2016. This performance is illustrated in Figure 1.

¹ 24 points relate to outputs that will be confirmed in IR18.

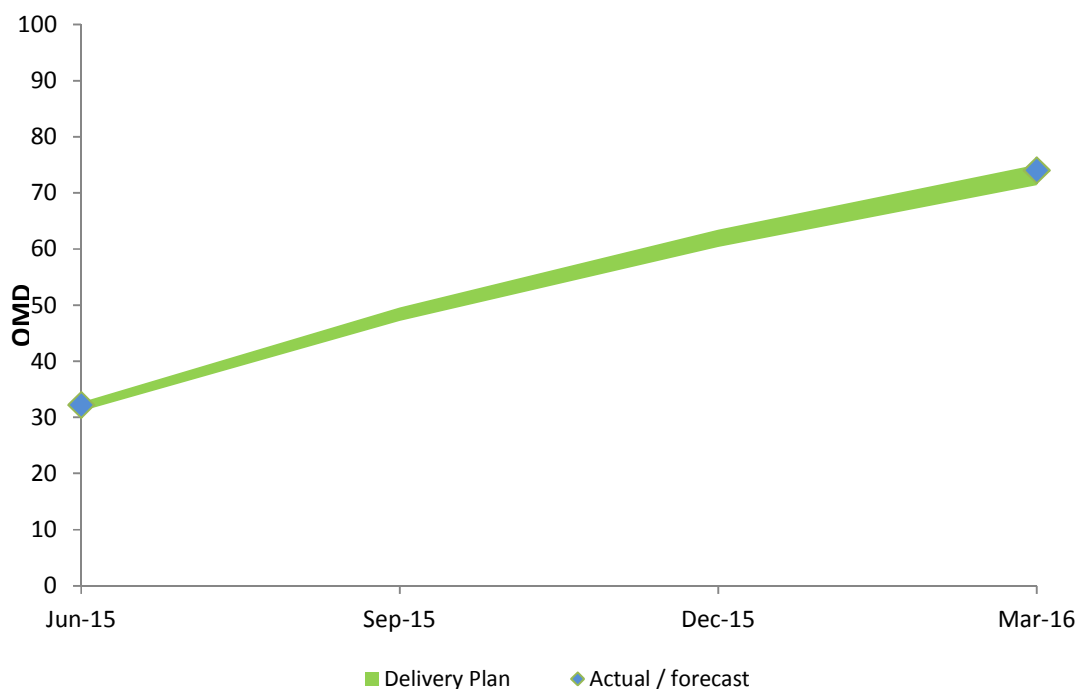


Figure 1 – Overall Measure of Delivery Score 2015/16

Overall delivery is forecast to be slower than expected in Quarters 2 and 3 as a result of continuing challenges in the Glasgow programme. While Scottish Water is seeking to accelerate other elements of the investment programme at this early stage this is being balanced against::

- additional time taken to promote projects to delivery, as projects progress through Scottish Water’s new Intervention Definition Process to ensure projects have been scoped correctly; and
- establishing new investment processes and delivery partners.

1.4 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 there is no prospect of recovery over the year
Amber	At risk of not delivering the output within the year
Green	On or ahead of programme, or if off track will recover within the year
Blue	Output complete

2. Providing continuous high quality drinking water

Scottish Water is forecasting output delivery associated with the 6 programme areas in the table below ².

Objective	Quarterly monitored programme areas	Previous quarter Actual	Q1 Target	Q1 Actual	Q4 Target	Forecast year end status	Total Number of outputs
Drinking water quality and reliability	Number of water treatment works improved		0	0	0	1	26
	Number of water quality etc studies to inform future periods		0	0	0	15	341
	2010-15 outputs planned to complete in the 2015-21 period		0	0	5	6	23
Drinking water security of supply	Water supply resilience strategy and improvements made		0	0	1	3	14
	Number of zones with improved security of supply (SOSI)		0	0	0	1	11
	Number of security measures and improvements to the infrastructure of critical reservoirs		1	0	3	3	689

Overall, the Drinking Water Quality programme is on, or ahead, of target for 2015/16. Specific points to note within the programme include:

- **Number of water treatment works improved:** Scottish Water forecast that by year end all but two outputs (Fair Isle and Papa Stour) will have preferred options identified.
- **2010-15 outputs planned to complete in the 2015-21 period:** Scottish Water forecasts that all 23 outputs initiated in the 2010-15 period will have the preferred solution identified by March 2016 and that 20 of these outputs will have started on site.
- **Water supply resilience strategy and improvements made:** the South Edinburgh Service Resilience output is behind schedule with resources focussed on delivering the Ayrshire Strategic Resilience Scheme.
- **Number of zones made compliant with iron & manganese standards:** Scottish Water forecasts that all 88 zones will have preferred options identified and financial budgets approved by March 2016.
- **Number of raw water catchments to improve reliability of supply:** At the end of 2015/16, Scottish Water plans to have identified the preferred solution at 11 of the 47 outputs, ahead of the target of 6.

² Outputs delivered are based on the regulatory acceptance dates.

3. Protecting and enhancing the environment

Scottish Water is forecasting output delivery associated with the 6 programme areas in the table below³.

Objective	Quarterly monitored programme areas	Previous quarter Actual	Q1 Target	Q1 Actual	Q4 Target	Forecast year end status	Total number of outputs
Protecting and enhancing the environment	Number of WWTWs improved to meet UWWTD		0	4	0	6	22
	Number of waste water networks improved to meet UWWTD		0	0	0	2	62
	Number of improvements required to meet UWWTD - Glasgow completion		1	0	36	31	94
	Number of environmental studies to inform future periods		0	0	1	1	138
	Number of improvements required by the Compliance Assessment Scheme; odour reduction and sludge management		1	4	1	8	38
	2010-15 outputs planned to complete in the 2015-21 period		0	0	9	8	16

Specific points to note within the programme include:

- Number of WWTWs improved to meet UWWTD:** Scottish Water plans to improve 22 waste water treatment works in order to comply with the Urban Wastewater Treatment Directive (UWWTD), improving the discharges from 20 small works (serving 944 customers) and reducing the impact of discharges at 2 large works at Dalmarnock and Daldowie (serving over 500,000 customers). Improvements to the smaller works are progressing ahead of schedule.
- Number of improvements required to meet UWWTD - Glasgow completion:** Scottish Water plans to deliver 94 outputs in Glasgow, initiated in the 2010-15 period, for completion during the 2015-21 period. These outputs will reduce the impact of discharges to the River Clyde and its tributaries. Scottish Water reports delays to the programme due to the complex nature of the programme and the solutions required. Third party issues and phasing linked to integrated catchment solutions have also resulted in delays to previously planned dates as projects mature and solutions are developed. Scottish Water has this programme under close scrutiny to accelerate delivery where possible, and forecasts that 64 outputs will have started on site and that regulatory sign off will have been achieved for 31 outputs by March 2016.
- Number of improvements required to meet the Water Framework Directive:** Scottish Water forecasts to have identified the preferred solution at 17 outputs by March 2016 and started work on-site at 11 of them.

³ Outputs delivered are based on the regulatory acceptance dates.

- **2010-15 outputs planned to complete in the 2015-21 period:** A total of 15 projects initiated in 2010-15 but planned to be completed in 2015-21 comprise this programme area. Scottish Water's baseline was to complete 9 by the end of 2015/16 and all by 2020/21. Scottish Water forecasts 8 projects to be delivered by March 2016.

Two bathing water projects included in this programme have been delayed until 2016/17. Fisherrow Sands is dependent on the output from the Edinburgh Integrated Catchment Study which itself has been delayed to allow for additional river model survey work. The Rivers Ayr and Doon Strategic Study was delayed to allow confirmation of the study requirements and the scope of the work required. Scottish Water has sought opportunities to advance other projects in this programme and is targeting early delivery on the Ardersier WWTW outfall extension.

4. Supporting economic development

Delivery of outputs in support of economic development is on or ahead of target and shown in the table below. The table also highlights those areas that are dependent on the demand from customers and developers.

Objective	Quarterly monitored programme areas	Previous quarter Actual	Q1 Plan assumption	Q1 Actual	Q4 Plan assumption	Forecast year end status	Total number of outputs
Supporting economic development	Number of new connections to households and businesses		4,530	3,842	18,218	demand driven	56,500
	Delivery of new waste water capacity for 58,000 people		0	0	15,353	demand driven	58,000
	Number of first time non domestic meters installed		750	1,902	3,000	demand driven	18,000
	Number of wholesale meter accuracy improvements		2,391	1,194	13,223	13,223	84,000
Climate change	Number of climate change vulnerability assessments		0	0	2	3	122
Long term cost of service	Improvements in renewable power and energy efficiency (GWh)		0	0.94	0	3.64	25

5. Quarterly progress on projects due but not delivered by 31 March 2015

	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	2016/17	2017/18	2018/19
Planned completion	8	20	23	28	32	35	37
Latest forecast completion range	4	14	15	21 - 28	29 - 32	33 - 35	36 - 37

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 delivered 4 against a Quarter 1 target of 8. Two of the outstanding projects are complete and with DWQR for sign-off and a further 5 are complete and are due to be issued to the appropriate regulator for approval. A further 3 projects are nearing completion prior to issue for regulatory sign-off.

Mains rehabilitation programme

Performance of the mains rehabilitation programme is measured on the basis of the regulatory acceptance date, which follows a period of sampling to ensure that the quality of drinking water meets the regulatory quality standards required. The table below sets out the delivery profile of the remaining mains rehabilitation programme for 2010-15 based on regulatory acceptance date.

	March 2015	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	2016/ 17	2017/ 18	2018/ 19
Baseline	2,827	3,447	3,466	3,466	4,146	4,146	4,146	4,146
Actual / Forecast	2,922	2,922	2,988	3,278	3,393	3,601	3,767	4,146

As at March 2015, Scottish Water achieved regulatory acceptance on 2,922km of water mains with a further 456km forecast in 2015/16 once the sampling period is complete. Scottish Water remains focussed on delivering the remaining elements of the programme, particularly at the following sites:

- Gartcarron (51km): delayed due to a change in scope from relining to replacement through open cut. Current forecast for full regulatory sign off is 2016-17;
- Blairlinnans (52km) and Forehill (78km): project started on site by Scottish Water's new water alliance partner. Current forecast for full regulatory sign off is 2017-18;
- Burncrooks (76km): delayed awaiting the outcome of an alternative lining product at Blairlinnans and Forehill. Current forecast for full regulatory sign off is 2018-19;
- Kirbister (282km): dependent on the availability of water in the system to allow the flushing and swabbing element of the project to be completed. Current forecast for full regulatory sign off is 2018-19; and
- Ayrshire remedial work (229km): construction forecast for completion in September 2017.

6. Conclusion

The OMG acknowledges that, at this early stage in the investment period, the Glasgow programme is behind schedule and that while Scottish Water is seeking to accelerate other elements of the programme this is being balanced against the additional time taken to progress projects through Scottish Water's new Intervention Definition Process and establishing new investment processes and delivery partners. The OMG expects that the additional time taken to ensure that projects have been scoped correctly will ultimately enable Scottish Water to achieve Ministers' Objectives and provide the benefits to customers and the environment within the timescales set out in Scottish Water's Delivery Plan.

The OMG has emphasised the importance of delivering the 37 delayed projects from the previous investment period in line with Scottish Water's Delivery Plan commitment, and the remaining elements of the mains rehabilitation programme. Scottish Water has given its assurance to OMG that it will maintain a focus on delivering the remaining elements of the 2010-15 investment programme.

The OMG will continue to monitor progress closely to ensure that customers receive the benefits as soon as possible.

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 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.
Intervention Definition Process (IDP)	Scottish Water's process to identify scope options and select preferred option 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.
Output Monitoring Group (OMG)	Representatives of Scotland's water industry who are accountable for the monitoring the progress of output delivery.
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.