

OUTPUT MONITORING GROUP

OUTPUT MONITORING REPORT: Quarter 2 2018-19

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 September 2018 (Quarter 2 2018/19). It has been prepared for the Output Monitoring Group (OMG) which was set up by Ministers to monitor and report on the delivery of their [Objectives](#).

The OMG 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 OMG 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.

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

- 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 Appendix highlights where a programme area or service measure is ahead or behind target; and, if behind, the reason and remedial actions being taken by Scottish Water. The year-end status for each programme area has been measured against Scottish Water's Delivery Plan update approved by the Scottish Government in March 2018.

The Output Monitoring Group also monitors Scottish Water's 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 September 2018 (Quarter 2 2018/19) are:

The overall measure of delivery (OMD) position was 165 points in Quarter 2, against a target of 156 points. This is an increase of 6 points from the Quarter 1 2018/19 position of 159 points.

- Providing continuous, high quality drinking water: three programmes in this area (Number of water treatment works improved, 2010-15 outputs planned to complete in the 2015-21 period, Number of zones with improved security of supply (SOSI)) are considered "amber". Scottish Water continues to manage the risks and identify opportunities to recover these programmes.
- Protecting and enhancing the environment: One programme in this area (number of improvements required to meet the Water Framework Directive) is forecast to be behind at year-end and classed as red. One programme (number of improvements required to meet UWWTD) is considered amber. Scottish Water continues to manage the risks and identify opportunities to recover this programme.
- Supporting economic development: of the 6 programmes in this category, 2 were ahead of target at the end of Quarter 2 and the remaining 4 are demand driven.
- Projects due to have been completed by March 2015: by the end of Quarter 2 Scottish Water had completed 34 of the 37 projects that were outstanding at March 2015 and is on target to deliver this programme by March 2021.

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 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 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 September 2018 Scottish Water's OMD position was 165 points, against a Quarter 2 2018/19 OMD target of 156 points. This is an increase of 6 points from the Quarter 1 2018/19 position of 159 points as illustrated in Figure 1.

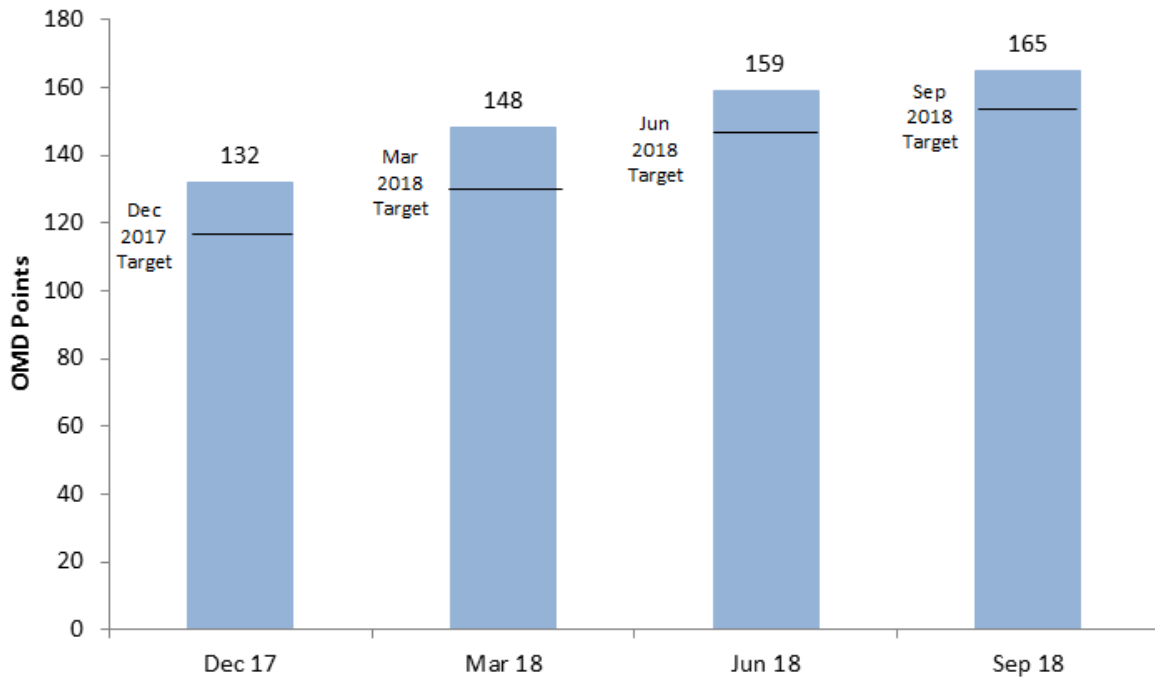


Figure 1 – Overall Measure of Delivery to Quarter 2 2018-19

5. Progress against milestones

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

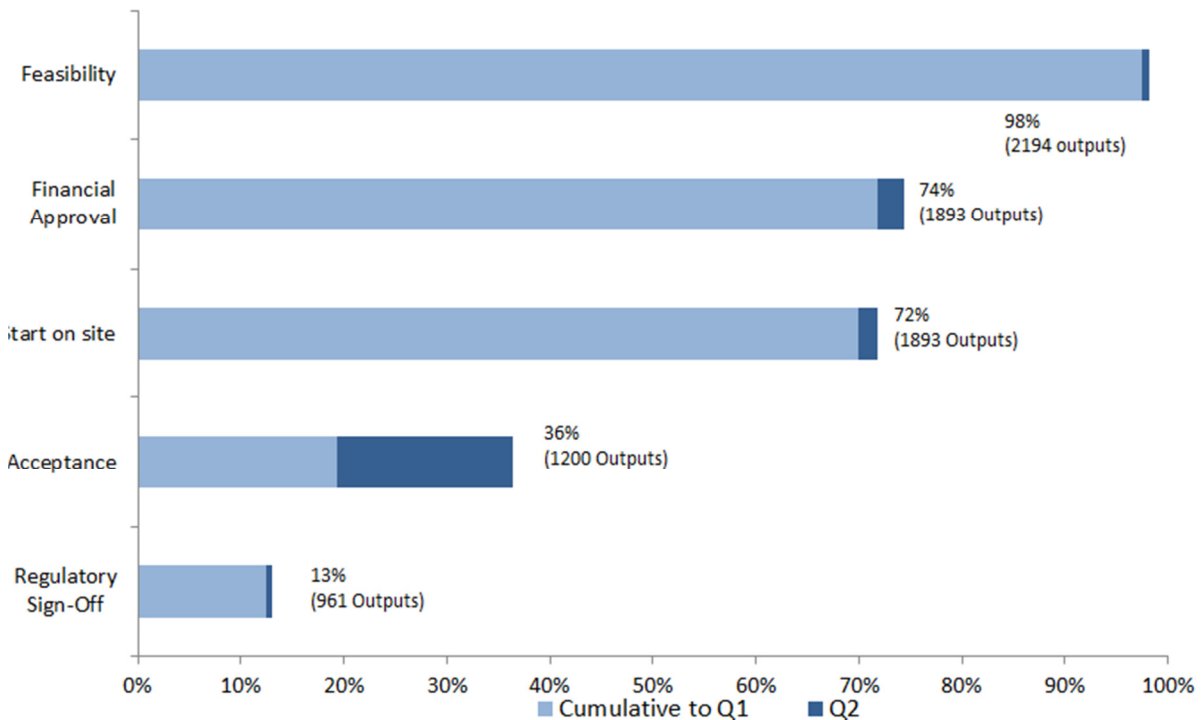


Figure 2: Reported output programmes – cumulative % budget and number of outputs

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 34 of these projects at the end of September 2018. Scottish Water remains focussed on delivering the projects due to have been completed by March 2015.

	2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	2019/20	2020/21
Planned completion	31-33	33-36	33-36	33-36	33-36	36	37
Latest forecast completion range	34	34	34	34-35	34-35	37	37

7. Conclusion

The OMG notes the good progress made to September 2018, Quarter 2 2018/19, 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 small number of projects for which challenges to delivery remain, particularly in the water treatment works improved programme.

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 (Appendices A to C), 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

Appendix A: Providing continuous high quality drinking water

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

Objective	Quarterly monitored programme areas	Q1 2018/19 Actual	Q2 2018/19 Actual	2018/19 Year end Target	2018/19 Year end Forecast	Total number of outputs over the regulatory period
Drinking water quality and reliability	Number of water treatment works improved	4	5	12	12	30
	Number of zones made compliant with iron & manganese standards	11	11	35	39	82
	Number of improvements to reliability of supply (catchments and treatment)	8	8	8	14	54
	Number of improvements to reliability of supply (networks and storage)	14	14	9	31	87
	Distribution mains cleaned (km)	370	370	364	655	6,489
	Number of water quality etc studies to inform future periods	220	220	223	330	362
	2010-15 outputs planned to complete in the 2015-21 period	8	8	14	13	22
Drinking water security of supply	Water supply resilience strategy and improvements made	8	8	9	9	19
	Number of zones with improved security of supply (SOSI)	1	1	4	4	11
	Number of security measures and improvements to the infrastructure of critical reservoirs	279	339	118	451	693
Total		553	614	420	903	1,360¹

The Number of water treatment works improved programme is currently forecast to achieve the year-end target. Two outputs will not be achieved by year end: (Kaim WTW, and Tinnabruich WTW) while opportunities to accelerate work at 3 WTW (Bayhead, Boardhouse and Robertson) have been identified.

The 2010-15 outputs planned to complete in the 2015-21 period programme is forecast to be 1 output below target at year-end. Two opportunities to make up the shortfall have been identified: earlier than planned delivery of the output at Lochmaddy WTW and Blairlinans South.

The Number of zones with improved security of supply (SOSI) programme is currently forecast to achieve the year-end target. 1 of the 3 outputs originally forecast for delivery, (Benbecula WTW) is at risk due to the unexpected presence of protected species. It is likely that Tullich WTW will be available for Regulatory Sign off within the year.

¹ Excludes 6,489km of mains cleaning as this programme area is measured on a per km basis rather than on the number of outputs or improvements made.

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	Q1 2018/19 Actual	Q2 2018/19 Actual	2018/19 Year end Target	2018/19 Year end Forecast	Total number of outputs over the regulatory period
Protecting and enhancing the environment	Number of WWTWs improved to meet UWWTD	15	17	20	21	25
	Number of waste water networks improved to meet UWWTD	23	23	21	27	59
	Number of improvements required to meet UWWTD - Glasgow completion	51	52	61	60	85
	Number of improvements required to meet the Water Framework Directive	1	1	11	7	30
	Studies to inform requirements under the revised Bathing Waters Directive	8	8	2	8	12
	Number of environmental studies to inform future periods	35	35	32	64	130
	Number of improvements required by the Compliance Assessment Scheme; odour reduction and sludge management	28	28	24	37	96
	2010-15 outputs planned to complete in the 2015-21 period	12	12	12	13	15
Flood risk management	Reservoirs Act - Number of improvements to dams	19	23	24	45	55
	Flood Risk Management Act - models and integrated catchment studies	73	91	66	146	218
Total		265	290	273	432	725

The Number of improvements required to meet UWWTD - Glasgow completion programme is currently forecasting to be 1 output behind the year-end target due to construction issues at Millbrae CSO. An opportunity has been identified to accelerate the UID project at the Dalmarnock WWTW inlet.

The Number of improvements required to meet the Water Framework Directive programme is forecast to be 4 outputs below the year-end target of 11. The 9 outputs associated with abstractions from the Amlaird catchment have not been achieved as a consequence of retaining Amlaird into supply until the full Ayrshire resilience scheme is in place. 4 of the 9 outputs are dependent on the final closure of the works once the Ayrshire resilience scheme is complete.

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 77,479 new households and businesses since April 2015. Scottish Water has also installed 11,508 first time wholesale meters and replaced 39,836 wholesale meters as shown in the table below.

Objective	Quarterly monitored programme areas	Q1 2018/19 Actual	Q2 2018/19 Actual	2018/19 Year end Target	2018/19 Year end Forecast	Total number of outputs over the regulatory period
Supporting economic development	Number of new connections to households and businesses	71,877	77,479	Demand driven	Demand driven	126,000
	Delivery of new waste water capacity for 73,290 people	5,325	5,325	Demand driven	Demand driven	73,290
	Number of first time non domestic meters installed	10,842	11,508	Demand driven	Demand driven	18,000
	Number of wholesale meters	36,526	39,836	Demand driven	Demand driven	75,500
Climate change	Number of climate change vulnerability assessments	57	57	57	94	122
Long term cost of service	Improvements in renewable power and energy efficiency (GWh)	13.8	13.9	11.0	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 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.
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.