

OUTPUT MONITORING GROUP

OUTPUT MONITORING REPORT: Quarter 3 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 December 2018 (Quarter 3 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 December 2018 (Quarter 3 2018/19) are:

- The overall measure of delivery (OMD) position was 174 points in Quarter 3, against a target of 164 points. This is an increase of 9 points from the Quarter 2 2018/19 position of 165 points.
- Providing continuous, high quality drinking water: of the 10 output programmes in this category, 8 were forecasting to be on or ahead of the year-end target at the end of Quarter 3. Two programme areas, '2010-15 outputs planned to complete in the 2015-21 period' and 'Number of water treatment works improved' are forecasting to be 1 and 2 outputs respectively short at the end of the year target. Opportunities to recover these programmes are being pursued.
- Protecting and enhancing the environment: of the 10 output programmes in this category, 7 are currently forecasting to be on or ahead of the year-end target at the end of Quarter 3. The 'Improvements required to meet the Water Framework Directive' is forecast to be behind plan due to the decision to retain Amlaird WTW while the Ayrshire Resilience scheme is being completed. A further 2 programmes are currently forecast to be behind the year-end target ('Number of improvements required to meet UWWTD' and 'Number of improvements required to meet UWWTD - Glasgow completion') - opportunities to recover these programmes are being pursued.
- Supporting economic development: of the 6 programmes in this category, 2 were ahead of target at the end of Quarter 3 and the remaining 4 are demand driven.
- Projects due to have been completed by March 2015: by the end of Quarter 3 Scottish Water had completed 34 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 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 December 2018 Scottish Water's OMD position was 174 points, against a Quarter 3 2018/19 OMD target of 164 points. This is an increase of 9 points from the Quarter 2 2018/19 position of 165 points as illustrated in Figure 1.

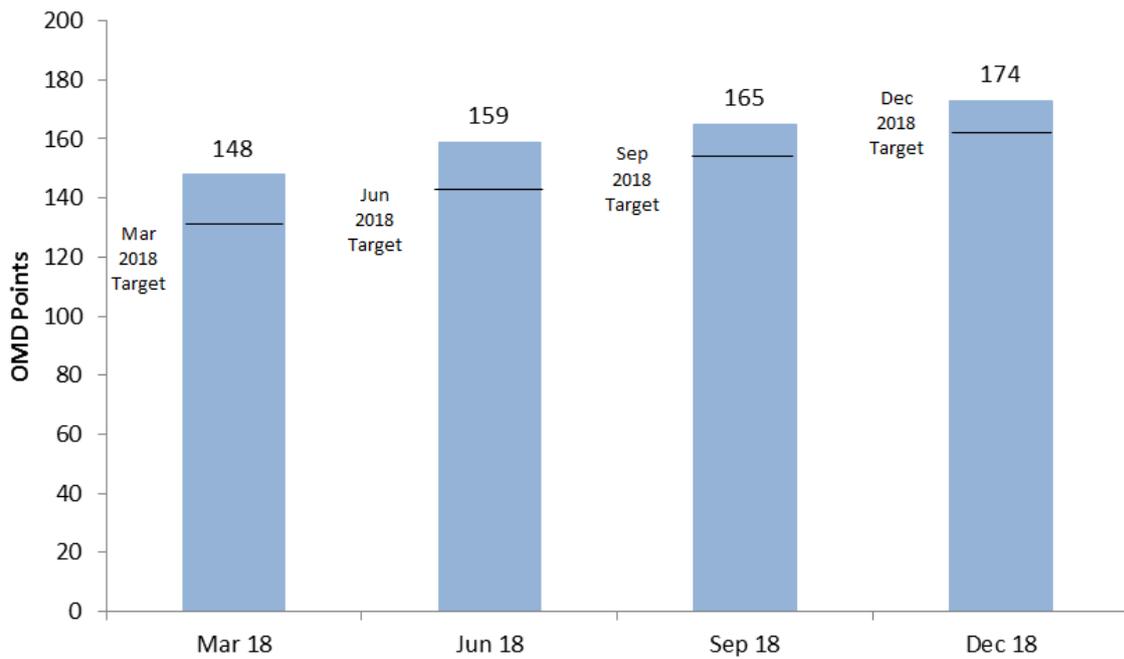


Figure 1 – Overall Measure of Delivery to Quarter 2 2018-19

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.

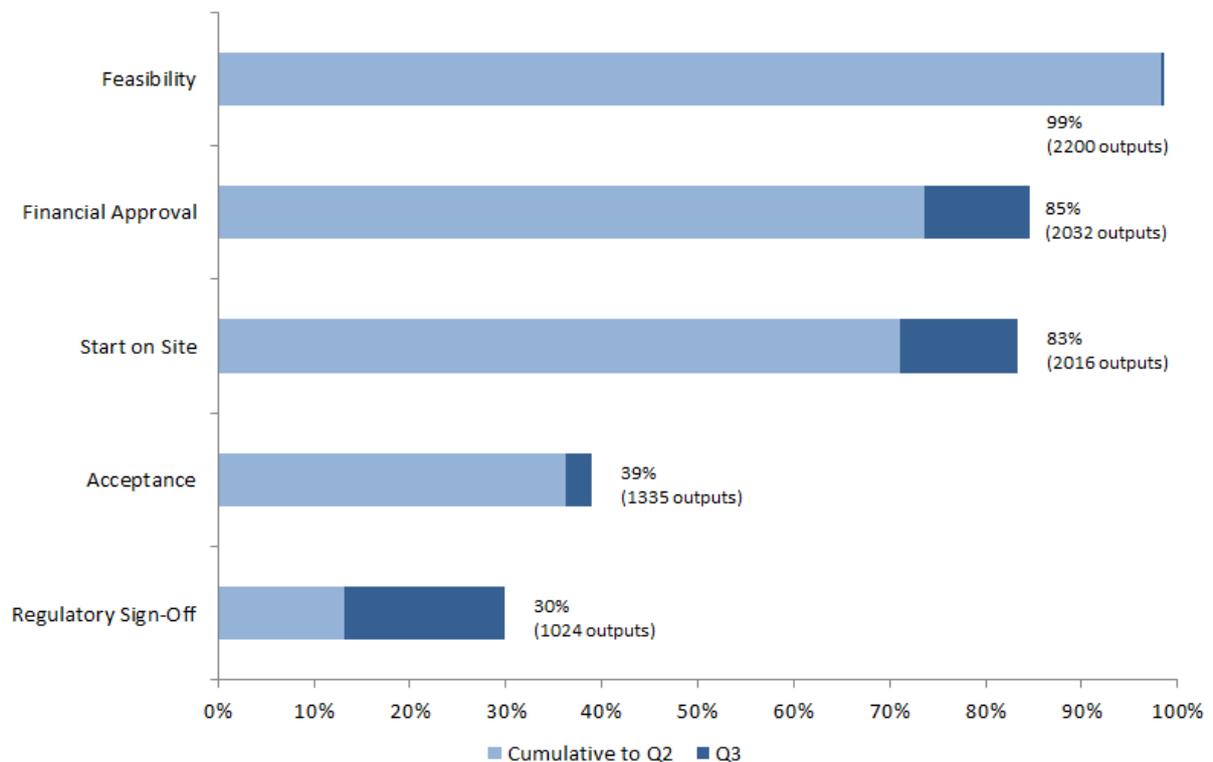


Figure 2: Reported output programmes – cumulative % budget and number of outputs

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. Regulatory sign-off has been achieved for 34 of these projects at the end of December 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	34-35	37	37

7. Conclusion

The OMG notes the good progress made to December 2018, Quarter 3 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 in five programme areas.

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	Q2 2018/19 Actual	Q3 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	5	6	12	10	30
	Number of zones made compliant with iron & manganese standards	11	18	33	39	79 ¹
	Number of improvements to reliability of supply (catchments and treatment)	8	9	8	14	54
	Number of improvements to reliability of supply (networks and storage)	14	22	9	26	87
	Distribution mains cleaned (km)	370	448	364	464	6,489
	Number of water quality etc studies to inform future periods	220	220	223	322	362
	2010-15 outputs planned to complete in the 2015-21 period	8	9	14	13	22
Drinking water security of supply	Water supply resilience strategy and improvements mad	8	8	9	9	19
	Number of zones with improved security of supply (SOSI)	1	1	4	5	11
	Number of security measures and improvements to the infrastructure of critical reservoirs	339	355	118	446	693
Total		614	648	420	884	1,357²

The Number of water treatment works improved programme is currently forecasting to be 2 outputs below the year-end target. Three opportunities to bring this programme back on track at the year-end - Boardhouse WTW, Bayhead WTW and Robertson WTW - are being pursued

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 and are being pursued: Lochmaddy WTW and Blairlinans South.

¹ SR15-076 Trunk Mains Reprioritisation - Removal of 5 and Addition of 2

² 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	Q2 2018/19 Actual	Q3 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	17	19	21	19	26 ³
	Number of waste water networks improved to meet UWWTD	23	25	21	26	59
	Number of improvements required to meet UWWTD - Glasgow completion	52	56	61	60	85
	Number of improvements required to meet the Water Framework Directive	1	1	11	1	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	42	32	63	130
	Number of improvements required by the Compliance Assessment Scheme; odour reduction and sludge management	28	29	24	31	96
2010-15 outputs planned to complete in the 2015-21 period	12	13	12	13	15	
Flood risk management	Reservoirs Act - Number of improvements to dams	23	25	24	39	55
	Flood Risk Management Act - models and integrated catchment studies	91	101	66	125	218
Total		290	319	273	385	725

The Number of improvements required to meet UWWTD programme is forecasting to be 2 outputs below the year-end target. Additional projects which can be accelerated to seek to achieve the year end target are being progressed.

The Number of improvements required to meet UWWTD - Glasgow completion programme is currently forecasting to be 1 output behind the year-end target. 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 10 outputs below the year-end target of 11. 9 of these outputs associated with abstractions from the Amlaird catchment will not be achieved as a consequence of the decision to retain Amlaird WTW while the Ayrshire Resilience scheme is being completed.

³ SR15-075 – Addition of Coursington Temporary Phosphorus Treatment

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 83,213 new households and businesses since April 2015. Scottish Water has also installed 12,263 first time wholesale meters and replaced 43,447 wholesale meters as shown in the table below.

Objective	Quarterly monitored programme areas	Q2 2018/19 Actual	Q3 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	77,479	83,213	Demand driven	Demand driven	126,000
	Delivery of new waste water capacity for 73,290 people	5,325	6,002	Demand driven	Demand driven	73,290
	Number of first time non domestic meters installed	11,508	12,263	Demand driven	Demand driven	18,000
	Number of wholesale meters	39,836	43,447	Demand driven	Demand driven	75,500
Climate change	Number of climate change vulnerability assessments	57	57	57	63	127
Long term cost of service	Improvements in renewable power and energy efficiency (GWh)	13.9	16.4	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.