

DELIVERY ASSURANCE GROUP

DELIVERY ASSURANCE REPORT: Quarter 1 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 June 2019 2019 (Quarter 1 2019/20). It has been prepared for the Delivery Assurance Group (DAG) which was 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.

Delivery progress is also monitored against the outputs agreed for individual programmes in Scottish Water's Delivery Plan, as 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 status and progress against the period-end target for each programme area has been measured against Scottish Water's Delivery Plan update as approved by the Scottish Government in March 2019.

The Delivery Assurance 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 June 2019 (Quarter 1 2019/20) are:

- In December 2016 OMG agreed to apply a range of +/- 10.4 points around OMD to better reflect the risks to delivery across the regulatory period for the final 2 years of the programme (OMG 44-16-05). An OMD score within this range is considered to be "on target". At Q1 2019/20 the overall measure of delivery (OMD) position was ahead of target at 197 points, against a Quarter 1 2019/20 OMD range of 175 to 195 points. This is an increase of 4 points from the Quarter 4 2018/19 position of 193 points.
- As we move into the last 2 years of the regulatory period the DAG also reviewed progress against the period-end targets. A summary is included in the key points below and in the sections monitoring progress with the delivery of agreed outputs for individual programmes (Appendix A, B and C)
- Providing continuous, high quality drinking water: 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 by the end of Quarter 1 2019/20. At the end of the regulatory period 6 programme areas were forecasting to be on or ahead of target. All projects in the 'Number of water treatment works improved' are expected to be completed by period-end providing benefit to customers; however 4 outputs were not expected to achieve Regulatory Sign-off within the period. Two projects in the '2010-15 outputs planned to complete in the 2015-21 period' programme were currently forecasting to be completed after period-end. Acceleration of construction is being considered in both instances. Two projects were forecasting to be completed after period-end causing a shortfall in the total number of outputs to be delivered in the programme areas 'Water supply resilience strategy' and 'Improvements made Number of zones with improved security of supply (SOSI)'.
- Protecting and enhancing the environment: 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. The two areas that are currently forecasting to be behind plan are: 'Number of improvements required to meet UWWTD - Glasgow completion' and 'Number of improvements required to meet the Water Framework Directive', the latter was forecasting to be completed after the end of the regulatory period. One project was currently forecasting completion after period-end resulting in a shortfall in outputs in the '2010-15 outputs planned to complete in the 2015-21 period' programme. Two projects in the 'Number of environmental studies to inform future period' programme are forecasting to be completed post March 2021'.
- Supporting economic development: 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. The remaining 4 are demand driven.
- Projects due to have been completed by March 2015: by the end of Quarter 1 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 June 2019 Scottish Water's OMD position was ahead of target at 197 points, against a Quarter 1 2019/20 OMD range of 175 to 195 points. This is an increase of 4 points from the Quarter 4 2018/19 position of 193 points as illustrated in Figure 1.

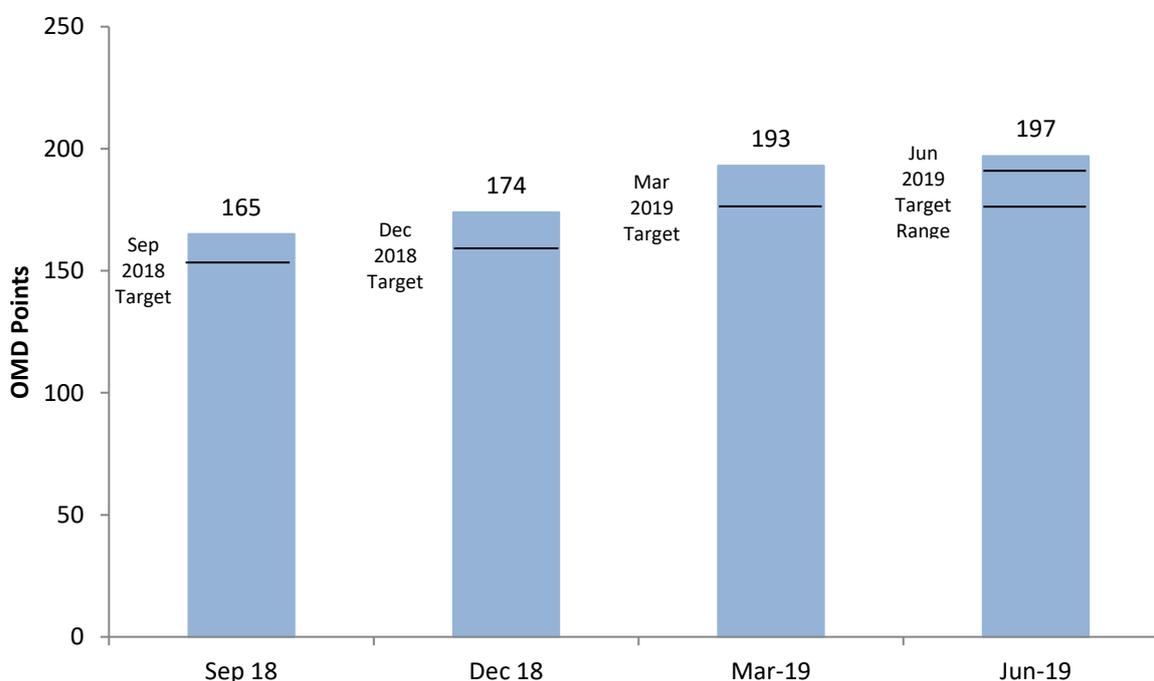


Figure 1 – Overall Measure of Delivery to Quarter 1 2019/20

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.

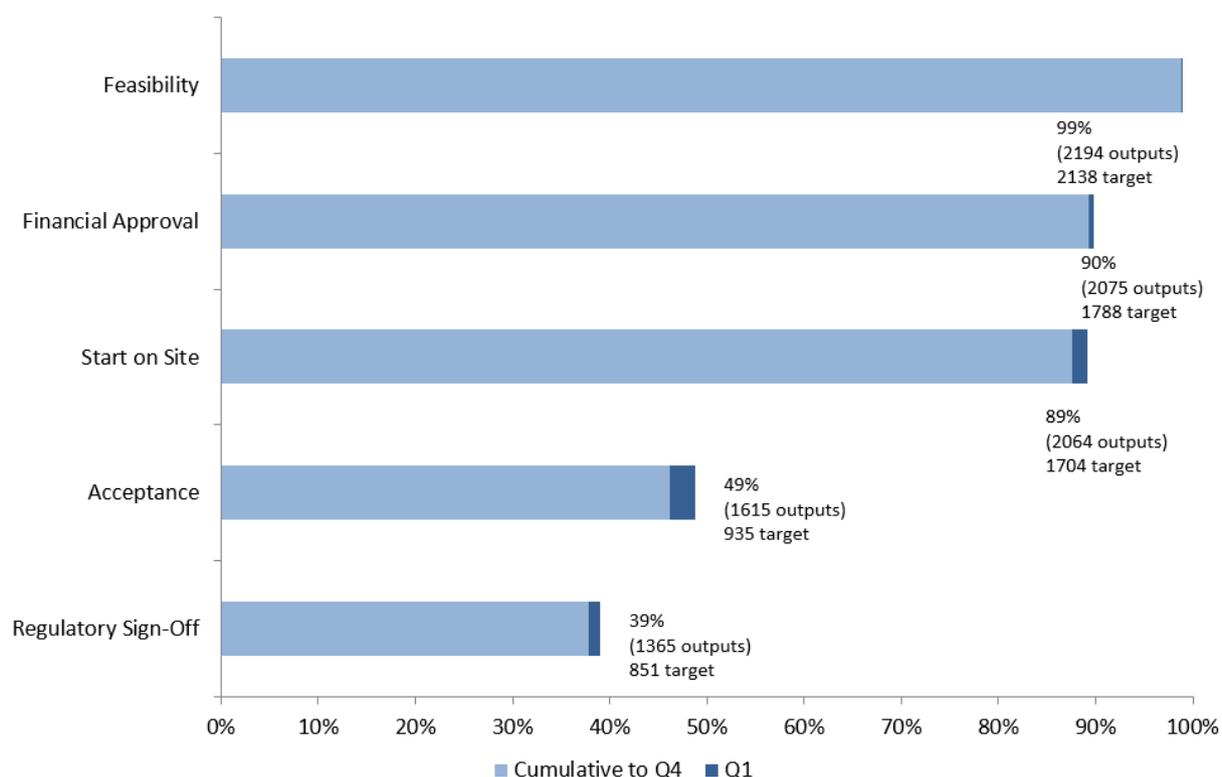


Figure 2: Reported output programmes – cumulative % budget, number of outputs and target for each milestone – all outputs (including IR18)

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	35-37	35-37	35-37	37

7. Conclusion

The DAG notes the good progress made to June 2019, Quarter 1 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 small number of projects for which challenges to delivery remain in eight 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, 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

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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	Q1 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	10	18	14 (i)	26	22 (ii)
	Number of zones made compliant with iron & manganese standards	41	48	55	61	66
	Number of improvements to reliability of supply (catchments and treatment)	13	16	24	42	42
	Number of improvements to reliability of supply (networks and storage)	29	22	58	83	84
	Distribution mains cleaned (km)	724	1,735	1,750	3,608	4,894
	Number of water quality etc studies to inform future periods	263	282	343	347	362
	2010-15 outputs planned to complete in the 2015-21 period	13	18	17 (iii)	22	20 (iv)
Drinking water security of supply	Water supply resilience strategy and improvements made	12	12	14	18	17 (v)
	Number of zones with improved security of supply (SOSI)	5	6	6	8	7 (vi)
	Number of security measures and improvements to the infrastructure of critical reservoirs	469	269	600	692	692
Total		855	691	1,131	1,299	1,312

- (i) Scottish Water is currently forecasting to be 4 outputs behind the 2019/20 year-end target of 18 in the **'Number of water treatment works improved' programme**. The main out at Kaim has been substantially complete for some time, however final connection is dependent on remedial works to Dougliehill SR. The work to manage manganese levels has been completed at both Roberton and Black Esk. Additional work to address Drinking Water Safety Plan issues are still to be completed on both sites. Third party issues delayed the start on site on the Loch Ness Regional Scheme. This project is now progressing well with completion forecast for December 2020. Issues during construction delayed the completion of Braden WTW. This project is now complete and sampling to confirm output acceptance is underway. Two Outputs at Mannofield and South Moorhouse have been delivered earlier than planned.
- (ii) At the end of the regulatory period 3 projects (4 outputs) will not have achieved regulatory sign-off but will be completed on site and deliver benefits to customers within the period – Glenlatterach, Back Tolsta and Loch Ness Regional scheme.
- (iii) 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. Both North Harris Regional Scheme and Tomatin were subject to delay to ensure that the most cost effective and appropriate scope was taken forward. Both are now on site and progressing well. Improvement works at Dalwhinnie have now started on site. Completion is depended on the resolution of third party issues and the re-purposing of an existing Temporary Treatment Unit at Craignure in Mull. The availability of this unit is dependent on the completion of a separate Growth project at Tobermory. Two outputs at Burncrooks RSZ and Beasdale are forecast to be delivered earlier than planned.

- (iv) Two projects are currently forecasting conclusion after the end of the regulatory period – Picketlaw and Dalwhinnie. Opportunities to accelerate each continue to be reviewed with both projects forecasting to be complete on site and delivering benefit to customers within the period.
- (v) Scottish Water is currently forecasting one output past the end of the regulatory period in the '**Water supply resilience strategy and improvements made**' programme – Ayrshire Strategic Resilience (C1a main). Opportunities to accelerate are being reviewed however this project will not be completed within the current period.
- (vi) Scottish Water is currently forecasting one output past the end of the regulatory period in the '**Number of zones with improved security of supply (SOSI)**' programme – West Lewis. Opportunities to accelerate are being reviewed so that this project will be complete on site within the current period.

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 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	21	23	23	26	26
	Number of waste water networks improved to meet UWWTD	29	31	42	42	50
	Number of improvements required to meet UWWTD - Glasgow completion	62	69	68 (i)	85	82 (i)
	Number of improvements required to meet the Water Framework Directive	2	12	2 (ii)	23	14 (iii)
	Studies to inform requirements under the revised Bathing Waters Directive	8	2	9	11	11
	Number of environmental studies to inform future periods	78	58	121	130	128 (iv)
	Number of improvements required by the Compliance Assessment Scheme; odour reduction and sludge management	31	36	38	94	94
	2010-15 outputs planned to complete in the 2015-21 period	13	13	14	15	14 (v)
Flood risk management	Reservoirs Act - Number of improvements to dams	36	36	53	54	54
	Flood Risk Management Act - models and integrated catchment studies	151	123	207	216	218
Total		431	403	577	696	691

- (i) Scottish Water is currently forecasting to be 1 output behind the year-end target of 69 and 3 outputs behind the period e-end target in the '**Number of improvements required to meet UWWTD - Glasgow completion**' programme due to delays on 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. This has meant that the construction activity will extend over a three year period but has been partially mitigated by the accelerated delivery of other outputs within the programme.
- (ii) Scottish Water is forecasting to be 10 outputs below the internal acceptance milestone and regulatory sign-off 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.
- (iii) Scottish Water is currently forecasting to be 9 outputs behind the planned target at year-end and expect that this will recover to 6. Two projects (delivering 12 outputs) are currently forecasting conclusion past the end of the regulatory period

– Amlaird WTW (9) and Galashiels Manse St (3). As discussed above the Amlaird project will not complete before the end of the period. Opportunity to deliver Galashiels within the period are being explored and it is expected that these outputs will be delivered within the period. Scottish Water is also planning to complete three projects, previously planned for delivery post March 2021, into the period – 2 IR18 projects at Forth Valley and East Berwickshire and Dye Water Fish Pass.

- (iv) Scottish Water is currently forecasting two outputs 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.
- (v) Scottish Water is currently forecasting delivery of one output past the end of the regulatory period for the programme "**2010-15 outputs planned to complete in the 2015-21 period** " due to the decision to assess whether chemical dosing to protect the Bathing Waters at Rockcliffe would provide a more efficient and effective solution. Sampling results showed that this would be impractical and an alternative solution has now been confirmed and promoted to delivery. Opportunities to accelerate are being reviewed however it is not likely that this project will be complete on site within the current period.

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 96,395 new households and businesses since April 2015. Scottish Water has also installed 13,308 first time wholesale meters and replaced 51,681 wholesale meters as shown in the table below.

Objective	Quarterly monitored programme areas	Q1 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	96,395	Demand driven	Demand driven	Demand driven	Demand driven
	Delivery of new waste water capacity for 73,290 people	6,691	Demand driven	Demand driven	Demand driven	Demand driven
	Number of first time non domestic meters installed	13,308	Demand driven	Demand driven	Demand driven	Demand driven
	Number of wholesale meters	51,681	Demand driven	Demand driven	Demand driven	Demand driven
Climate change	Number of climate change vulnerability assessments	79	95	117	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.