

DAG WORKING GROUP

DRAFT DELIVERY ASSURANCE REPORT: Quarter 4 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 March 2020 (Quarter 4 2019/20). It 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).
- Appendix D: those outputs and customer service measures that are reported annually at the end of each financial year.

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 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.

Impacts of COVID -19

Due to COVID-19 Scottish Water ceased all construction activity on 24th March. During April and May some projects were authorised to remobilise where they were considered critical

for immediate service delivery. Significant effort has been put into the development and implementation of new safe working procedures. When the Scottish Government announced on 28 May that Scotland would enter phase 1 of the route map through and out of the crisis they gave approval to the construction sector to enter phase 1 of its 5 phased restart plan – in general the sector expect it to take 7/8 weeks to remobilise through the different phases. On 29 May Scottish Water took the decision to start remobilising the whole capital programme. It is expected that it will take until approximately the end of July to remobilise. Key focus areas as remobilisation takes place will be safe working; community and customer engagement; understanding the impact of new ways of working and implementing innovations to improve productivity whilst maintaining safety. Scottish Water confirmed that delivery of outputs in 2019-20 wasn't significantly affected as the pandemic hit in Q4 19/20.

3. Key points

The key points to report on Scottish Water's output delivery in the period up to the end of March 2020 (Quarter 4 2019/20) are:

- The overall measure of delivery (OMD) position was on target at 215 points, against a Quarter 4 2019/20 OMD range of 198 to 218 points. This is an increase of 8 points from the Quarter 3 2019/20 position of 207 points.
- Providing continuous, high quality drinking water: of the 10 programmes in this category, 8 were on or ahead of the year-end target for regulatory sign-off of outputs at the end of Quarter 4 2019/20. The two areas that were behind target are 'Number of water treatment works improved' and '2010-15 outputs planned to complete in the 2015-21 period'.
- Protecting and enhancing the environment: of the 10 programmes in this category, 9 were on or ahead of the year-end target for regulatory sign-off of outputs at the end of Quarter 4 2019/20. The one area that was behind plan was: 'Number of improvements required to meet the Water Framework Directive'. At Q3 the 'Number of improvements required to meet UWWTD - Glasgow completion' programme was forecasting to fail the year-end target by 1 output, however, Scottish Water have managed to recover this programme.
- Supporting economic development: of the 6 programmes in this category, 1 is now complete and 1 was ahead of the year-end target for regulatory sign-off of outputs by the end of Quarter 4 2019/20. The remaining 4 are demand driven.
- Projects due to have been completed by March 2015: by the end of Quarter 4 Scottish Water had completed 36 of the 37 projects that were outstanding at March 2015. The remaining project is complete and awaiting sign-off.

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 March 2020 Scottish Water’s OMD position was on target at 215 points, against a Quarter 4 2019/20 OMD range of 198 to 218 points. This is an increase of 8 points from the Quarter 3 2019/20 position of 207 points as illustrated in Figure 1.

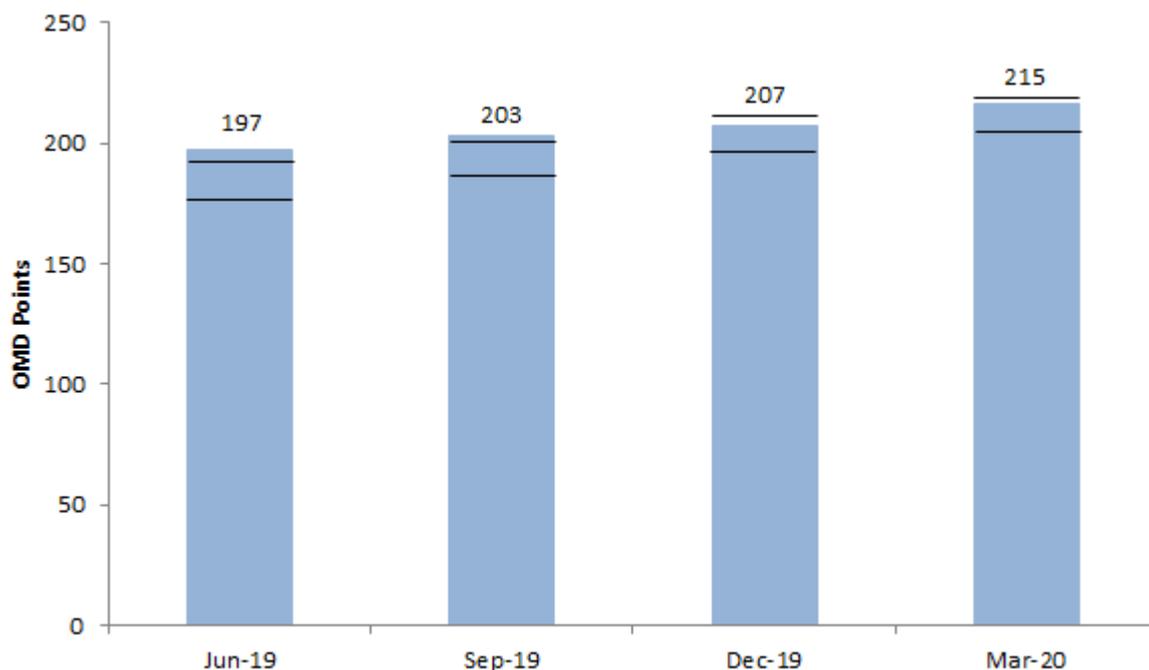


Figure 1 – Overall Measure of Delivery to Quarter 4 2019/20

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.

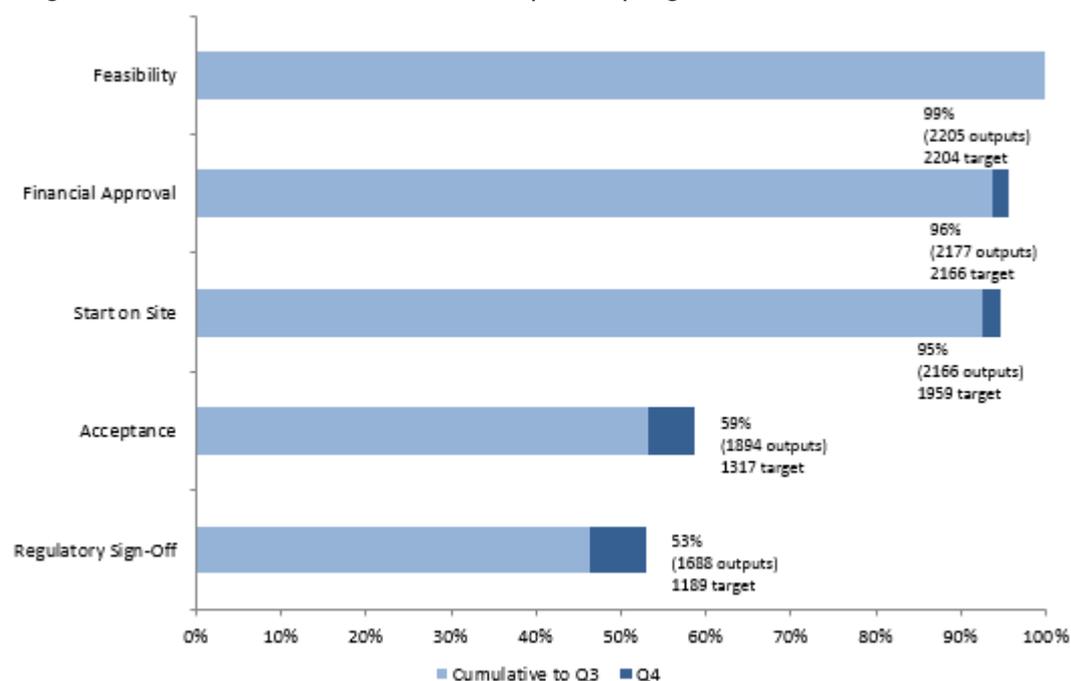


Figure 2: Reported output programmes – cumulative % budget, number of outputs and target for each milestone – all outputs (including IR18)

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 36 of these 37 projects. Scottish Water remains focussed on delivering all projects due to have been completed by March 2015 and the remaining project is 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	36	37

7. Conclusion

The DAG notes the good progress made to March 2020, Quarter 4 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, prior to the COVID-19 restrictions, there were a number of programmes with challenges to delivery due to a small number of projects which were not expected to complete by March 2021. Within these there are a number that impact compliance and for those temporary measure have been installed where possible.

The DAG notes that due to the current COVID19 restrictions, all construction work has been paused with the exception of those projects that are considered essential to the immediate delivery of public services.

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	2019/20 Target	Q4 2019/20 Actual
Drinking water quality and reliability	Number of water treatment works improved	18	14
	Number of zones made compliant with iron & manganese standards ¹	48	57
	Number of improvements to reliability of supply (catchments and treatment)	16	18
	Number of improvements to reliability of supply (networks and storage)	22	50
	Distribution mains cleaned (km)	1,735	2,144
	Number of water quality etc studies to inform future periods	282	287
	2010-15 outputs planned to complete in the 2015-21 period	18	17
Drinking water security of supply	Water supply resilience strategy and improvements made	12	14
	Number of zones with improved security of supply (SOSI)	6	6
	Number of security measures and improvements to the infrastructure of critical reservoirs	269	561
Total		691	1,024

Scottish Water is 4 outputs behind the 2019/20 year-end target of 18 in the 'Number of water treatment works improved' programme. Five projects delivering 6 outputs are forecasting delivery later than planned (Black Esk, Boardhouse, Kaim, Loch Ness Regional (2 outputs) and Robertson), whilst 2 have been delivered earlier than planned (Mannofield and South Moorhouse).

Scottish Water is 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. Three projects are forecasting to achieve acceptance later than planned (Dalwhinnie, North Harris & Tomatin) which has been mitigated by the early delivery of Beasdale and Burncrooks.

¹ Addition of 10 Bradan outputs

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	2019/20 Target	Q4 2019/20 Actual
Protecting and enhancing the environment	Number of WWTWs improved to meet UWWTD	23	23
	Number of waste water networks improved to meet UWWTD	31	38
	Number of improvements required to meet UWWTD - Glasgow completion	69	69
	Number of improvements required to meet the Water Framework Directive ²	12	3
	Studies to inform requirements under the revised Bathing Waters Directive	2	10
	Number of environmental studies to inform future periods	58	112
	Number of improvements required by the Compliance Assessment Scheme; odour reduction and sludge management	36	38
	2010-15 outputs planned to complete in the 2015-21 period	13	14
Flood risk management	Reservoirs Act - Number of improvements to dams	36	45
	Flood Risk Management Act - models and integrated catchment studies	123	202
Total		403	554

Scottish Water is 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.

² Addition of Milnbe Weir Eel Pass

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 116,233 new households and businesses since April 2015. Scottish Water has also installed 15,198 first time wholesale meters and replaced 65,337 wholesale meters as shown in the table below.

Objective	Quarterly monitored programme areas	2019/20 Target	Q4 2019/20 Actual
Supporting economic development	Number of new connections to households and businesses	Demand driven	116,233
	Delivery of new water & waste water capacity for 73,290 people (based on population equivalent) ³	Demand driven	27,330
	Number of first time non domestic meters installed	Demand driven	15,198
	Number of wholesale meters	Demand driven	65,337
Climate change	Number of climate change vulnerability assessments	95	110
Long term cost of service	Improvements in renewable power and energy efficiency (GWh)	12.5	17.5

³ Paper OMGWG 63/05 explaining 73,290 capacity target would be combined total of both water & waste water.

Appendix D: Performance against minimum service levels to customers for 2015-21

We continue to deliver high levels of customer service, as measured by the Overall Performance Assessment (OPA) measure, achieving our aspiration to score over 400 for the third year in a row.

Service measure	Minimum for 2015-2021	Actual March 2019	Actual March 2020	2019/20 status
Water service				
Drinking water quality compliance at customer taps	99.88%	99.898%	99.917%	G
Number of properties affected by unplanned water supply interruptions:				
• >12 hours	< 1,000	357	302	G
• >6 hours	13,000	4,989	5,604	G
Drinking water discolouration contacts ⁴	10,000	6,101	7,111	G
Drinking water taste contacts	5,000	2,224	2,027	G
Properties below reference level for pressure	100	51	37	G
Security of supply index	91	93	93	G
Leakage (MI/day)	575	492	465	G
Waste water service				
Annual number of incidents of internal sewer flooding due to blockages and failures (all sewers)	650	275	290	G
Number of properties at risk of internal flooding	370	307	281	G
Annual number of incidents of internal sewer flooding due to overloading (all sewers)	95	47	77	G
Annual number of incidents of external flooding due to blockages and failures (all sewers)	13,000	8,169	8,921	G
Number of properties at risk of external flooding	< 5,000	3,698	3,703	G
Annual number of incidents of external flooding due to overloading (all sewers)	400	116	407	R
Number of failing waste water treatment works	5	2	3	G
Number of pollution incidents	330	219	224	G
% sludge disposed of satisfactorily	100%	100%	100%	G
Customer service				
OPA	384	403	402	G
Household Customer Experience Measure	>82.6	87.55	88.02	G
Non-household Customer Experience Measure	>77.5	81.70	85.19	G
Wholesale KPI	95.0%	98.4%	98.1%	G
Other				
Carbon footprint (kg/household)	125	83	[68]	G

Scottish Water experienced a number of intense storms over the summer period this year resulting in the highest number of Internal and External Investigations in a reporting year since the beginning of SR15. Scottish Water has prioritised the investigation of internal sewer flooding incidents leaving limited capacity to verify external flooding events. As a consequence, the “Annual number of incidents of external flooding due to overloading (all

⁴ Increase in discolouration contacts is down to the change in system from Promise to Dynamics. Now individual contacts can be classed as multiple issues.

sewers)” is based on the number of reported but unverified incidents and is likely to be an overestimate.

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.