

DELIVERY ASSURANCE REPORT: Quarter 4 2020-21

1. Introduction

This document summarises what has been achieved for customers against Scottish Water's Delivery Plan for the 2015-21 period to the end of March 2021 (Quarter 4 2020/21, the end of the 2015-21 regulatory period). It has been prepared by the Delivery Assurance Group (DAG), a group set up by Ministers to provide assurance 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. Overview of Scottish Water's 2015-21 Investment Programme

Scottish Water's 2015-2021 investment programme includes:

- Improvements to the quality and reliability of water treatment works that serve over 2.5 million customers,
- Network and service reservoir improvements that serve 1.2 million customers,
- Mains rehabilitation and cleaning that serve over 1.2 million customers,
- Improvements to reduce the impacts of over 130 storm overflows to the River Clyde and Water of Leith catchments,
- Enabling over 140,000 new household and business properties to connect to the water and sewerage networks, and
- Improvements of over 17 GWhs in renewable power and energy efficiency.

3. 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 overall progress against targets agreed in its Delivery Plan, and the overall progress against each of five milestones.

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.

The period end status for each programme area has been measured against Scottish Water's Delivery Plan update as approved by the Scottish Government in March 2020 (i.e. pre COVID-19).

Scottish Water also reports to DAG on progress in completing those projects due but not delivered by 31 March 2015.

4. Impacts of COVID-19

Scottish Water has supported the national drive to mitigate the spread and impact of COVID-19 with key elements of note being:

- Cessation of construction work from March until June 2020,
- Cautious subsequent ramp up of the investment programme in line with Government guidance, the ongoing implications of new constraints and 'waves' and
- New safe working procedures incorporating social distancing.

The consequence for investment outputs has been closely managed and broadly has delayed delivery by 6 to 9 months, with some projects experiencing longer delays due to specific circumstances (e.g. construction windows)¹.

5. Key points

The key points to report on Scottish Water's delivery in the period up to the end of March 2021 (Quarter 4 2020/21) are:

- At period end the overall measure of delivery (OMD – see section 6) position is 229 points. This is an increase of 7 points from the Quarter 3 2020/21 position of 222 points. The Delivery Plan OMD range was 240 to 260 points.
- At period end over 95% of outputs have been delivered. 86 projects remain to be completed², resulting in twelve programme areas being behind the Delivery Plan target and these are set out in appendices A and B. Of the 86 projects remaining to be completed 22 have achieved acceptance, and hence customers are already receiving the benefits. For the remaining 64 projects customers have yet to receive the benefits. Most notably, this includes:
 - 6 projects to improve drinking water compliance to 106,000 customers. The delivery of this programme has been particularly challenging due to ongoing impacts of the pandemic and realisation of risks associated to 3rd party, scope and construction.
 - Completion of the Ayrshire strategic resilience project,
 - 25 projects to reduce the impacts of 25 storm overflows, and
 - A permanent solution to reduce sewerage impacts on Rockcliffe bathing water.

¹ Approximately half of the 86 projects that remain to be completed at the period end have been delayed primarily due to the materialisation of scope, third party and construction risks rather than COVID-19.

² This has been partially offset by 23 projects due post March 21 having been delivered early.

- Scottish Water forecast that for the 86 projects that have experienced delays, whether due to COVID-19 or other materialised risks, the number that will achieve acceptance, and hence deliver benefits to customers, will increase to 49 by September 2021, 68 by March 2022, 79 by March 2023 and 86 by March 2024. This forecast will be kept under review.
- Over 2020/21 Scottish Water has continued to deliver high levels of service to customers as measured by the 'Overall Performance Assessment' and the Household and Non-Household Customer Experience metrics.

6. 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 2021 Scottish Water's OMD position was 229 points, against a period end OMD target range of 240 to 260 points. This is an increase of 7 points from the Quarter 3 2020/21 position of 222 points as illustrated in Figure 1.

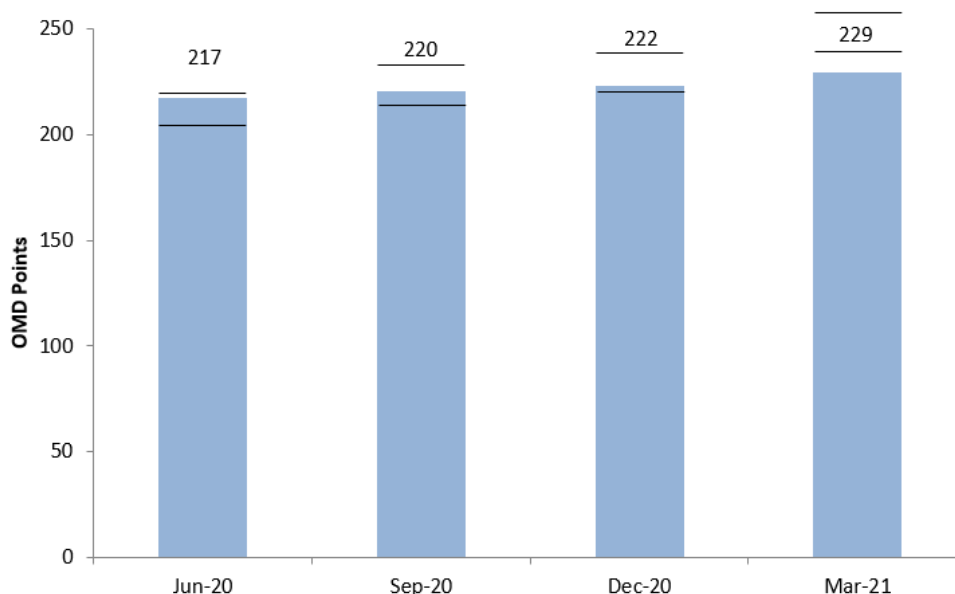


Figure 1: Overall Measure of Delivery to Quarter 4 2020/21 (period end)

Scottish Water assess that without COVID-19 delays they would likely to have been towards the bottom of the OMD target range (239.6 to 260.4)

7. Progress against milestone

Figure 2 below demonstrates the progress made through each of the 5 programme milestones monitored by DAG, showing the number of outputs to date against the total outputs to be delivered in the 2015-21 period for each milestone.

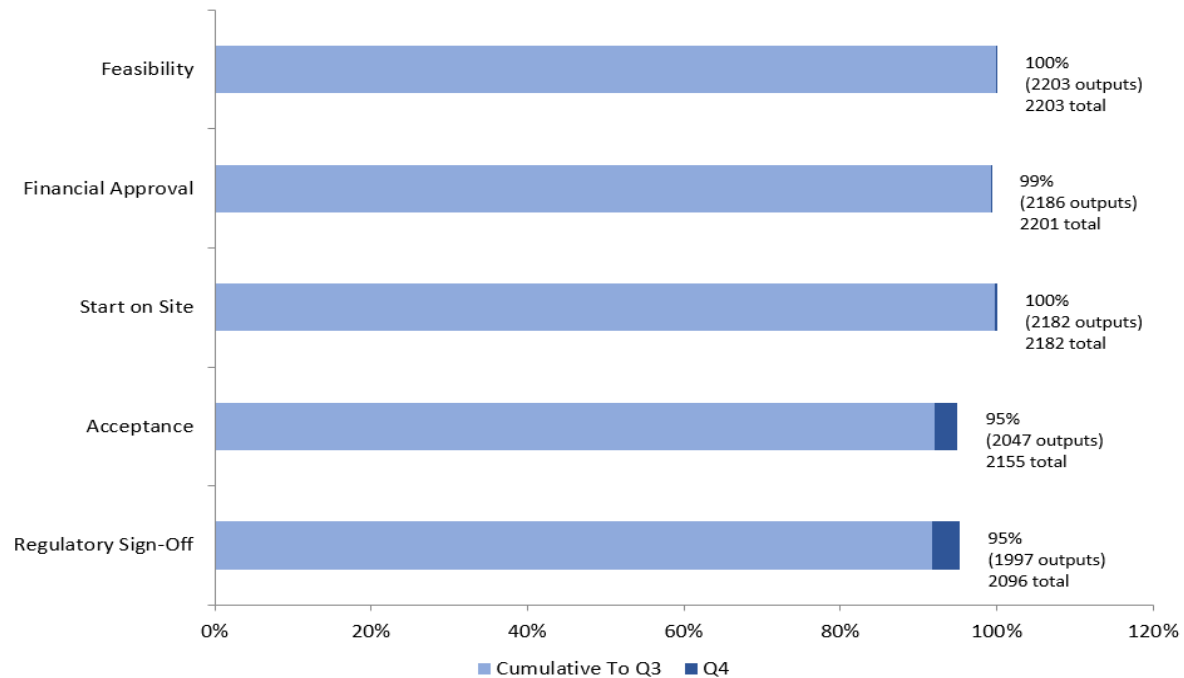


Figure 2: Reported output programmes –number of outputs, target for each milestone and percentage of actual number of milestones delivered against total number to be delivered in the regulatory period –all outputs (including IR18) except km of mains & GWh

8. 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. At period-end, Scottish Water had completed 36 of these projects. The remaining project, Laggan Bridge, was completed shortly after the year end.

9. Conclusion

The DAG notes the impact on Scottish Water’s investment programme of the COVID-19 pandemic and that this has broadly delayed delivery by 6 to 9 months, with some projects experiencing longer delays.

Further, DAG notes that:

- At the end of 2015-21 period over 95% of outputs have been delivered .
- Scottish Water is committed to delivering the remaining 86 projects from the 2015-21 programme as soon as possible so that customers receive the benefits of this investment. Scottish Water will report regularly to DAG on the progress made against its revised forecasts.

Appendix A: Providing continuous high quality drinking water

Scottish Water has undertaken work associated with the ten programme areas in the table below.

The table below shows the actual performance in period at the end of the period versus the Delivery Plan target (pre COVID-19).

Objective	Quarterly monitored programme areas	Period end Actual	period end Target
Drinking water quality and reliability	Number of water treatment works improved	15	26
	Number of zones made compliant with iron & manganese standards	61	61
	Number of improvements to reliability of supply (catchments and treatment)	28	42
	Number of improvements to reliability of supply (networks and storage)	66	83
	Distribution mains cleaned (km)	3,864	3,836
	Number of water quality etc studies to inform future periods	357	345
	2010-15 outputs planned to complete in the 2015-21 period	18	22
Drinking water security of supply	Water supply resilience strategy and improvements made	15	18
	Number of zones with improved security of supply (SOSI)	6	8
	Number of security measures and improvements to the infrastructure of critical reservoirs	686	685
Total		1,252	1,290

Appendix B: Protecting and enhancing the environment

Scottish Water has undertaken work associated with the 10 programme areas in the table below.

The table below shows the actual performance in period at the end of the period versus the Delivery Plan target (pre COVID-19).

Objective	Quarterly monitored programme areas	Period end Actual	Period end Target
Protecting and enhancing the environment	Number of WWTWs improved to meet UWWTD	23	26
	Number of waste water networks improved to meet UWWTD	44	42
	Number of improvements required to meet UWWTD - Glasgow completion	71	85
	Number of improvements required to meet the Water Framework Directive	5	23
	Studies to inform requirements under the revised Bathing Waters Directive	11	11
	Number of environmental studies to inform future periods	128	130
	Number of improvements required by the Compliance Assessment Scheme; odour reduction and sludge management	54	94
	2010-15 outputs planned to complete in the 2015-21 period	14	15
Flood risk management	Reservoirs Act - Number of improvements to dams	54	54
	Flood Risk Management Act - models and integrated catchment studies	218	216
Total		622	696

This update shows the period end position compared with the 'pre-COVID-19' forecast from Quarter 3 2019/20 (i.e. pre COVID-19).

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 140,176 new households and businesses since April 2015. Scottish Water has also installed 17,022 first time wholesale meters and replaced 75,535 wholesale meters as shown in the table below.

Objective	Quarterly monitored programme areas	Period end Actual	Period end Target
Supporting economic development	Number of new connections to households and businesses	140,176	Demand driven
	Delivery of new water & waste water capacity for 73,290 people	48,986	Demand driven
	Number of first time non domestic meters installed	17,022	Demand driven
	Number of wholesale meters	75,535	Demand driven
Climate change	Number of climate change vulnerability assessments	123	110
Long term cost of service	Improvements in renewable power and energy efficiency (GWh)	17.5	17.5

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

Throughout SR15 Scottish Water continued to deliver high levels of customer service, as measured by the Overall Performance Assessment (OPA) measure and the Customer Experience measures. The table below sets out the actual performance for the last two years against the minimum commitment which aligned to performance in the 2013 to 2015 period.

Service measure	Minimum for 2015-2021	Actual March 2020	Actual March 2021
Water service			
Drinking water quality compliance at customer taps ³	99.88%	99.917%	99.946%
Number of properties affected by unplanned water supply interruptions:			
• >12 hours	< 1,000	302	596
• >6 hours	13,000	5,604	5,381
Drinking water discolouration contacts ⁴	10,000	7,111	9,495
Drinking water taste contacts ⁵	5,000	2,027	1,553
Properties below reference level for pressure	100	37	34
Security of supply index	91	93	92
Leakage (M/day)	575	465	463
Waste water service			
Annual number of incidents of internal sewer flooding ⁶ due to blockages and failures (all sewers)	650	290	215
Number of properties at risk of internal flooding	370	281	314
Annual number of incidents of internal sewer flooding due to overloading (all sewers)	95	77	131
Annual number of incidents of external flooding ⁷ due to blockages and failures (all sewers)	13,000	8,921	8,166
Number of properties at risk of external flooding	< 5,000	3,703	3,407
Annual number of incidents of external flooding due to overloading (all sewers)	400	407	314

³ Due to Covid-19 restrictions at periods during 2020 water sampling from consumers' taps was ceased and replaced with sampling at outlets from service reservoirs and/or water treatment works; together with some at employees' taps. Therefore, a direct comparison with previous year's performance cannot be made.

⁴ Includes telephone contacts only

⁵ Includes telephone contacts only

⁶ Internal sewer flooding is where waste water from the public sewerage system has entered a property

⁷ External sewer flooding is where waste water from the public sewerage system has flooded gardens (within a property boundary) or roads or paths but not entered a property.

Service measure	Minimum for 2015-2021	Actual March 2020	Actual March 2021
Number of failing waste water treatment works	5	3	2
Number of pollution incidents	330	224	194
% sludge disposed of satisfactorily	100%	100%	100%
Customer service			
OPA	384	402	404
Household Customer Experience Measure	>82.6	88.02	88.45
Non-household Customer Experience Measure	>77.5	85.19	88.36
Wholesale KPI	95.0%	98.1%	98.8%
Other			
Carbon footprint (kg/household)	125	73	[73]

Multiple severe weather incidents have occurred which have had a significant effect on the Annual number of incidents of external sewer flooding due to overloading.

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.