

# **Progress report on performance against the Committed List: Quarter 1 2021-2022**

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**Scottish Government**  
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## **Progress report on performance against the Committed List: Quarter 1 2021-2022**

This document sets out how Scottish Water is progressing with the delivery of projects and sub-programmes included on the 'Committed List' and confirms the position up to the end of June 2021 (Quarter 1 2021-22). It has been prepared for the Delivery Assurance Group (DAG), a group set up by Ministers to provide assurance and report on the delivery of their Objectives.

### **What we monitor**

Each quarter Scottish Water reports to DAG on its progress with the delivery of projects and sub-programmes included in the Committed List through four lenses as follows:

Section 1: Indicator of Progress of Overall Delivery: to provide reassurance to stakeholders on the extent to which overall progress of projects on the Committed List are in line with the forecasts set out when the projects were committed to delivery.

Section 2: Management Approaches progress overview: to provide stakeholders with a view on the progress of delivery at Management Approach level and to highlight any areas where the progress of delivery is of concern within the overall programme.

Section 3: Large projects progress (or projects that are novel, strategic or contentious): to provide stakeholders with a view of the extent to which larger projects or projects that are novel, strategic or contentious are progressing through milestones in line with the forecasts set out when these projects were added to the Committed List.

Section 4: Summary of key projects of interest: containing a summary of the output of bilateral Scottish Water/Stakeholders sessions (e.g. Joint Development Groups) highlighting by exception those key projects of interest that may not be progressing in line with the forecasts set out when these projects were added to the Committed List.

The summary below also provides stakeholders with quarterly investment levels.

Annually, to support smoothing out inevitable variations occurring at individual project level, the cost for projects or sub-programmes on the Committed List that have completed during the year are reported, comparing this to the forecast costs of these projects and sub-programmes when they were added to Committed List.

## Summary

Scottish Water's 2021 Delivery Plan sets out their intention to invest between £570m and £650m on projects delivering asset replacement, planned repair and refurbishment, enhancement, flooding and growth<sup>1</sup>. In Quarter 1 2021-22 Scottish Water invested £147m on projects and sub-programmes within this category. This includes £33m invested on the delivery of projects that were planned to be completed in the previous period but have been delayed due to the impacts of Covid-19 and/or the realisation of other risks.

Scottish Water are forecasting at the year-end to be within the investment range set out in their Delivery Plan. Their total targeted year end investment range is £780m-£860m including expenditure on responsive repairs and refurbishment of their assets<sup>2</sup> and reasonable cost contributions.

### 1. Indicator of Progress of Overall Delivery

The Indicator of Progress of Overall Delivery replaces the Overall Measure of Delivery used in 2015-21 period to provide an overview of the overall progress of delivery of the capital investment programme. The indicator provides a high level measure of Scottish Water's progress in delivering the Committed List for projects over £1m<sup>3</sup>. It assesses the progress of these investment projects monitored by DAG across 3 delivery milestones: Start on Site, Project Acceptance (when customers start to receive the benefit) and Financial Close, combining this information to give an overall score.

When projects are added to the Committed List, each milestone is allocated 1 point. Each quarter, the number of points achieved by reaching milestones is assessed against the baseline<sup>4</sup> level for the previous quarter (lower tramline) and the subsequent quarter (upper tramline). Scottish Water is considered to be "on track" where the number of points achieved lies within the tramlines (i.e., +/- 3 months compared to the baseline).

Scottish Water's Indicator of Progress of Overall Delivery at Quarter 1 2021-22 was 62 points. For this quarter only, the lower tramline is zero (as the programme only

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<sup>1</sup> Classed as Tier 2 expenditure

<sup>2</sup> Classed as Tier 1a expenditure

<sup>3</sup> Forecast cost at the time of addition to the Committed List

<sup>4</sup> The baselines are determined by the projects forecast dates at the point of transfer to the Committed List

commenced in April 2021) and therefore progress may be better gauged as being broadly in line with the forecast dates in the Committed List.

### Indicator of Progress of Overall Delivery

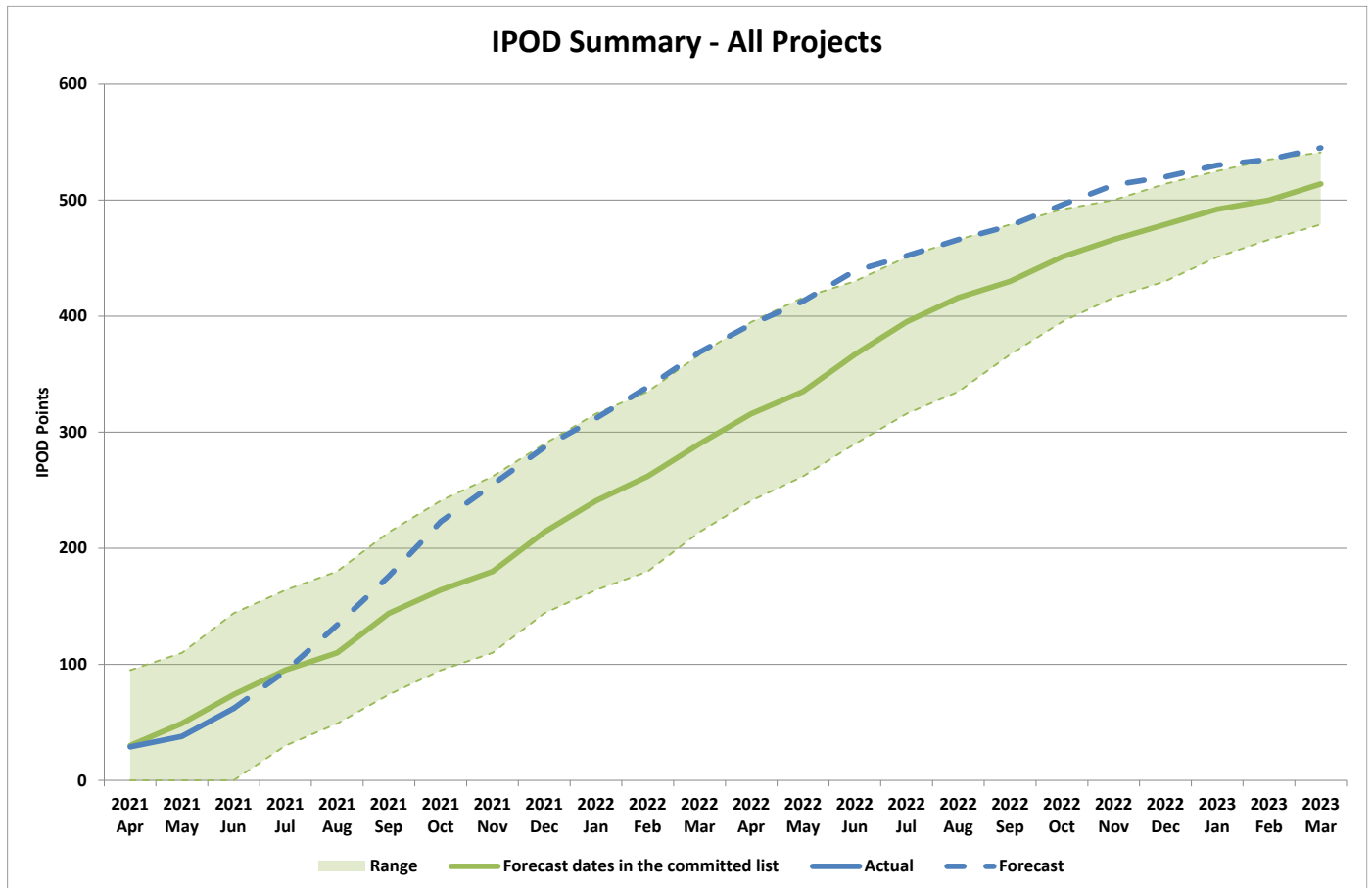


Figure 1: Indicator of Progress of Overall Delivery at Quarter 1 2021-2022

Figure 1 above shows the actual and forecast performance of Indicator of Progress of Overall Delivery against the tramlines. Scottish Water anticipates that there will be attrition on the achievement of forecast milestones as project risks are realised and that the year-end position will be within the +/-3 month range. Appendix A provides a summary of the number of milestones ahead, behind and on track at Quarter 1 2021-22.

## 2. Management Approaches progress overview

This section provides an overview of which projects, grouped by Management Approach, are ahead, on track or at risk of being behind year end forecasts. An explanation of progress, risks arising and how Scottish Water intends to manage those risks is also provided.

Progress is assessed by comparing the number of milestone points forecast to be achieved at the year-end by projects in each Management Approach against the baseline level for the previous and subsequent quarters.

At this early stage all areas are on track or ahead and there are no significant delays to report. Scottish Water anticipates that there will be attrition on the achievement of forecast milestones as project risks are realised.

### **SR15 Completion**

At the end of the 2015-21 period there were 86 projects, originally planned for delivery before March 2021, that have been delayed as project risks were realised.

Of these 86 delayed projects; 9 remain in development and have yet to start on site, 24 have now achieved Project Acceptance and are providing benefit to customers and the remaining projects are in construction.

These projects remain under very close scrutiny by Scottish Water to ensure progress continues to be made.

### **3. Large projects progress, or projects that are novel, strategic, or contentious grouped by portfolio**

This section provides an overview of the progress Scottish Water is making in delivery of projects above £3m, or those that are novel, strategic, or contentious. The projects are grouped by portfolio. Actual progress is measured against the baseline of the Committed List for the previous and subsequent quarter. Where delivery of the projects within the portfolio is outwith these tramlines or is at risk of being so, narrative is provided explaining the reasons, how the risk is being managed and what actions Scottish Water is taking to recover.

At this early stage the large projects by portfolio are on track or forecast to be slightly ahead at all milestones.

An example of a project above £3m that reached Project Acceptance in Quarter 1 and hence is providing benefits to customers is Springfield Wastewater Treatment Works (WwTW). This project is to maintain the performance of the WwTW to meet the licenced discharge consent. The project involved replacement of mechanical equipment throughout the works.

An example of a project above £3m that reached Financial Close in Quarter 1 is “Lease line telecoms OFCOM deregulation”. This project involved the replacement of over 100 lease lines with alternative technology.

#### **4. Summary of key projects of interest**

This section highlights the progress of key projects of interest highlighted by stakeholders as requiring escalation to DAG during regular bilateral meetings. In this first quarter no specific projects were highlighted. Appendix B provides summaries of projects that may be of interest to stakeholders and can be used as an example of this section as the reporting processes and format develops.

#### **5. Conclusion**

The DAG is invited to note that:

- In Quarter 1 2021-22 £147m has been invested on asset replacement, planned repair and refurbishment, enhancement, flooding and growth projects and sub-programmes.
- The Indicator of Progress of Overall Delivery is broadly in line with the forecast dates in the Committed List. While the system forecast is to be above the top tramline at the year end, it is anticipated that we will see further attrition on the achievement of forecast milestones as project risks are realised and that the final year end position will be within the range.
- Breaking this down to the Management Approach level, all areas are forecast at the year-end to be on track or ahead.
- Of the 86 delayed projects from the 2015-21 period: 9 remain in development, 24 have achieved Project Acceptance and are providing benefit to customers, and the remaining projects are in construction.
- At this early stage the large projects by portfolio are on track or forecast to be slightly ahead at all milestones.

## Appendix A – Summary of milestone achievement

The table below provides a summary of the number of milestones ahead, behind and on track at Quarter 1 2021-22.

| Milestone          | Number Ahead<br>(over 3 months<br>early compared<br>to baseline) | Number on<br>Track | Number<br>Behind<br>(Over 3<br>months late<br>compared to<br>baseline) | Total<br>Number | Percentage<br>on Track |
|--------------------|--|--------------------|--|-----------------|------------------------|
| Start on Site      | 0  | 17                 | 0  | 17              | 100.0%                 |
| Project Acceptance | 0  | 48                 | 4  | 52              | 92.3%                  |
| Financial Close    | 0  | 4                  | 1  | 5               | 80.0%                  |
| <b>Total</b>       | <b>0</b>   | <b>69</b>          | <b>5</b>   | <b>74</b>       | <b>93.2%</b>           |

Table 1: summary of milestone attainment position at Quarter 1 2021-22

## Appendix B – Key projects of interest

This appendix provides summaries of key projects that may be of interest to stakeholders.

### SR15 Completion

|  |          |  |
|--|----------|--|
| <b>Ayrshire Strategic Resilience</b>     |          | Ayrshire Strategic Resilience is a major infrastructure project to connect the Glasgow water supply to Ayrshire.   |
| Project Acceptance (Committed List Date) | 23/24 Q2 | The main risks to delivery are related to construction and is being actively managed.  |
| Project Acceptance (Forecast)            | 23/24 Q4 | Pipelaying progressing on three fronts and accelerating work on private land to make best use of weather conditions.<br>Project has set up virtual town hall to provide information on the works and measures we are taking to minimise disruption and all residents along route have received information letter. |

### Water Portfolio

|   |          |   |
|---|----------|---|
| <b>SR21 Bonnycraig Water Treatment Works (WTW) Growth &amp; Quality</b> |          | The Bonnycraig project creates the new treatment capability, improves existing storage and roadway and decommissions the existing treatment capacity. |
| Project Acceptance (Committed List Date)                                | 23/24 Q4 | Constructions risks to the successful delivery, within required timescale are being closely managed.<br>Bulk earthworks are progressing well.         |
| Project Acceptance (Forecast)   | 23/24 Q3 |   |



## Wastewater portfolio

|  |          |  |
|--|----------|--|
| <b>Barmore Road, Tarbert</b>             |          | <p>Barmore Road Tarbert is a flooding project to remove unacceptable flooding risk to 4 properties internally, 1 externally and 2 areas of highway flooding. This project creates online storage in the form of combined sewerage within the busy main road (A83), in popular area for residents and tourist alike.</p> <p>Traffic management has been well managed, working closely with BEAR/Transport Scotland</p> <p>Traffic management expected to be lifted in August 2021.</p> <p>Community relationships have been excellent, and a final community newsletter is planned to thank the community for their patience during the period of construction.</p> |
| Project Acceptance (Committed List Date) | 21/22 Q4 |  |
| Project Acceptance (Forecast)            | 21/22 Q3 |  |



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