

# **Report on the progress of interventions to meet the needs on the development list:**

**Quarter 2 2021 to 2022**

**February 2022**



**Scottish Government**  
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## **Report on the progress of interventions to meet the needs on the development list: Quarter 2 2021-2022**

This document sets out how Scottish Water (SW) is progressing in developing interventions to address the needs on the 'Development List' up to the end of September 2021 (Quarter 2 2021-22). It has been prepared for the Investment Planning and Prioritisation (IPPG), set up by Ministers to provide reassurance and report on the delivery of their Objectives.

### **What we monitor**

The Development List contains named Needs and Needs associated with repair, refurbish and replacement activities.

Scottish Water's Management Approaches set out its policies that define what inspections they will undertake and the interventions they will develop and then commit into delivery. Where interventions are forecast to exceed £3 million or have a high customer and community engagement, a Level 1 or 2 project appraisal is developed to assess the options to deliver the need.

Each quarter SW reports to IPPG on its progress in developing interventions to address the needs on the Development List. This report includes:

Section 1 - Indicator of overall progress towards the Committed List to provide reassurance to stakeholders on the overall volume of intervention development relative to what is required for expected investment levels in future years.

Section 2 - Overview of progress in developing interventions grouped by Management Approach: to provide reassurance to stakeholders that Scottish Water is developing sufficient interventions within each Management Approach, compared to investment expectations over the short term.

Section 3 - Progress in the development of interventions with Level 1 and 2 appraisals: to provide reassurance to stakeholders on progress of developing interventions subject to a Level 1 and Level 2 appraisal and a view of current expectations of when they will reach future appraisal stages.

Section 4 - Summary of progress of interventions that are of particular interest to IPPG members: a summary of the output of bilateral SW/stakeholder sessions (e.g. Joint Development Groups) highlighting by exception those that are of concern to an IPPG member.

Section 5 – Key decisions: sets out the decisions SW has taken in the most recent quarter to pause the development of any individual intervention and any adjustments to Management Approaches, explaining the rationale behind the decisions.

## Section 1 - Indicator of overall progress towards the Committed List

The indicator of overall progress towards the Committed List is a high-level measure of the overall volume of intervention development relative to what is required for expected investment levels in future years. This measure – Progress to the Committed List (PCL) assesses whether SW is promoting sufficient volumes through the stages in each of its development pathways.

A score of less than 100% indicates that the rate of overall progress in developing interventions may not be sufficient. A score of more than 100% indicates that the rate of overall progress is more than sufficient and will allow prioritisation/choice in what to commit to delivery. Changes may occur due to 'positive' and 'negative' attrition. 'Positive attrition' occurs if forecast costs to meet a need have reduced or if the required delivery timescales have been extended. 'Negative attrition' occurs if forecasts costs have increased, or additional evidence is required which extends the project appraisal process.

At the end of September 2021, SW's indicator of overall progress towards the Committed List was 119% with a year-end forecast position of 124%. Early indications therefore are that Scottish Water is developing more than sufficient volumes of investment across the programme.

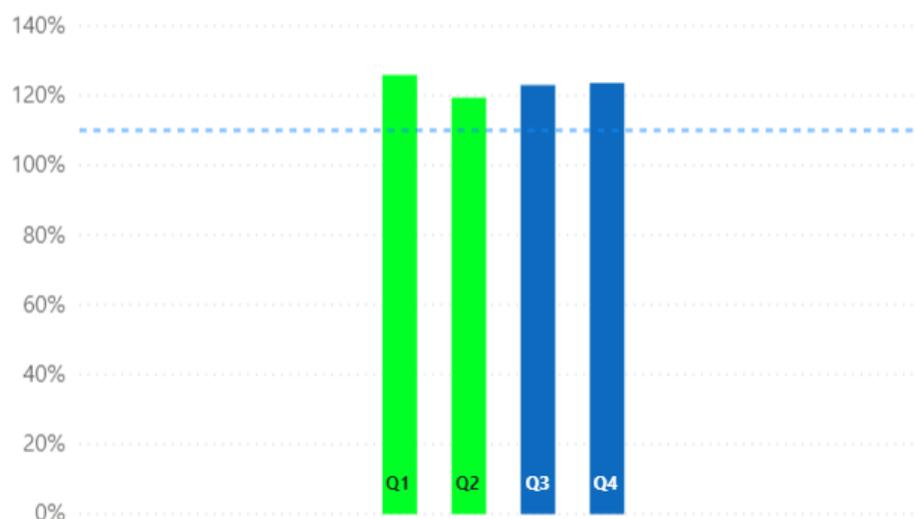


Figure 1: Overall progress to the Committed List for Q1&2 2021-22 actual and Q3&4 forecast

## Section 2 - Overview of progress in developing interventions grouped by Management Approach

This section provides an overview of the rate of progress in developing interventions, grouped by Management Approach, comparing these to investment expectations for this year (2021-22).

Figure 2 illustrates that as expected at this point in the year that for the majority of management approaches the majority of interventions are in the prepare and deliver phases. At this stage there are no areas of significant concern.

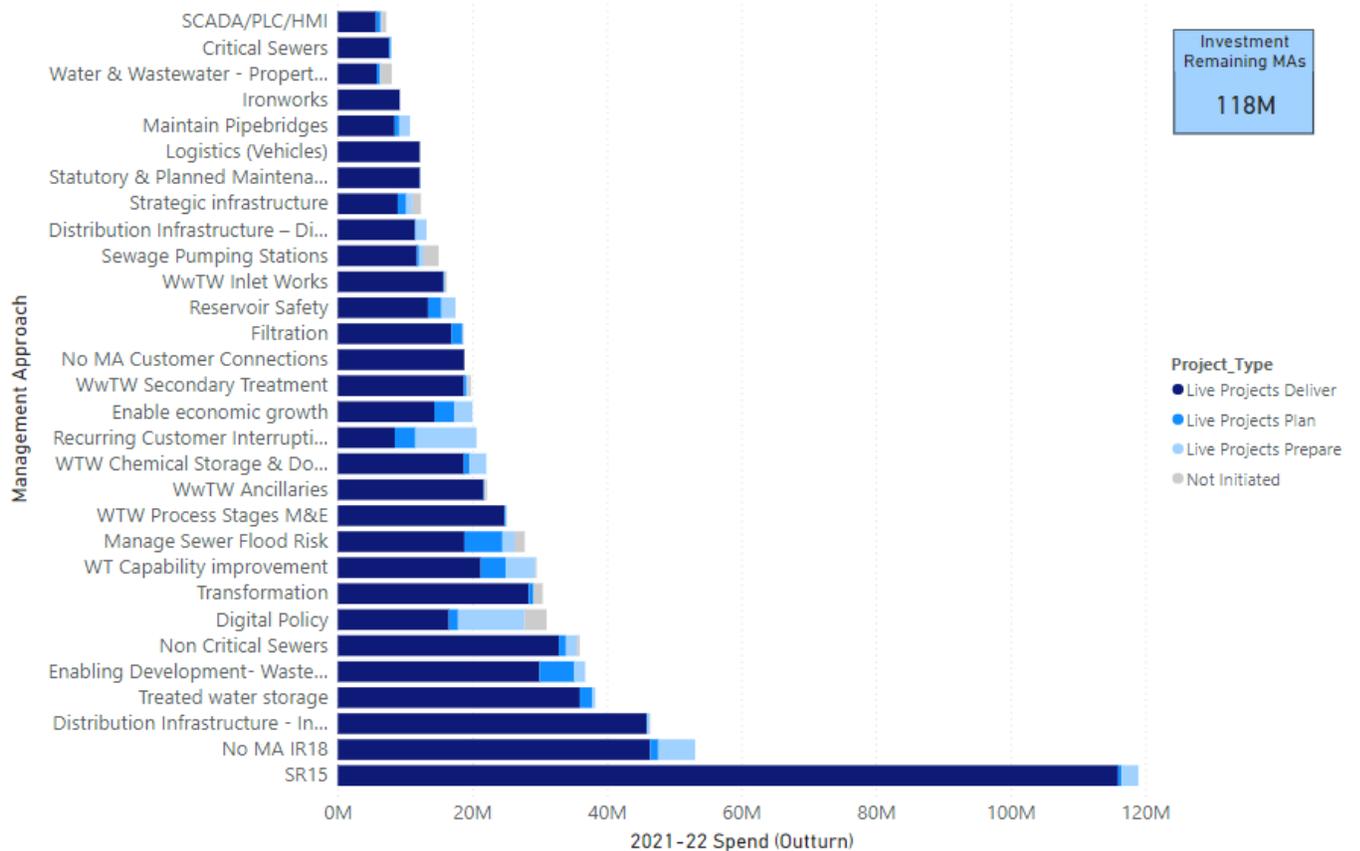


Figure 2: Progress in developing interventions in Year 1 grouped by Management Approach

### Section 3 - Progress of the development of interventions with Level 1 and 2 appraisals

This section provides an overview of the progress of interventions that are subject to Level 1 and 2 appraisals<sup>1</sup>, together with a view of when these are expected to reach future appraisal stages.

Table 1 below provides an overview of the appraisals at Stage 3a/b that were forecast at the end of Quarter 1 to be completed during Quarter 2 2021-22. This forecast is compared to the actual appraisals delivered by the end of Quarter 2.

<sup>1</sup> Level 1 appraisals are carried out for needs that require the early identification of placemaking and external partnership involvement. These are likely to be complex and time intensive. Level 2 appraisals are carried out for needs that are likely to require substantive system, programme and project investments and will be subject to a robust economic appraisal

Appraisal Stage	Portfolio					
	Water		Wastewater (exc. flooding)		Customer Engagement and flourishing Scotland	
	June-21 forecast	Sept-21 actual	June-21 forecast	Sept-21 actual	June-21 forecast	Sept-21 actual
3a	5	2	3	0	0	0
3b	1	0	3	1	0	0

Table 1: Appraisal at Stage 3a/b and 4 anticipated for Quarter 2 compared to actuals

Key points to note are:

- 3 of the 12 project investment appraisals included in the June forecast for Q2 have been delivered to the forecast.

The main learnings for changes to the forecast are:

- **Technical information availability.** Appraisals have required more time to consider options, phasing and develop a more robust evidence base.
  - Appropriate time needs to be built in to make sure the technical evidence base and assurance is robust enough to progress to the next appraisal stage.
- **Costing information availability.** Costing information is often only available once technical evidence is completed or requires revision to ensure it remains correct.
  - Appropriate time to be built in to allow for initial costing, and changes of scope to be reflected and checked in the costing assurance process.

	Per Quarter			
	2021/22 Q3	2021/22 Q4	2022/23 Q1	2022/23 Q2
Stage 2: Strategic Options Review (G40)	6	16	10	2
Stage 3a: Outline Investment Appraisal (G50)	12	15	4	2
Stage 3b: Outline Project Appraisal (G70)	5	10	8	11
<b>Total</b>	<b>23</b>	<b>41</b>	<b>22</b>	<b>15</b>

Table 2: Forecast of Project appraisals at each Gateway to be delivered during the following four quarters<sup>2</sup>

The purpose of this table is to provide visibility based on the gateway dates - it is not intended to be a fixed set of dates as Scottish Water recognises that its processes are not mature enough to know how long each of these stages will take.

<sup>2</sup> SW is currently reviewing when stage 4 will be reached and will update next quarter.

## **Section 4 - Summary of progress of needs that are of particular interest to IPPG members**

During discussions held as part of the regular bilateral meetings there have been no projects that stakeholders wish to highlight to the IPPG.

Letters of Commitment have been issued to the Drinking Water Quality Regulator (DWQR) on 8 November 2021 for both Daer Water Treatment Works (WTW) and the Manganese Strategy which are likely to generate additional activities / interventions. The most significant of these is the potential for a manganese removal stage at Daer, which is being considered as part of the wider appraisal for Daer WTW already on the Core Programme.

### **Key decisions**

In Quarter 2 no significant changes to Management Approaches were made.

In the last quarter, 3 management approaches have been approved by the Investment Group and await Board approval, and one new management approach is awaiting review by the Investment Group bringing the total number to 78. They are now awaiting SW Board approval.

The first management approaches were approved by the SW Board in February 2020 and are now due for review. Currently 8 management approaches are being reviewed and Scottish Water would welcome any comments from stakeholders on these. Over the next 6 months Scottish Water will review a further 5 and provide an update at the next IPPG meeting.



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