

## **INVESTMENT PLANNING AND PRIORITISATION GROUP (IPPG): TERMS OF REFERENCE**

The high level 'Investment Planning and Prioritisation Group' oversees the development of the rolling Scottish Water investment programme, ensuring it represents a balanced programme that makes progress towards the objectives set by Scottish Ministers in the short term, whilst also seeking confidence that the industry is on the best trajectory towards the Strategic Plan and co-created Water Sector Vision.

It is the expectation of Ministers that for the purpose of understanding and reporting on the development of the Scottish Water investment programme, the processes and practises operate without reference to them except where there is a statutory obligation to do so, or where their involvement is indicated in these Terms of Reference.

All parties will ensure high level representation at the IPPG meetings.

### **Remit of the Group**

The Investment Planning and Prioritisation Group (IPPG) will ensure that appropriate arrangements are developed and put in place to review progress developing the rolling Investment Programme, in line with the new co-created Investment Planning and Prioritisation Framework (IPPF).

The Group will meet four times per year and will provide Ministers with authoritative, consistent, agreed and up-to-date information on progress. It will notify Ministers of any issues that affect the development of the rolling investment programme which impact on, or are impacted by, their wider policies or give rise to the need to revise their Objectives, which include the Water Sector Vision, and associated directions to Scottish Water..

The IPPG will operate at a strategic level and will be supported by a working level group that will provide analysis and reports as directed and required by the IPPG.

The IPPG will specify the remit, membership and work programme of its working group and ensure that the Terms of Reference are consistent with those for the current IPPG.

### **Membership**

The group is chaired by the Scottish Government and the secretariat provided by the Water Industry team.

Membership is by invitation and is comprised of representatives from:

- Scottish Government, SG
- Scottish Environment Protection Agency, SEPA

- Drinking Water Quality Regulator, DWQR
- Scottish Water, SW
- Water Industry Commission for Scotland, WICS
- Citizens Advice Scotland, CAS
- Scottish Public Services Ombudsman, SPSO

The secretariat will invite each member organisation to nominate its representative(s) at the start of any new regulatory period.

Existing members can choose to change their representative(s) at any time during the period. Changes should be notified to the secretariat, who will update the membership list accordingly.

### **Roles**

All members commit themselves to embracing Ethical Business Practices (EBP) and adopting the principles of Ethical Business Regulation (EBR).

Nominated representatives are expected to articulate the views, expertise and interests of their member organisation as a whole, allowing the IPPG to determine members' positions on:

- whether they endorse<sup>16</sup> the 'Proposed Needs Lists' brought forward by Scottish Water, thereby allowing Scottish Water to make a recommendation to Ministers as to whether they should be approved for development;
- progress in developing needs through the relevant Scottish Water development processes (e.g. plan, prepare); and
- overall progress towards Ministers' Objectives, which include the long term Water Sector Vision, and the Strategic Plan (Outcomes).

Please note, the needs and opportunities included in any list endorsed by the IPPG, will remain subject to normal regulatory functions.

Scottish Water are responsible for presenting the 'Proposed Needs Lists' to the group. The lists are expected to have been through the working group prior to being presented to IPPG, should include commentary to confirm their endorsement (or not) and, where necessary, a commentary which reflects any specific stakeholder comments.

The 'Proposed Needs Lists' will normally have been to the Scottish Water Board for approval prior to the IPPG meeting. Scottish Water will confirm where this has not been possible.

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<sup>16</sup> Members will be asked to endorse that the conclusion (i.e. the Proposed Needs List) is reasonable in light of the process that has been followed.

Nominated representatives of the IPPG should ensure they are adequately briefed by any other stakeholder representatives present at the IPPG Working Group, ahead of the meeting.

As owners of the overall programme, Scottish Water remain responsible for opting to propose the lists to the Scottish Government for Ministerial approval, though this should always be accompanied by a commentary, which confirms whether the 'Proposed Needs List' has been endorsed by stakeholders at the IPPG and captures any specific stakeholder comments or concerns.

Regulators may be asked to provide additional reassurance to further enhance the understanding of the other IPPG members.

### **Responsibilities**

- Receive and review the quarterly lists of needs brought forward by Scottish Water ('Proposed Needs Lists'), alongside any commentary provided by the IPPG Working Group;
- Provide advice/commentary that will allow Ministers to consider the needs and opportunities Scottish Water are proposing be added to the 'Development List', as part of any list;
- Ensure a well-defined and agreed change mechanism is developed, operated and maintained to allow additions and changes to the 'Development List';
- Receive and review proposed changes to the 'Development List', as recommended by the IPPG Working Group, ensuring Scottish Water have tested whether they are expected to impact on the delivery of Ministerial Objectives, which include the Water Sector Vision, or on progress towards the Strategic Plan;
- Provide advice that will allow Ministers to agree proposed changes to the 'Development List', as recommended by the IPPG Working Group;
- Ensure appropriate governance arrangements and processes are in place to report on the transition of projects from the 'Development List' to the 'Committed List';
- Review progress associated with the development of the priority needs and opportunities included on the 'Development List' (including studies), as reported by the IPPG Working Group;
- Ensure a well-defined and agreed change mechanism is developed, operated and maintained to allow additions and changes to the 'Long List' and 'Short List', as required;
- Receive and review proposed changes to the 'Long List' and 'Short List', as recommended by the IPPG Working Group;
- Oversee the development of trajectories towards the Ministerial Objectives (including the long term Water Sector Vision) and the Strategic Plan (Outcomes), and understand supporting data sets;
- Oversee the development of an assurance framework which is capable of reporting to Ministers on:
  - the lists of priority needs and opportunities brought forward by Scottish Water;

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- the development of needs/opportunities (e.g. through the plan/prepare process); and
- progress in delivering their Objectives, which include the Water Sector Vision, and the direction of travel (trajectory) towards the Strategic Plan;
- Approve the draft quarterly high-level update prepared by the working group for inclusion in the ['Scottish Water Investment Programme Report'];
- Review any Project or Sub-Programme Appraisals referred by the IPPG Working Group;
- IPPG may, by exception, request Scottish Water share a specific Project or Sub-Programme Appraisal with the IPPG WG, in support of their consideration of progress towards the Ministerial Objectives, which include the long term Water Sector Vision, and the Scottish Water Strategic Plan (Outcomes);
- Review the Water Sector Vision (which forms part of the Ministerial Objectives) and strategies for the water industry and consider whether they, and the trajectories towards them, remain relevant, achievable and fit for purpose;
- Consider the findings of papers or reports referred up by the working group or other groups/forums (where appropriate), and agree whether any action or further investigation is required;
- Refer questions, concerns or recurring issues to the working group or a new short life task group for consideration (as needed);
- Through the quarterly report, advise Ministers on any specific planning or prioritisation issues that may arise from time to time, including those that may give rise to a need for a change to the Ministers' Objectives and associated Directions on Scottish Water;
- Advise Ministers of any circumstances that may result in a need to update the Water Sector Vision, which forms part of the Ministerial Objectives;
- Approve the end of regulatory period report prepared by the IPPG Working Group;
- Maintain an appropriate dialogue with the DAG;
- Act as a forum of key stakeholders for the early consideration of the setting of Objectives for subsequent regulatory periods;
- Ensure that all work is undertaken to agreed deadlines and in alignment with the requirements, needs and processes of Ministers and other stakeholders; and
- Undertake any other duties with the agreement/by the direction of Ministers.

### Review

The terms of reference for the IPPG should be reviewed by its members throughout the regulatory period.