

**DELIVERY ASSURANCE GROUP (DAG)  
MINUTES OF 14<sup>th</sup> MEETING  
Scottish Government, Victoria Quay, 7 December 2022**

**Attendees:**

|  |                                   |
|--|-----------------------------------|
| Jon Rathjen, Scottish Government (Chair) | Simon Parsons, Scottish Water     |
| Stuart McCaskell, Scottish Government    | Tracey Gee, Scottish Water        |
| Ruby Keddie, Scottish Government         | Mark Dickson, Scottish Water      |
| Michelle Ashford, WICS                   | Barbara Barbarito, Scottish Water |
| David Satti, WICS                        | Sharon Forrester, SEPA            |
| Sue Petch, DWQR                          | Gail Walker, Consumer Scotland    |
| Niki Maclean, SPSO                       |                                   |

**ITEM 1 – WELCOME AND APOLOGIES**

1. There were apologies from Barry Greig, Duncan Robertson, Alan Sutherland, Douglas Millican, Ian Buchanan, and The Chair noted that IPPG had been Douglas Millican's last meeting and thanked him for his contributions to the industry.

**ITEM 2 – MINUTES AND ACTIONS ARISING FROM MEETING OF 21 September 2022**

2. The minutes from the previous meeting on 21 September 2022 were agreed to be an accurate record.
3. The action points were reviewed:
  - **Action 1** – SG to publish Minutes on website. Complete. The minutes were ready to be published, subject to confirmation that members were happy for their names to be published. All members confirmed that they were content.
  - **Action 2** – SW to highlight projects experiencing delays. Closed.
  - **Action 3** – SW to provide further assurance for projects on the Committed List. Agenda item 4.
  - **Action 4** – SG to submit DAG report to Ministers and publish on website. Closed. The DAG report had gone to Ministers and would be published as soon as it is approved.

**ITEM 3 - DAG WORKING GROUP REPORT**

4. Mark Dickson presented the working group update report. He noted that:
  - The WG requested an amendment to the conclusion to add further commentary on any delays.
  - SW is considering how to report outputs and a bilateral discussion is to take place with WICS in December 2022 or January 2023.
  - SW gave a presentation on Community Engagement.
  - The presentation provided an update on SW's current processes and where they are aiming to be in terms of engagement. It also provided examples of projects SW is currently working on and their challenges.
  - Further amendments would be made to the Transfers to Committed List report to reflect the content of the presentation on Community Engagement.

5. The Chair queried whether SW's Lighthouse projects would offer a space for more experimental community engagement. Simon Parsons confirmed that this was the case, noting new methods of engagement are being explored around improving urban waters and large-scale lead removal. Mark highlighted that Glenfarg WTW was a good example of accommodating the views of the community; SW undertook extensive engagement when implementing the scheme.
6. The Chair highlighted that there are specialist Hydro Nation scholars who are engaged in research on how to get the most holistic set of outputs from surface water management. He added that this includes contacting hard to reach communities and getting a sense of who might use the amenity and how accessible it would need to be. The Chair also noted that the scholars would consider biodiversity benefits, access benefits, leisure benefits etc. He suggested that SW could engage the scholars to do research for the lighthouse projects and bring learning etc. s back to this group. Simon highlighted that Deryck Irving, Senior Innovation Fellow, has been involved with the flooding project at Craigeith.

#### **ITEM 4 – PROGRESS REPORT OF PERFORMANCE AGAINST THE COMMITTED LIST**

7. Mark Dickson presented the report. Key points included:
  - SW is working closely with SEPA and DWQR and has set up six monthly bilateral to discuss projects of particular interest
  - by the end of Quarter 2, the total Tier 2 investment for 2022/23 was £325m; made up planned repair and refurbishment (£197m) enhancement (including flooding) (£97m) and growth (£31m). It also includes £31m invested on the delivery of projects that were planned to be completed in the previous period.
  - **The Indicator of Progress of Overall Delivery (IPOD)** – At the end of September 2022, Scottish Water's IPOD position was on track at 420 points, against a range of 406 to 555 points.
  - **Overall project progress water portfolio** – The Gate 100 Acceptance milestone out-turned at 82 projects, behind the target range of 93-115.
  - **Overall project progress wastewater portfolio** – Overall, 166 points have been achieved, behind the target range of 175 – 241. The Gate 100 Acceptance milestone continues to be challenging due to risks being realised.
  - **Overall project progress CE&FS&SS portfolio** – All milestones are currently within the target range.
  - **Progress in delivering SR15 projects** – Of the 86 delayed projects, 21 have still to achieve Gate 100 acceptance.
  - The construction market conditions remain a significant challenge due to the fluctuations in prices for materials.
  - The conclusion now states the investment that has been made at this stage, the overall IPOD position and the number of projects which have been reforecast in terms of acceptance dates. It also explains the reasons for delays and the learnings from those projects.

David Satti noted that the IPOD summary and the portfolio graphs show that most of the performances are at the lower end of the tramlines. He added that financial performance is expected to out-turn at forecast levels and asked whether there is a possibility of SW completing fewer projects but spending more due to considerable inflation. David also asked for the implications on future funding. Mark noted that the IPOD score would show a slight deterioration in Quarter 3, but it is expected to recover by year-end. He added that the loss of points could be attributed to delays in acceptance, however, many projects are through construction, so the funds have been invested.

8. Mark also noted that SW's analysis in June 2022 suggested that capital inflation was 2% above CPI; SW would recalculate the inflation rate again in December 2022. He added that in terms of the cost of delivering the CAPITAL programme, it is currently above CPI and if that continues to be the case, it could be seen that less is being achieved for more money. Mark noted that SW does not have the full information on future funding considerations at this time. However, SW includes inflation assumptions when projects are added to the Committed List.
9. DS remarked that inflation would always be uncertain, and that SW would only be able to provide a range. He added that for this reason it is important to provide visibility.
10. The Chair commented that the investment programme is expected to fluctuate between £4.9 - £4.4bn but if there is some understanding of the projects SW could re-prioritise at the margin, the process will be dynamic, taking risks into account. He added that SW will need to ensure it delivers the right service to customers.

Niki Maclean raised the terms of reference for the groups, noting that efficiency does not appear to be represented in the remit. She suggested that the standard agenda items fit well with the on-going discussions but that the topics should be reflected within the ToR.

The Chair reflected that IPPG is a new group that still needs to be developed but the main concern is managing the flow from aspiration through to defining and developing Needs to bring them onto the Committed List. Performance must be measured since changing available resource and risk. It was noted that there is an outstanding Working Group action to review Tor, and it was requested a similar action is raised for DAG.

11. The DAG Q2 2022-23 report was agreed. The Chair requested the report be submitted to Ministers.

**Action 1 – SG to review ToR.**

**Action 2 - SG to submit DAG report to Ministers and publish on website.**

#### **ITEM 5 – AOB**

12. It was suggested that future meetings could be held centrally, at St Andrews House for example, to ensure easy access for members.

13. The next meeting is scheduled for 15 March 2023, hosted by the Scottish Government at Victoria Quay, Edinburgh.

Ruby Keddie  
Scottish Government  
March 2023