

Delivery Assurance Group

Draft Progress Report on Performance Against the Committed List for Quarter 2 2022/23

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1. Purpose

This document sets out how Scottish Water is progressing with the delivery of projects and programmes included on the ‘Committed List’ and confirms the position up to the end of September 2022 (Quarter 2 22/23).

What We Monitor

Each quarter Scottish Water reports on its progress with the delivery of projects and programmes included in the Committed List as follows:

Section 2: Overview - to provide an overview of levels of investment compared to the Delivery Plan and highlight delivery risks that have or may impact progress.

Section 3: Indicator of Progress of Overall Delivery (**IPOD**) - to provide an insight to stakeholders on progress of projects on the Committed List compared with the forecasts set when the projects were committed to delivery - and to take learning from any variances.

Section 4: Progress of delivery of committed projects within **Water portfolio** - to provide stakeholders with a view of how the water portfolio is progressing.

Section 5: Progress of delivery of committed projects within **Wastewater portfolio** - to provide stakeholders with a view of how the wastewater portfolio is progressing.

Section 6: Progress of delivery of committed projects within **Customer Engagement, Flourishing Scotland and Support Services (CE&FS&SS) portfolio** - to provide stakeholders with a view of how of this portfolio is progressing

Section 7: Progress in delivering SR15 completion projects - to provide stakeholders with a view of how the planned completion portfolio, and projects delayed due to COVID and other risks, are progressing.

The diagram showing the suite of IPPG and DAG reports as they apply to the IPPF can be found in Appendix D.

The request to monitor outputs at DAGWG has been noted . The development and testing work for Scottish Water’s corporate system (P3M) upgrade to allow output reporting is now complete and will be put into production during November 2022. This will enable us to complete the exercise of remapping all live investment projects to the list of new SR21 Outputs. Scottish Water will work with WICS to understand the requirement and include this information in next financial year’s reports The DAGWG will be kept informed of progress.

2. Overview

Year 2 Tier 2 Investment to the end of Q2 2022/23 was £325m made up of planned repair and refurbishment (£197m), enhancement (including flooding) (£97m) and growth (£31m). It includes £31m invested on the delivery of projects that were planned to be completed in the previous period.

This level of Tier 2 investment was £14m above the central forecast (£311m) and we are forecasting that we should be at the top end of our Delivery Plan range of £620m to £690m at year end. Investment in responsive repair and refurbishment of assets and RCC (Tier 1a) for Q2 2022/23 was £100m.

Our key performance indicator (IPOD) remains within the target range.

Outputs/Outcomes

Within the 2022 Annual Return, output information was provided within the G tables, based on a limited dataset of outputs delivered in 2021-22 and output forecasts from projects on the “Committed List”. This was on the understanding that development work was required to the data structures within our P3M management system to enable it to capture and report on the

revised SR21 outputs approach developed for SR21 Needs and apply it to all our live investment projects.

The development and testing work for the P3M system upgrade is now complete and will be put into production during November 2022. This will enable us to complete the exercise of remapping all live investment projects (with the exception of Completion Projects) to the list of new SR21 Outputs. We are planning to undertake this exercise during November and December, with an initial bulk update of >17,000 output data points to ensure that all of our live projects can report on the updated primary output information. Following this, we will undertake additional data validation work to confirm the reported output information and address any gaps. This will include the capture and update of any missing secondary output information.

Completion of this work will enable us to provide initial output reports for all of our live investment (ARRR, Enhancement, Flooding, Growth) to the next DAGWG meeting in February 2023.

Delivery Risks

We continue to monitor the 3 broad categories of risks that may impact our forecasts.

- Third Party Risk - Potential delays due to third-party issues
- Construction Risk - Unforeseen delays from allowable events or poor performance on site
- Construction Market Conditions

The key risk continues to be Construction Market Conditions as noted below.

Construction Market Conditions - these continue to change and evolve rapidly. Cost pressures and availability of materials, labour, and commodities are challenging. The key areas of note are:

- Price and availability of materials and commodities - our procurement teams monitor all frameworks
- Planning - our delivery teams continue to resequence project design, planning and procurement following the extension of lead times for some projects.
- Resourcing and Skills - our partners are experiencing higher than normal staff turnover levels and shortages.

Capturing Learning to Improve Performance

To achieve our desired outcome of efficient and effective investment delivery it is important that we understand both what went well and what did not go so well in the delivery of capital projects. This requires the learning from both live and completed projects to be made available to the planning and delivery teams in a consistent and easily consumed format. To allow us to better capture knowledge and learnings, we have been working to develop a new Lessons Learnt portal. This new online 'app' enables anyone involved in the delivery of a project to record learnings which are then accessible for others to see and implement where appropriate. Common themes and key learnings are validated, collated and best practise shared in the form of improvements to our Risk/Design libraries and targeted tool-box talks. Learnings currently

span multiple directorates with improvements being applied to projects at all stages of the Plan / Prepare / Deliver project lifecycle.

The process has only recently gone live but we are already seeing themes emerging which have included better management of long lead time equipment and improved site drainage management; recent example being learning around traffic management. Rather than using a traditional 4-way traffic management system, a project team used the Lessons Learnt Portal to search for learning from previous projects. The result was a change in the approach to traffic management utilising a road closure rather than the initially planned 4-way traffic light system. This resulted in a reduction of 7 weeks on the programme and unlocked a number of benefits including reduced risk and disruption to the public, lower CO2 emissions due to less time on site and a cost saving to the project.

The Lessons Learnt portal fits within our overall drive to improve Knowledge Management which in turn underpins our ability to achieve reductions in the project lifecycle, increased savings in cost and carbon and improved outcomes for our customers.

3. Indicator of Progress of Overall Delivery

The Indicator of Progress of Overall Delivery (IPOD) provides a high-level measurement of Scottish Water's progress in delivering the Committed List for projects over £1m¹. It assesses the progress of these investment projects monitored across 3 delivery gates² 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 gates is assessed against the baseline³ level for the previous quarter (lower limit) and the subsequent quarter (upper limit). These points are shown as absolute scores. Scottish Water is considered to be within the range where the number of points gained lies within the lower and upper limits.

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 (Figure 1) indicating that overall, the programme is being delivered within the forecasted target range. Delivery of the programme is expected to remain within range.

¹ Forecast costs at the time of addition to the Committed List

² These are start on site, gate 100 (acceptance) and gate 110 (financial close)

³ The baselines are determined by the projects forecast dates at the time inclusion in the Committed List

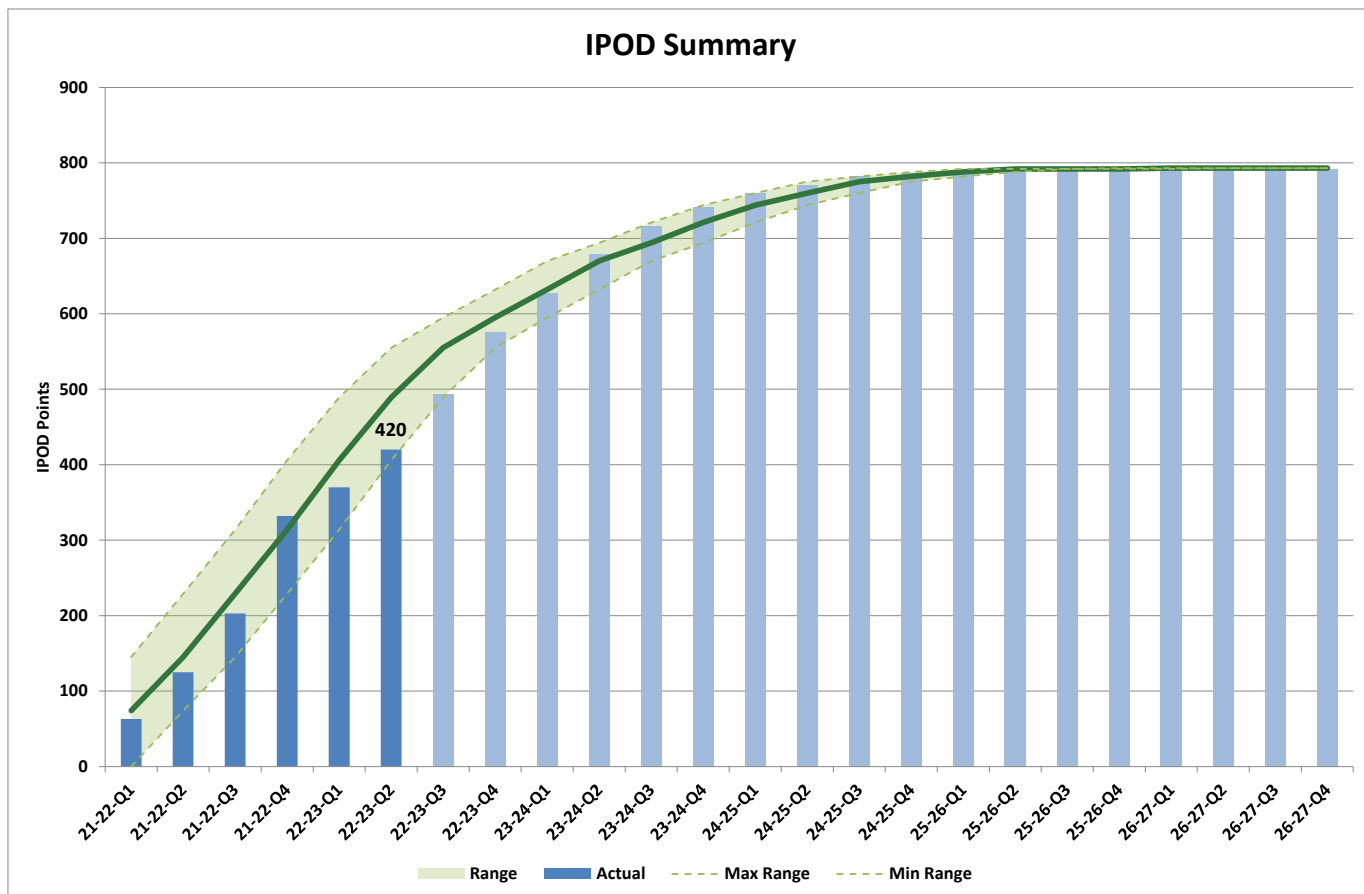


Figure 1: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023

The green line in the figure above shows the aggregate of the forecast dates in the Committed List (the baseline). The solid blue bars show Scottish Water’s actual position, and the light blue bars show the forecast position for future months. The green area above shows the + or – 3 months target range (i.e., the baseline from the previous and subsequent quarters respectively). Being above this shows that Scottish Water is more than 3 months ahead of the baseline and being below this shows that Scottish water is more than 3 months behind the baseline.

Figures 2, 3 and 4 below show the IPOD position at Quarter 2 2022/2023 by individual milestone

IPOD – SOS

18 projects started on site during Q2 with performance on the Start on Site milestone being in the top half of the range.

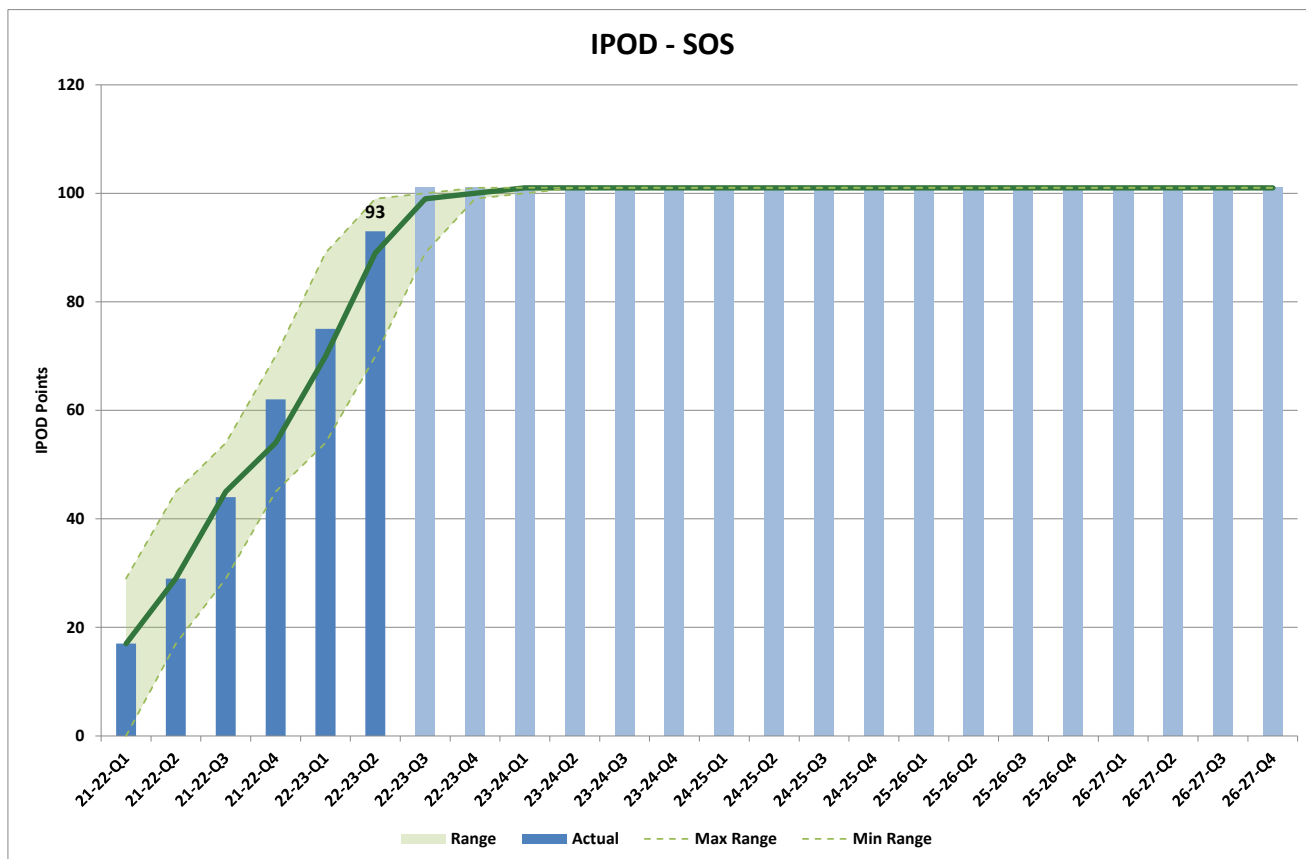


Figure 2: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Start on Site

IPOD – Acceptance

16 projects achieved acceptance during Q2, bringing the total number of completed projects delivering benefit for customers to 172 which is outwith the forecast range of 207 - 247. 28 projects that have not yet had acceptance signed off are now substantially complete and are forecasting acceptance in Q3, with a further 18 forecasting acceptance by the end of the year. Explanation of this movement can be found in Sections 4 & 5. Full details of the projects impacted on the wastewater portfolio have been explored bi-laterally between SW and SEPA with details supplied to SEPA who will advise of any specific concerns, and the presentation deck is included as an extra Appendix F to this paper.

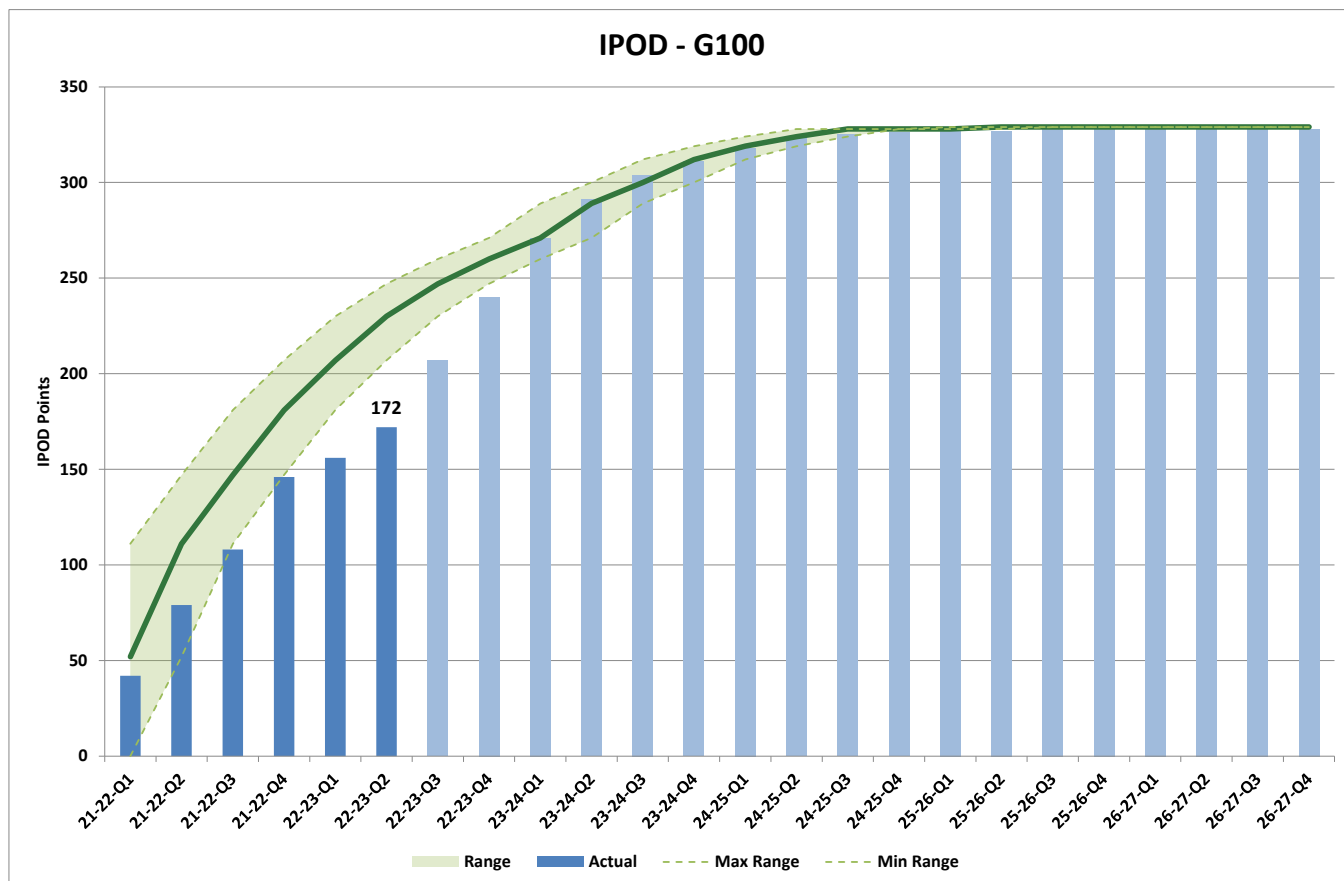


Figure 3: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Gate 100 (Project Acceptance)

IPOD – Financial Completion

16 projects achieved financial completion during Q2. 155 points were achieved to date with the target range being 129 –209

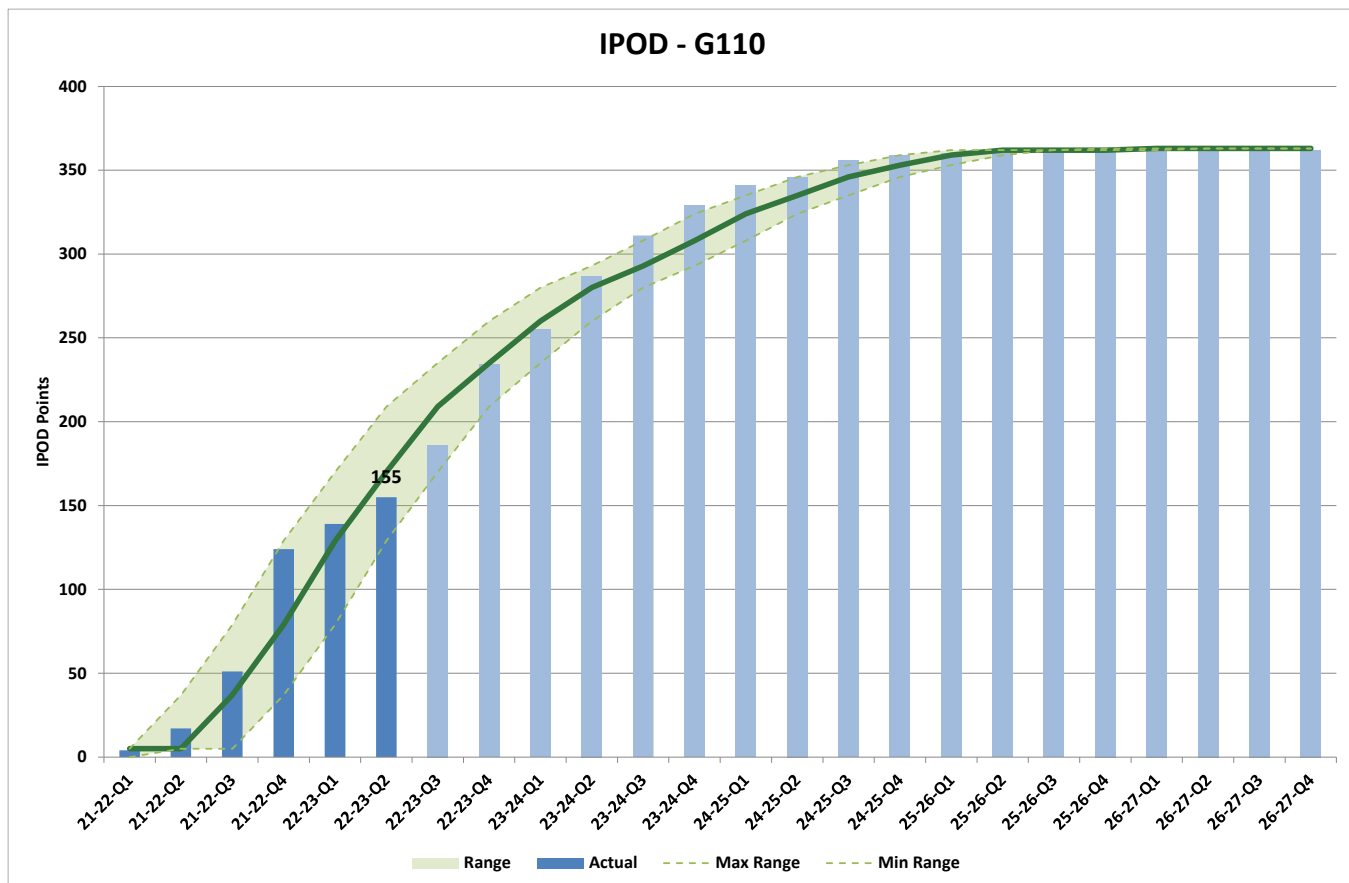


Figure 4: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Gate 110 (Financial Completion)

4. Overall Project Progress Water Portfolio

The Water Portfolio comprises 3 sub-portfolios: SR15 Completion; Water Quality; and Water Supply. Detail on progress within each of these can be found in Appendix A. Although the Gate 100 Acceptance milestone remains challenging, performance on the Start on Site and Financial Completion Milestones means that the Q2 overall performance in the water portfolio is within the range (Figure 5) with 218 points achieved to date; this is 22 below the central forecast of 240.

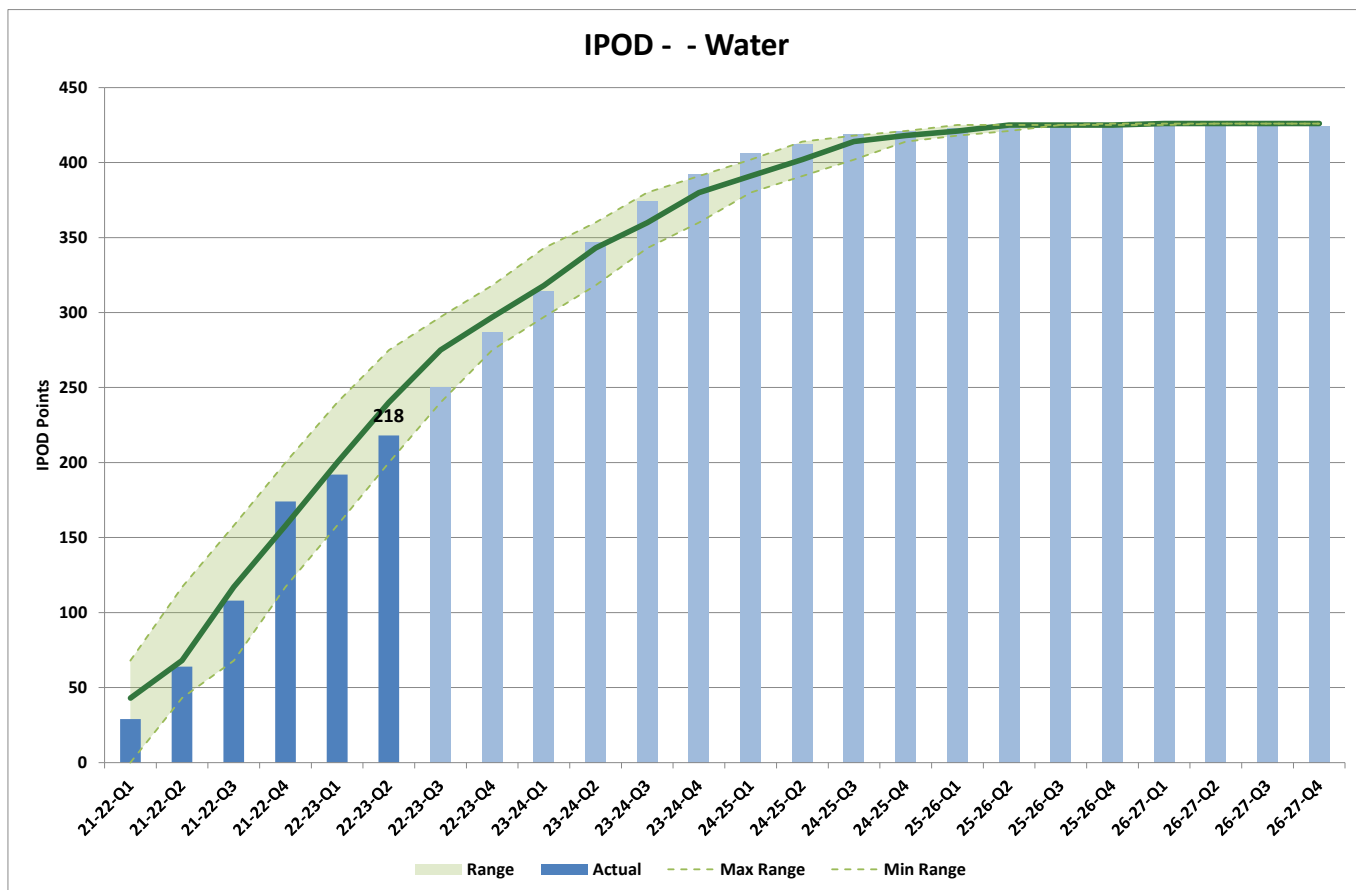


Figure 5: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for all Water Portfolio projects

SOS

Performance on the Start on Site milestone (Figure 6) remains strong with all 3 of the sub-programmes achieving the central forecast. 56 projects have now started on site, 12 of these in Q2 2022/23.

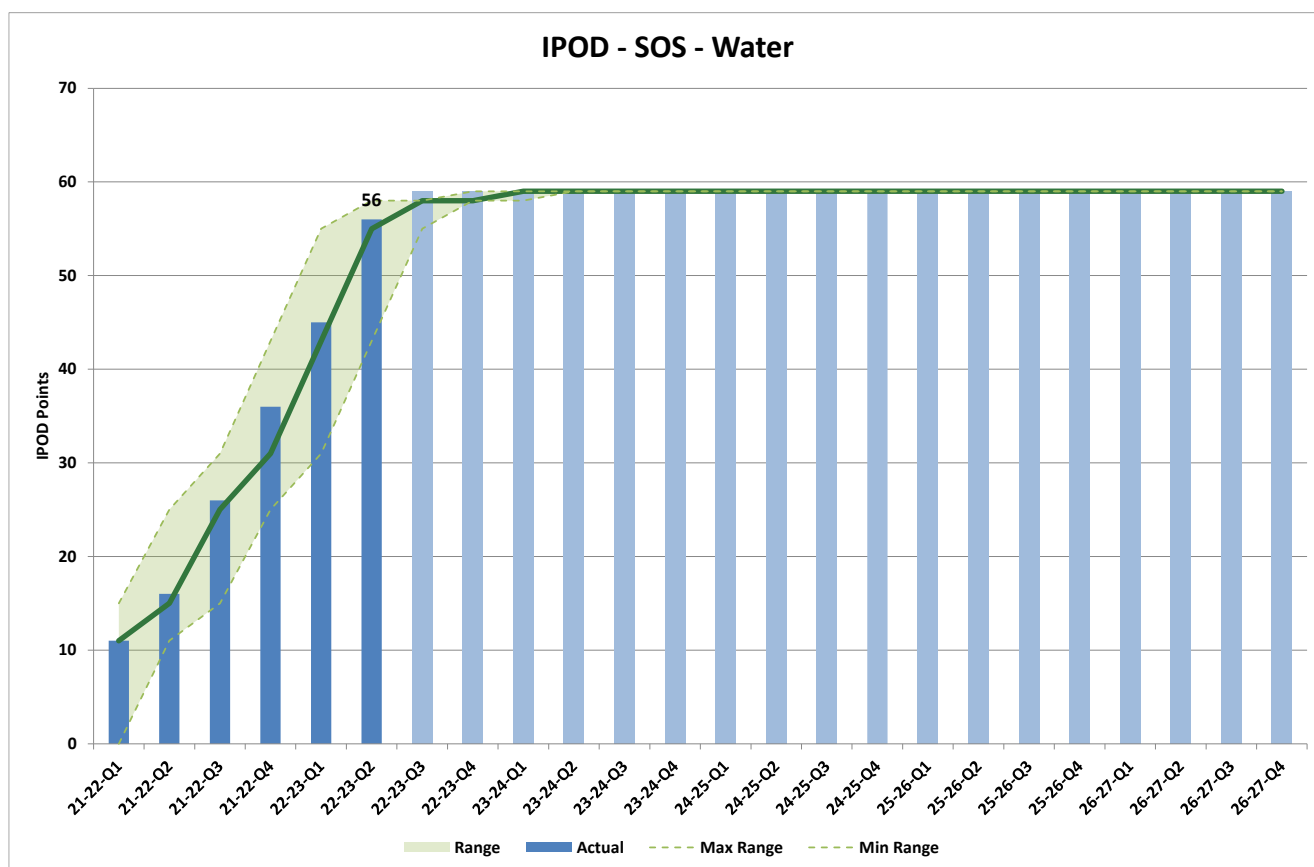


Figure 6: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Start on Site of all Water Portfolio projects

Acceptance

10 projects achieved acceptance in Q2 delivering benefit to customers taking the total to 82 projects that have now achieved acceptance against a forecast range of 93 – 115 at time of commitment.

7 projects in the SR15 Completion sub-programme have been reforecast - 2 of these projects are now substantially complete and forecasting acceptance in Q3, with a further 4 projects forecasting completion in Q4. Reasons for reforecasting:

- 4 projects due to third party issues - Yarrowfues WTW main-out, Back Tolsta (the scheme is in service with customers benefiting), Ringford WTW and Ness WTW)
- 2 due to construction risks being realised. South Edinburgh Service Resilience because of faulty pipes and Uig WTW where additional scope was identified as necessary during construction
- 1 - Fair Isle - where the new asset is in service with some further work being undertaken to permanently remedy faults

16 projects in the Water Quality sub-programme have been reforecast. 6 are now substantially complete and are forecasting acceptance in Q3 with a further 3 forecasting acceptance by the end of the year.

Reasons for reforecasting:

- 1 – Marchbank - due to delays in starting on site
- 2 - Bradan WTW and Daer CWT - due to additional scope being required to complete the projects
- 12 projects have been impacted by construction risks and supply chain delays
- 1 - Kirkmichael WTW has been returned to the Plan stage to review alternative options as the operational solution identified has proven to be ineffective

The Water Supply sub-portfolio remains on track with milestone achievement within the planned range.

We continue to work to understand and learn from risks to improve the forecast and delivery of new projects. When committing to the delivery of a project we balance the likelihood of delay due to risks against setting an over cautious target with the potential to lose focus on the need to drive delivery.

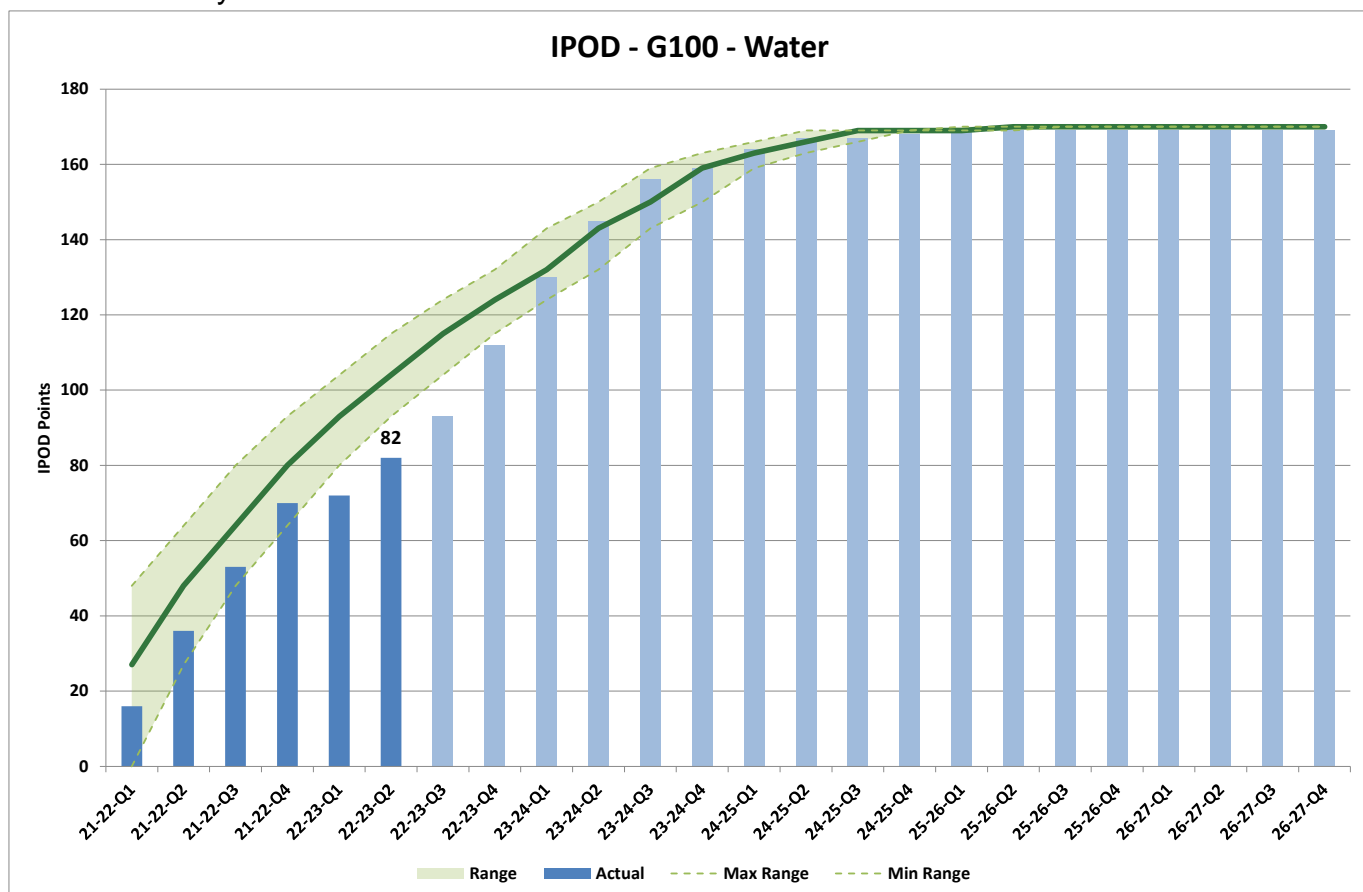


Figure 7: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Gate 100 (Project Acceptance) of all Water Portfolio projects

Financial Completion

Performance on the Gate 110 Financial Completion milestone (Figure 8) remains strong with all 3 of the sub-portfolios being in the range (Figure 8). 80 projects have now achieved Gate 110.

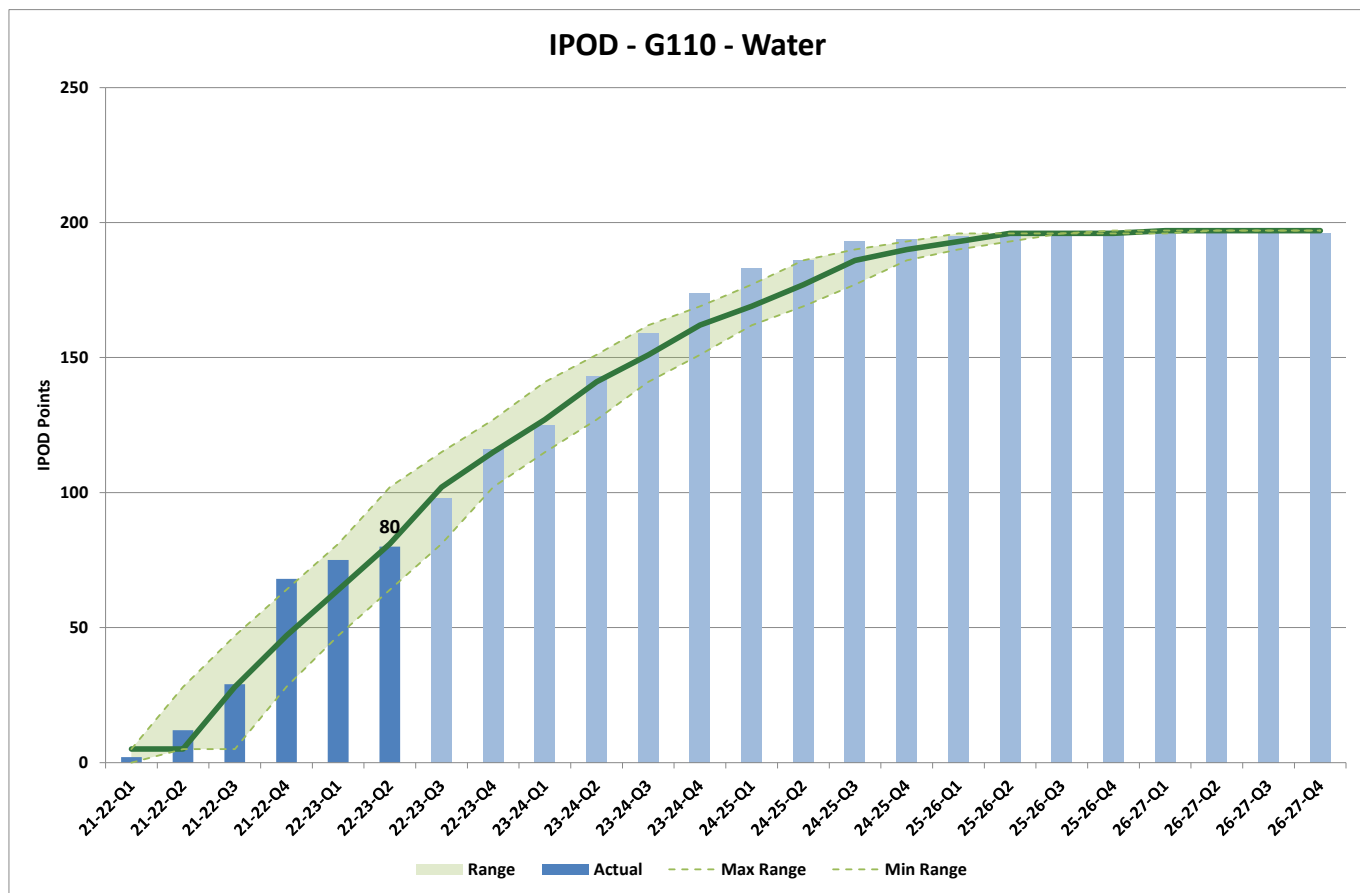


Figure 8: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Gate 110 (Financial Completion) of all Water Portfolio projects

5. Overall Project Progress Wastewater Portfolio

The Wastewater Portfolio comprises 3 sub portfolios: SR15 Completion; Wastewater Treatment; and Wastewater Network. Detail on progress can be found in Appendix B. At Q2 performance in the Wastewater portfolio is outside the forecast range (Figure 9). 167 points have been achieved to date compared with a target range of 175 - 241. The Gate 100 Acceptance milestone continues to be challenging due to risks being realised.

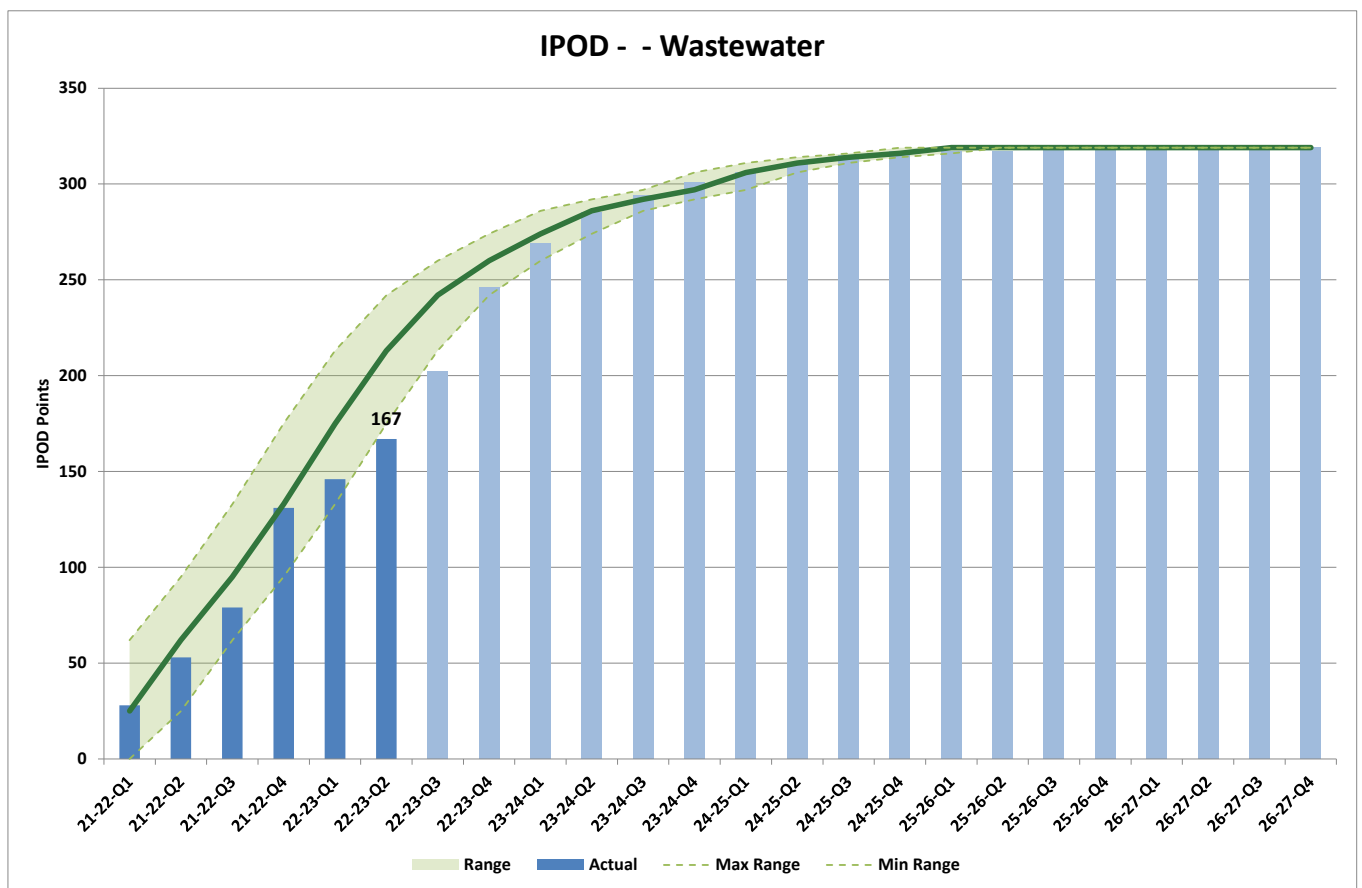


Figure 9: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for all Wastewater Portfolio projects

SOS

Performance on the Start on Site milestone (Figure 10) remains strong. 29 projects have now started on site, 5 of these in Q2: 2 Wastewater Network projects (Shieldaig Rd Glasgow and Marchmont Rd Edinburgh); and 3 Wastewater Treatment project (Perth City WWTW IFAS, Kirkcaldy STW and Shieldhall WWTW Storm bypass Culvert).

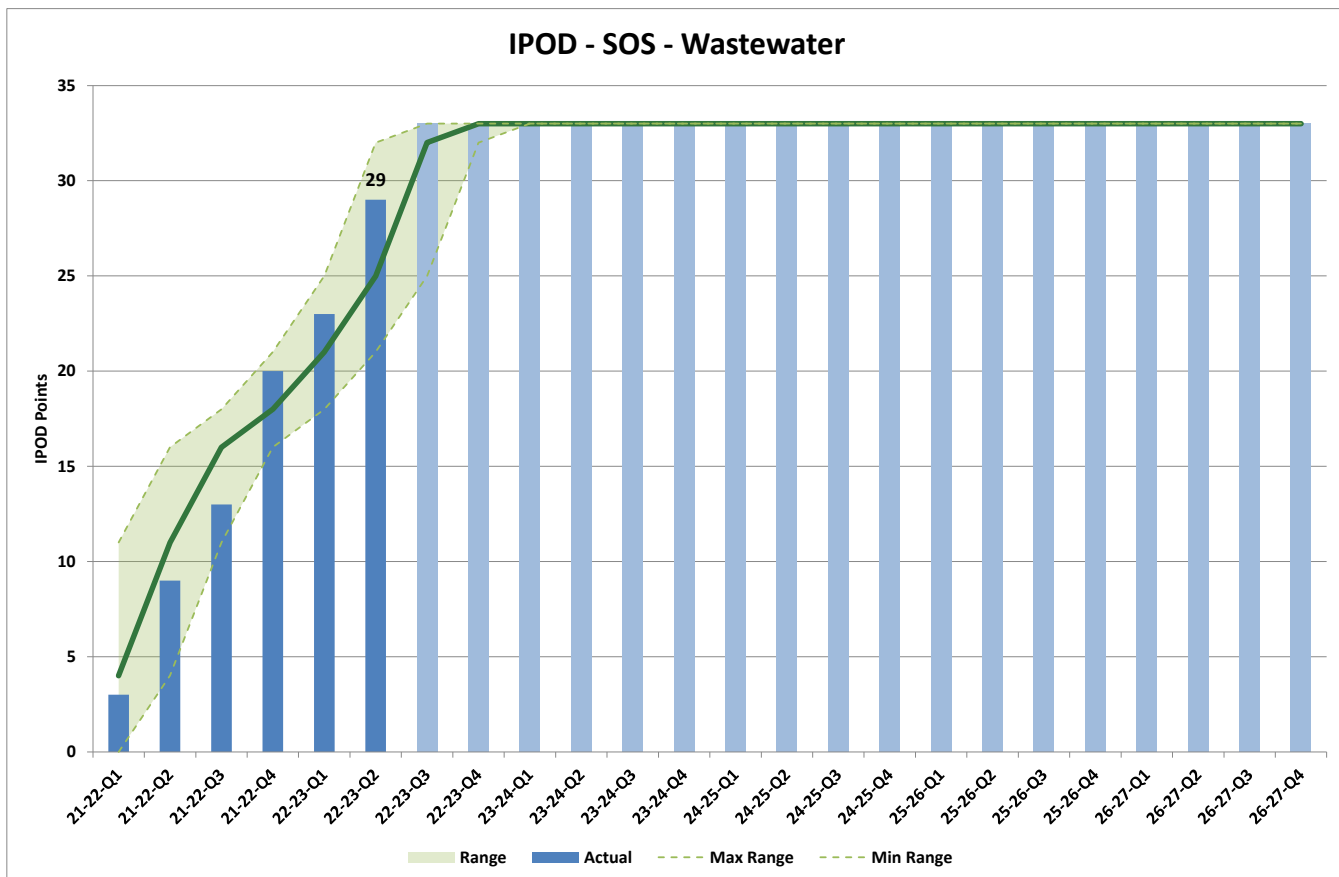


Figure 10: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Start on Site of all Wastewater Portfolio projects

Acceptance

6 projects achieved acceptance in Q2, delivering benefit to customers and bringing the total to 77 projects that have achieved acceptance against a forecast range of 101-117 at the time of commitment.

In the SR15 Completion sub-portfolio, the acceptance of 9 projects has been reforecast. 5 of these projects are now substantially complete and forecasting acceptance in Q3 with a further 2 forecasting acceptance in Q4.

Reasons for reforecasting:

- 4 projects (Londornoch WTW Sludge Lagoon Upgrade, Craigneuk Avenue Airdrie, Craiglieth Rd Edinburgh and Townhead St Stonehouse) have been reforecast due to construction risks being realised
- 5 (S087 UID - Scotwood Overflow S043, Water of Leith Batch 10, Wellgate Larnark, Main St Newtonmore and UID Cambuslang Road Richmond Laundry) were due to third party delays.

In the Wastewater Network Sub-portfolio, the delivery of 14 projects has been reforecast (1 of these within the 3 month target range). 4 of these projects are now substantially complete and forecasting acceptance in Q3 with a further 6 forecasting acceptance in Q4. Reasons for reforecasting:

- 6 projects (Claredon Place Dunblane, Infra-Kingdom Park, Dunfermline Wellwood Wastewater Infrastructure and CAS Compliance Improvements - Networks East & North, Coalburn Road, Water of Leith Batch 4) due to third party issues with land, power supply and road access.

Construction risks have been realised for a further 6 projects. Additional scope was identified for an additional 2 projects to allow the project to be delivered.

The delivery of 13 projects in the Wastewater Treatment programme has also been reforecast. 7 of these projects are now substantially complete and forecasting acceptance in Q3 with a further 5 forecasting acceptance in Q4.

Reasons for reforecasting:

- 4 of these are due to third party issues (Canonbie WwTW - Upgrade Growth, Burrelton WwTW – Growth, HV Asset Replacement Shieldhall WWTW and Banchory WwTW - Growth).
- 7 are due to general construction risks and 2 projects (Kirkconnel STW and Ardersier WWTW) where additional scope was required to allow the project to be completed.
- The final projects (HV Asset Replacement at Shieldhall WWTW) have been impacted by third party delays and is now forecasting delivery early in year 3.

We continue to work to understand and learn from risks to improve the forecast and delivery of new projects. When committing to the delivery of a project we balance the likelihood of delay

due to risks against setting an over-cautious target with the potential to lose focus on the need to drive delivery.

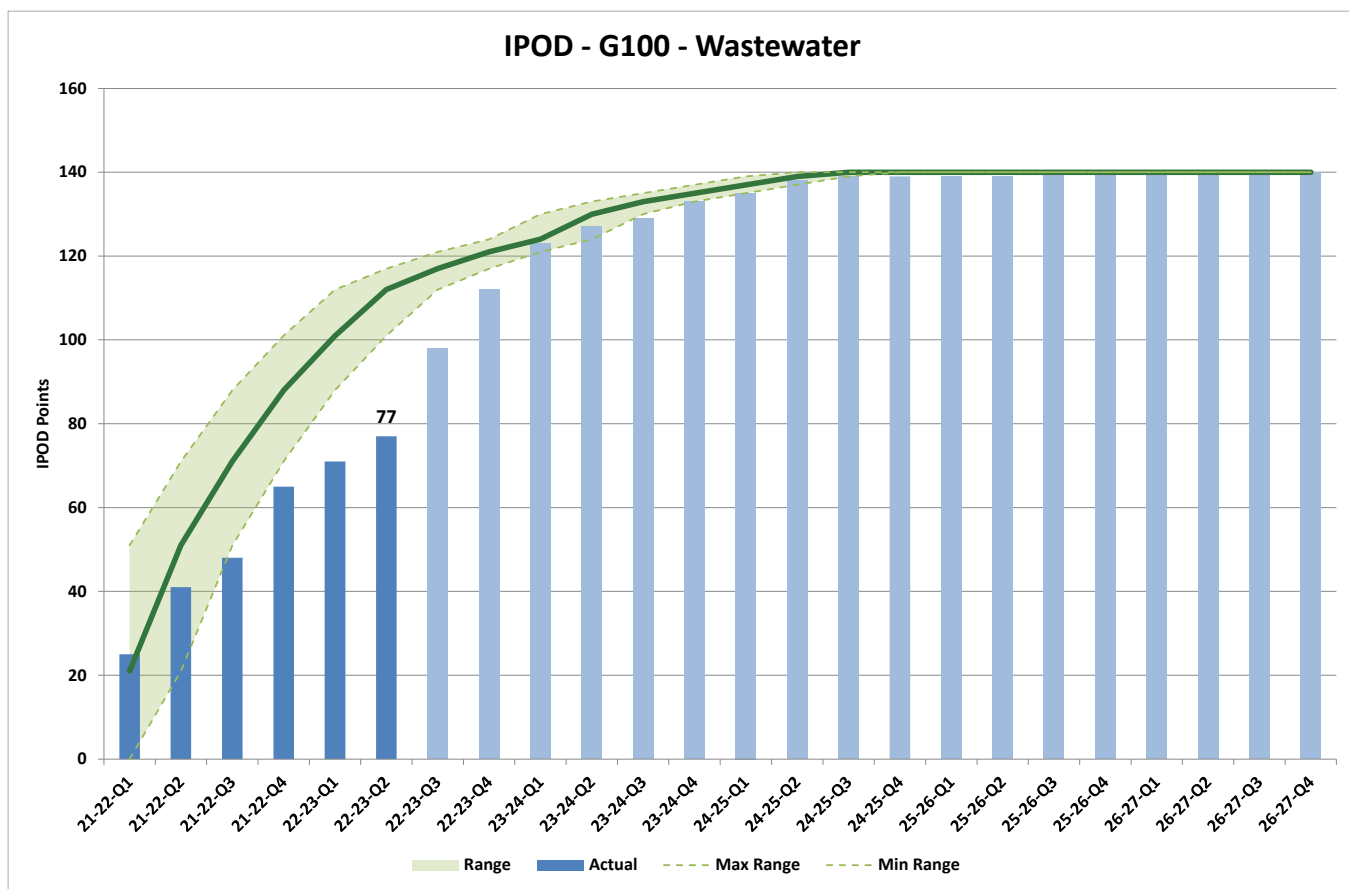


Figure 11: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Gate 100 (Project Acceptance) of all Wastewater Portfolio projects

Financial Completion

Performance on the Gate 110 Financial Completion milestone (Figure 12) is on target with all 3 sub-portfolios being within the target range. 61 projects have now achieved Gate 110, 9 of these in Q2 2022/23.

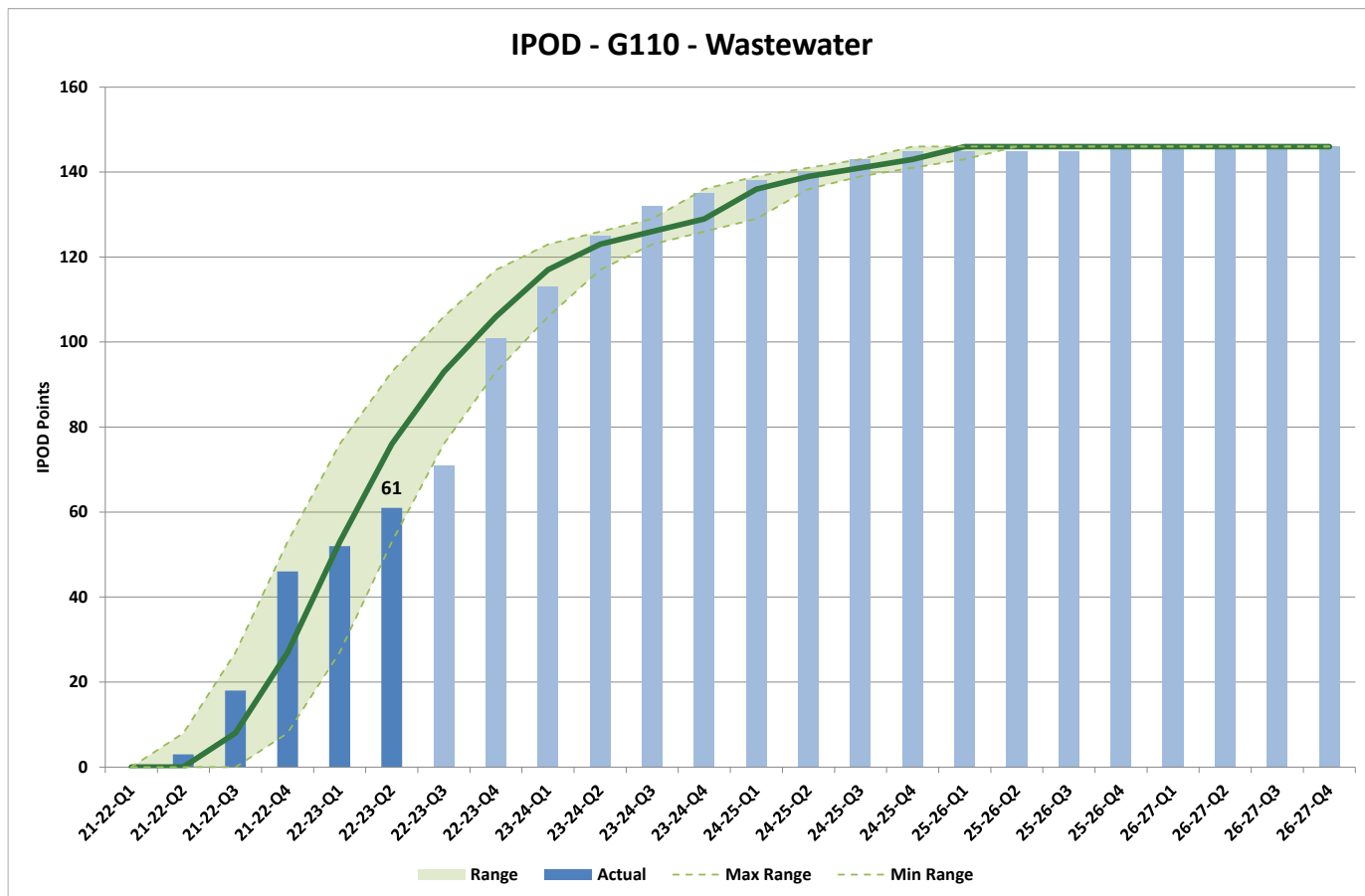


Figure 12: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Gate 110 (Financial Completion) of all Wastewater Portfolio projects

6. Overall Project Progress CE&FS&SS Portfolio

The CE&FS&SS Portfolio comprises 4 sub portfolios: Digital, Flourishing Scotland, Property and Estates and Other Services. Detail on progress within each of the sub-portfolios can be found in Appendix C. Year to date performance is at the middle of the range (Figure 13). All milestones are within the range.

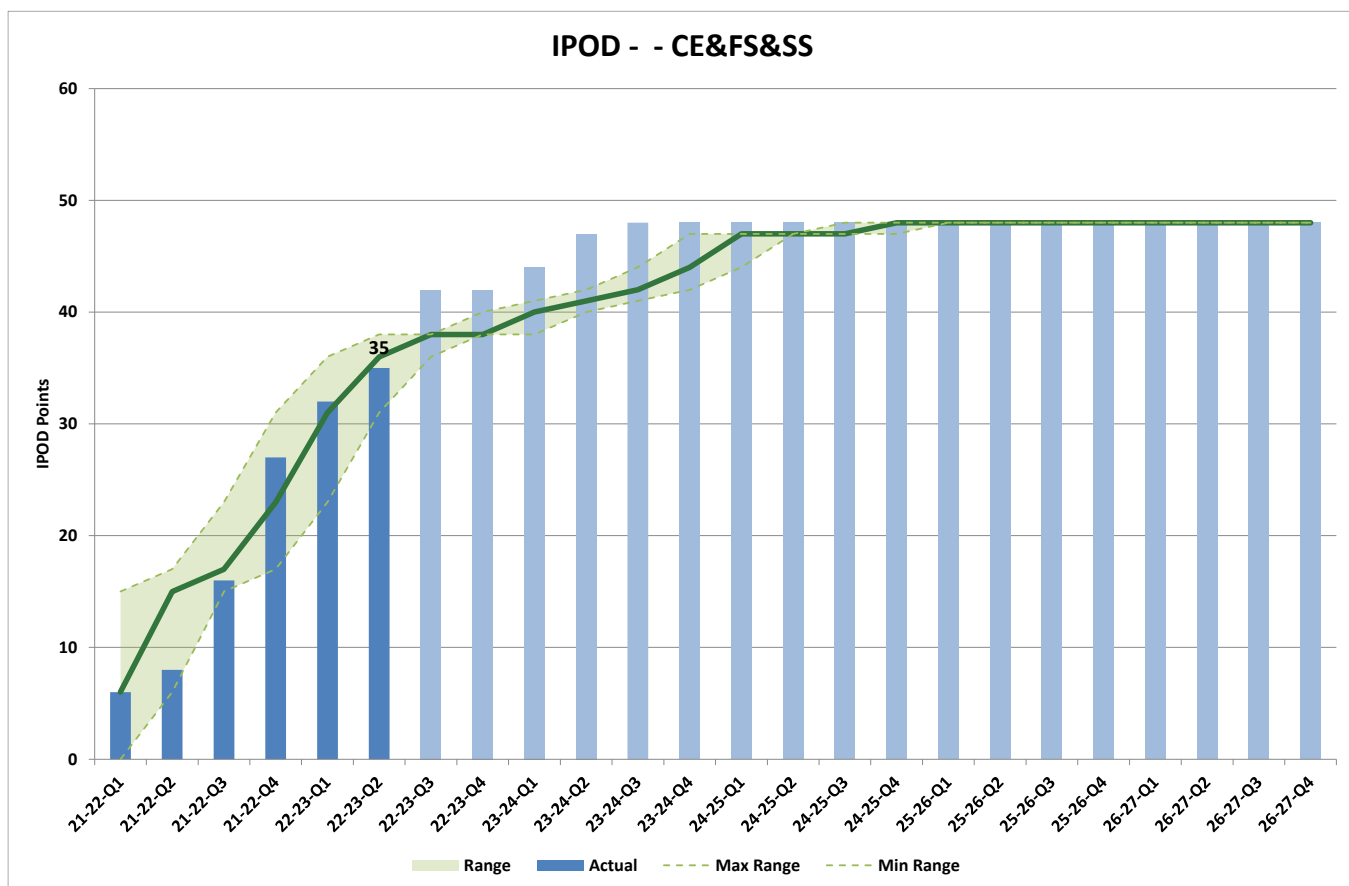


Figure 13: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for all CE&FS&SS Portfolio projects

SOS

Performance on the Start on Site milestone (Figure 14) remains good. The Flourishing Scotland and Other sub-portfolios achieved the central plan target. 8 projects have now started on site. 1 of these (Server and Storage Project) starting in Q2.

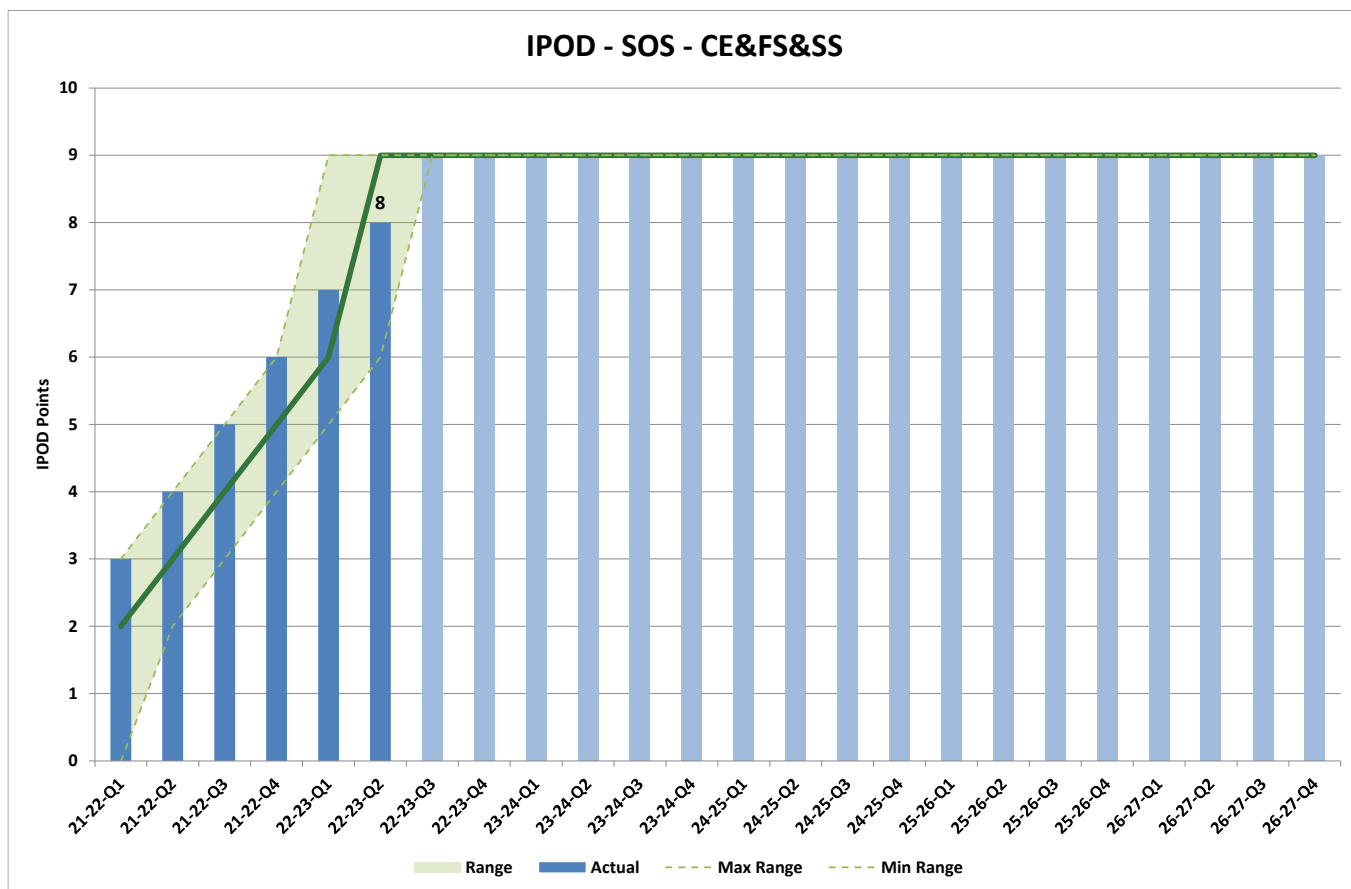


Figure 14: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Start on Site of all CE&FS&SS Portfolio projects

Acceptance

The Gate 100 Acceptance milestone (Figure 15) on all 4 of the sub programmes is within the range. 13 projects have achieved GATE 100 Acceptance. 1 project (Inverness Laboratory Extension) had been delayed but is now substantially complete with acceptance forecast in Q3.

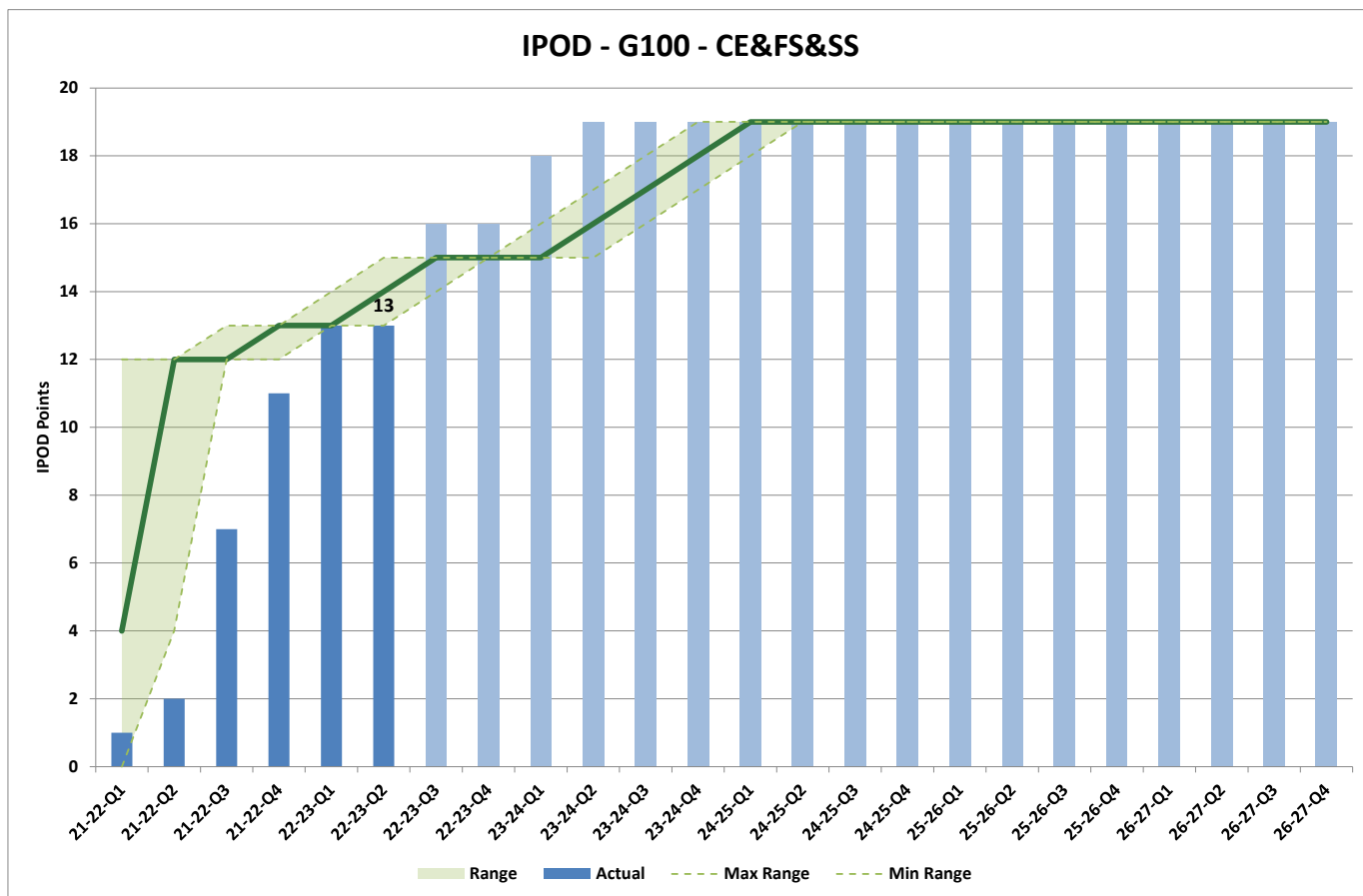


Figure 15: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Gate 100 (Project Acceptance) of all CE&FS&SS Portfolio projects

Financial Completion

14 projects have achieved the gate 110 milestone to date. 2 of these in Q2 (Dumfries Office Marchmount and Lincluden Depots in the Property sub-programme and Cost Investment Intelligence in the Digital sub programme).

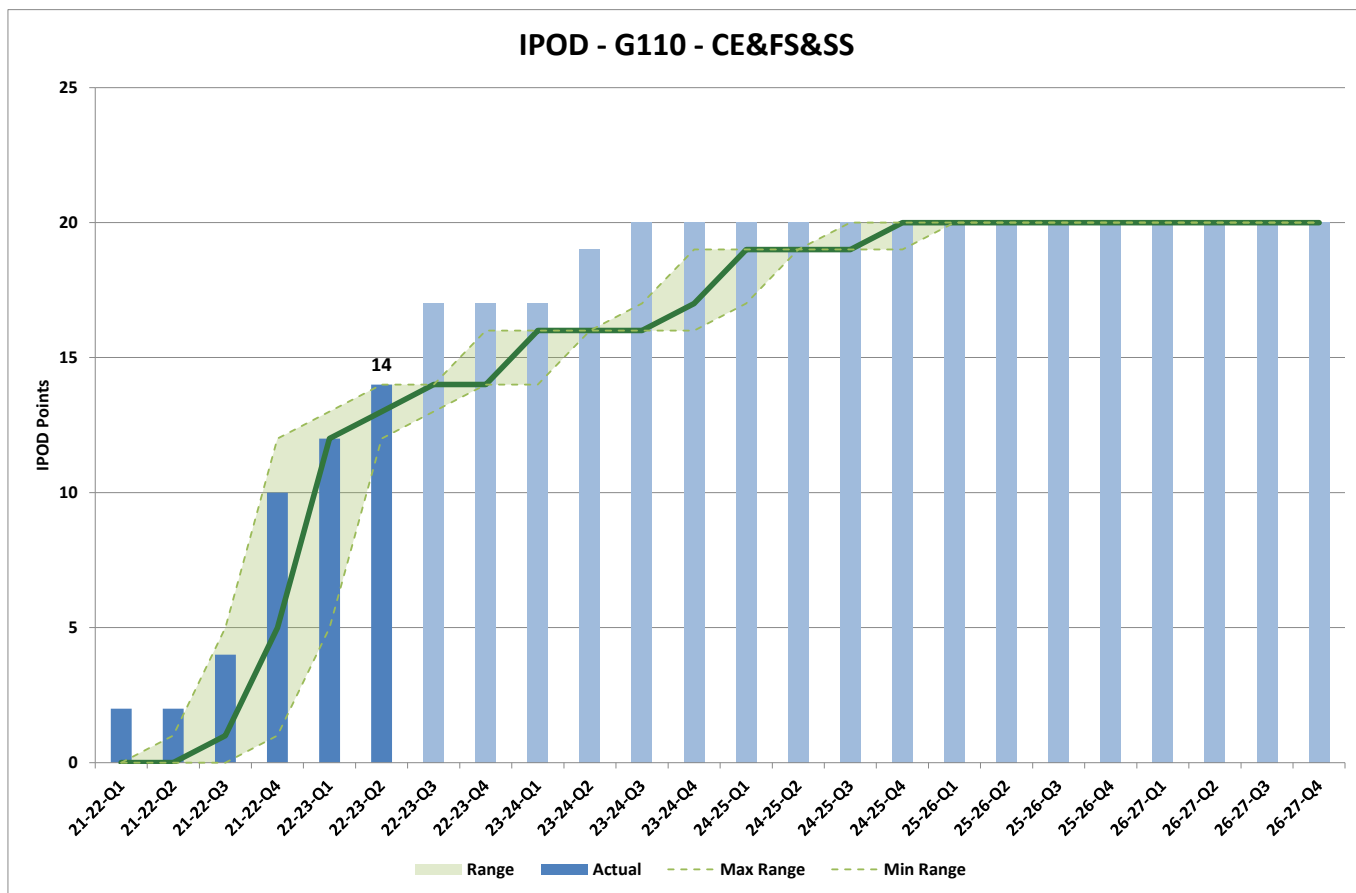


Figure 16: Indicator of progress of Overall Delivery (IPOD) at Quarter 2 2022/2023 for Gate 110 (Financial Completion) of all CE&FS&SS Portfolio projects

7. Progress in delivering SR15 Completion projects

SR15 completion projects are reported in each of the water and wastewater portfolios in sections 4 and 5 of this report. For clarity, all completion projects are summarised in section 6. By way of recap, there are two categories of SR15 completion projects:

- Delayed Projects – projects that were expected to complete by the end of SR15 but were impacted by COVID-19, scope change, construction risk and third-party risk
- Planned projects – projects that commenced in SR14 but were always expected to complete during SR21

Table 1 below summarises the current status of each category

Table 1: SR15 completion programme project status. Individual named projects in this category can be found by filtering the Committed List by column E

Stage	Delayed Projects			Planned Projects		
	Forecast at March 2021	Actual at Q2 2022-23	Variance	Forecast at March 2021	Actual at Q2 2022-23	Variance
Pre Start on Site	1	5	4	3	5	2
In Construction	13	30	17	5	14	9
Construction Complete	72	51	-21	49	38	-11
Total	86	86	0	57	57	0

By way of further explanation:

Delayed Projects

At the end of Q2 2022/23 we had planned to have 72 of the 86 delayed SR15 projects through acceptance (Table 1). 21 have still to achieve Gate 100 acceptance. 7 of these are now forecasting acceptance in Q3 2022/23 with a further 5 in Q4 2022/23. 7 projects are forecasting completion in 2023/24 (5 of these in Q1) with 2 projects (Mannofield WTW and Esdale Cottages) forecasting acceptance in later in the period to align delivery with other planned work in the programme.

The reasons for reforecasting:

- The delivery of 6 projects has been reforecast due to third party issues.
- The delivery of a further 12 projects has been reforecast due to construction risks being realised. An example of this is at Londornoch WTW where work has been extended due to both the volumes of sludge encountered and re-sequencing of the contractor

programme to allow the new sludge balance tank to be commissioned prior to emptying sludge lagoon No.2.

- A further 2 projects have been reforecast as additional scope is required to complete the project.
- 1 project, Easdale - Seaview Cottage ST, has been delayed pending confirmation of the proposed solution for the nearby Clachan Balvicar WwTW where trials to provide additional filtration/UV treatment to protect the receiving water are currently ongoing.

The drought resilience project at West Lewis, which had previously been delayed due to the discovery of a crannog and other third-party issues, is now on site and in construction. 5 delayed projects are yet to start on site. These are:

Rockcliffe Bathing Water where there has been significant community engagement on the location of the proposed works to minimise impact. Planning and land issues are now being moved forward. The most recent forecast delivery acceptance date of Jan 2026 is of concern to SEPA as the interim measures will remain in place for a further bathing water season. Chemical dosing is in place to protect the bathing water until the new works is constructed.

- Robertson WTW where the operational solution trialled to provide pH correction and coagulation has not been successful and a new project has been developed.
- Picketlaw WTW Main Out where the proposed solution has been re-evaluated.
- Boardhouse WTW where the proposed scope was found to be undeliverable. On investigation considerable siltation was found at the inlet pipe and this will be addressed before any screening at the inlet is considered.
- Easdale Cottages ST has been delayed pending confirmation of the proposed solution for the nearby Clachan Balvicar WwTW where trials to provide additional filtration/UV treatment to protect the receiving water are currently ongoing.

Planned Projects

2 projects (Whitehall DSR and Braden WQ Improvements Pennyburn Rd) achieved acceptance in Q2. 38 projects have now achieved Gate 100 acceptance against a target for Q2 2022/23. 2 projects (Improvement to Supply-Demand Balance - Stornoway WRZ and Water Quality Improvement - Camps RSZ) have been delivered ahead of plan, while 11 projects have been impacted by delays; Kirkmichael WTW has been returned to the plan stage as the promoted solution was not successful with the remaining projects impacted by design/construction delays. 5 of these projects are forecasting completion in Q3 with a further 2 in Q4. The remaining projects, except for Edgehead ST and Kirkmichael where a revised solution is still to be confirmed, are forecasting to be complete by the summer 2023/24.

8. Conclusion

The DAGWG is invited to note that:

- At the end of Q2 2022/23 of the new regulatory period Tier 2 Investment was £325m made up of planned repair and refurbishment (£196m), enhancement (including flooding) (£97m) and growth (£31m).
- Tier 2 investment was £14m above the central forecast for Q2 (£311m) and we are forecasting that we should be at the top end of our Delivery plan range of £620m to £690m at year end.
- Scottish Water's IPOD position at 420 points is on track against the forecast dates in the Committed List.
- In relation to the milestones measured under IPOD performance on achieving the Start on Site and Financial Completion milestones has been good. Scottish Water are experiencing delay in achieving Acceptance on a number of Water and Wastewater projects as delivery risks are realised: -
 - 36 projects in the Wastewater programme have had their acceptance date reforecast.
 - 23 projects on the Water programme have had their acceptance date reforecast.

Reforecasts are broadly due to scope variations; third party risks; construction risks and challenging construction market conditions. Where appropriate and if necessary temporary mitigation is put in place to maintain service. In addition, learning is being taken for new additions to the committed list whilst maintaining the aim of setting realistic but challenging forecasts. This is in keeping with the principles of the new IPPF framework under which Scottish Water look to set forecasts, monitor variances and take on board learnings.

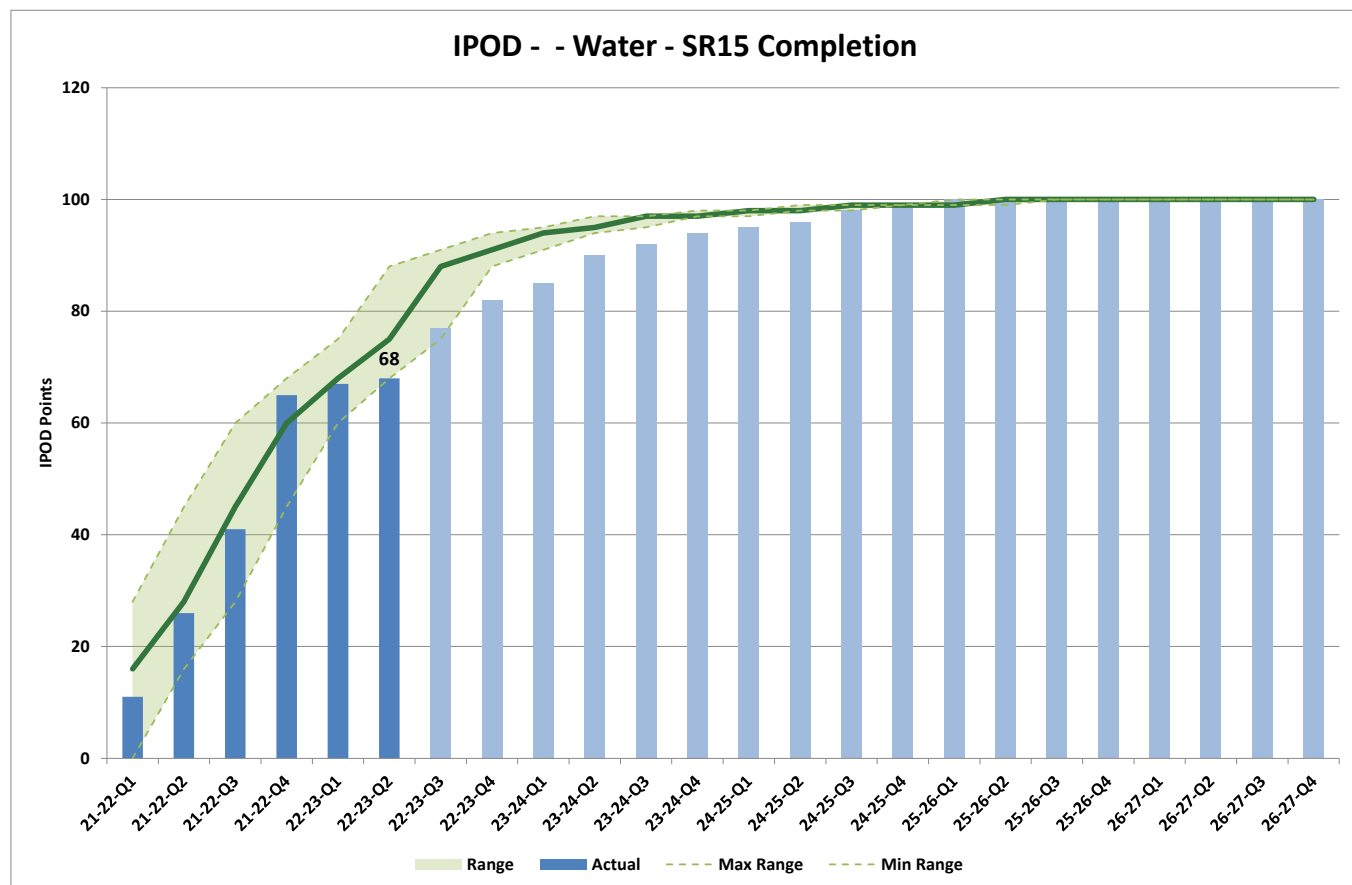
- The request to monitor outputs at DAGWG has been noted and work is ongoing on system alterations to accommodate this in the future. The DAGWG will be kept informed of progress.

9. Appendices

Appendix A – Water Sub-Portfolios

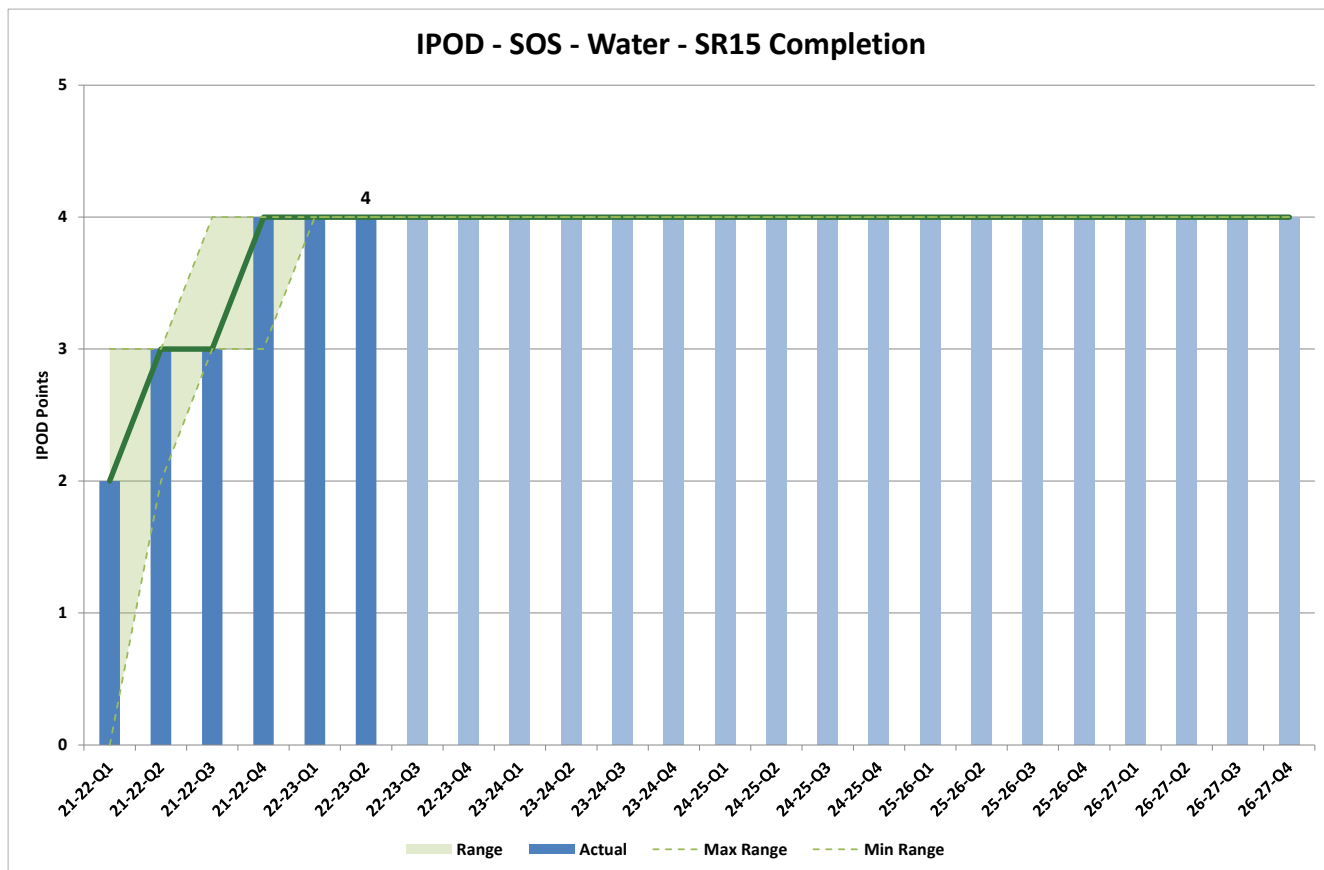
The list of projects included in the sub-portfolios can be found by filtering the Committed List by column E.

Water SR15 Completion Projects



Start on Site

The SR15 completion sub-programme is within forecast range at time of commitment. 4 projects have achieved this milestone (Dalmacoulter WSZ Trunk Main Cleaning, Garbethill WSZ Trunk Main Cleaning, Water Quality Improvement-Wick East DMA and Londornoch WTW) with no further starts on site at the commitment stage.



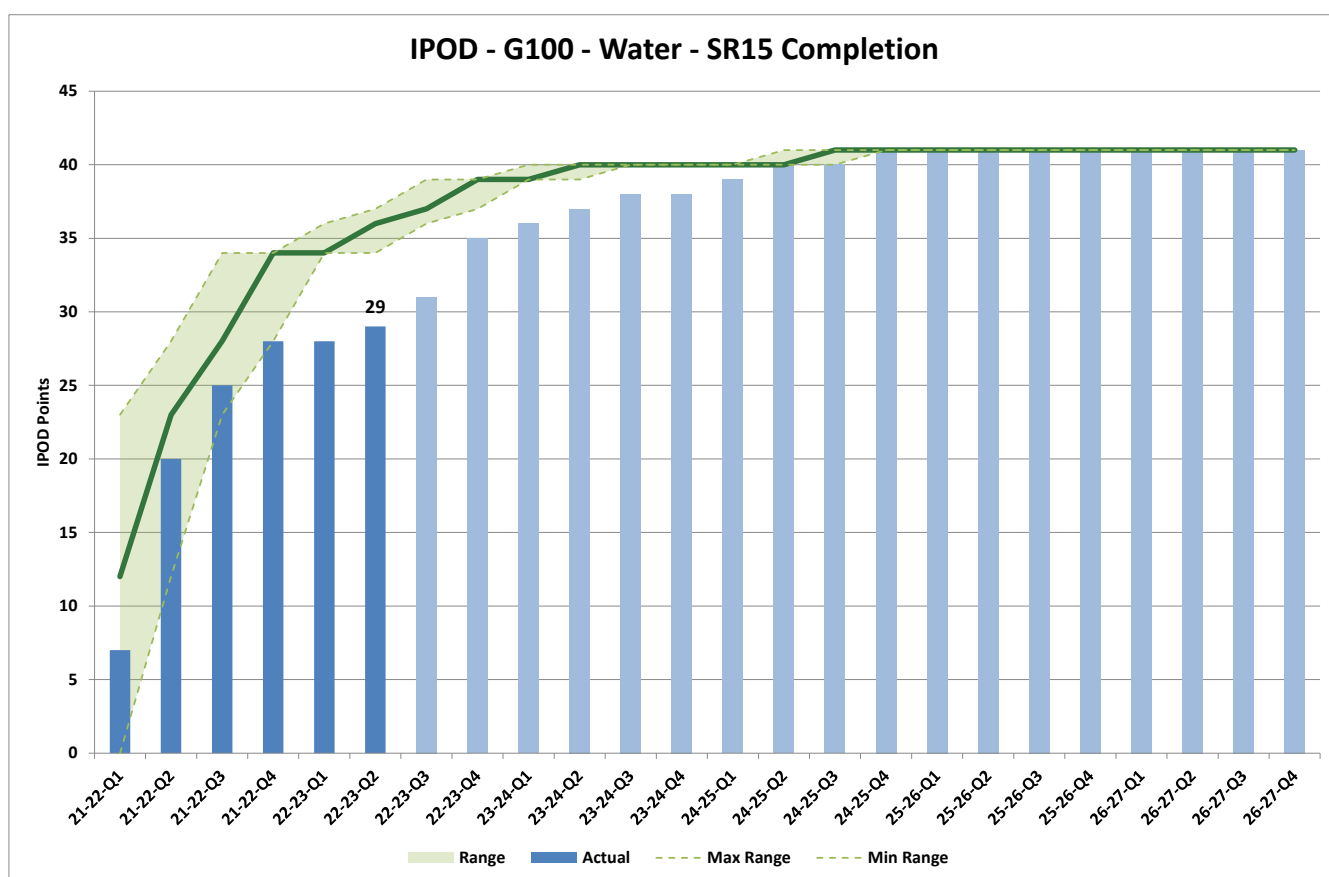
Acceptance

1 project (Bradán WQ Improvement Pennyburn Road) achieved acceptance in Q2 delivering benefit to customers taking the total to 29.

7 projects have been reforecast. 2 of these projects are now substantially complete and forecasting acceptance in Q3 with a further 4 projects forecasting completion in Q4.

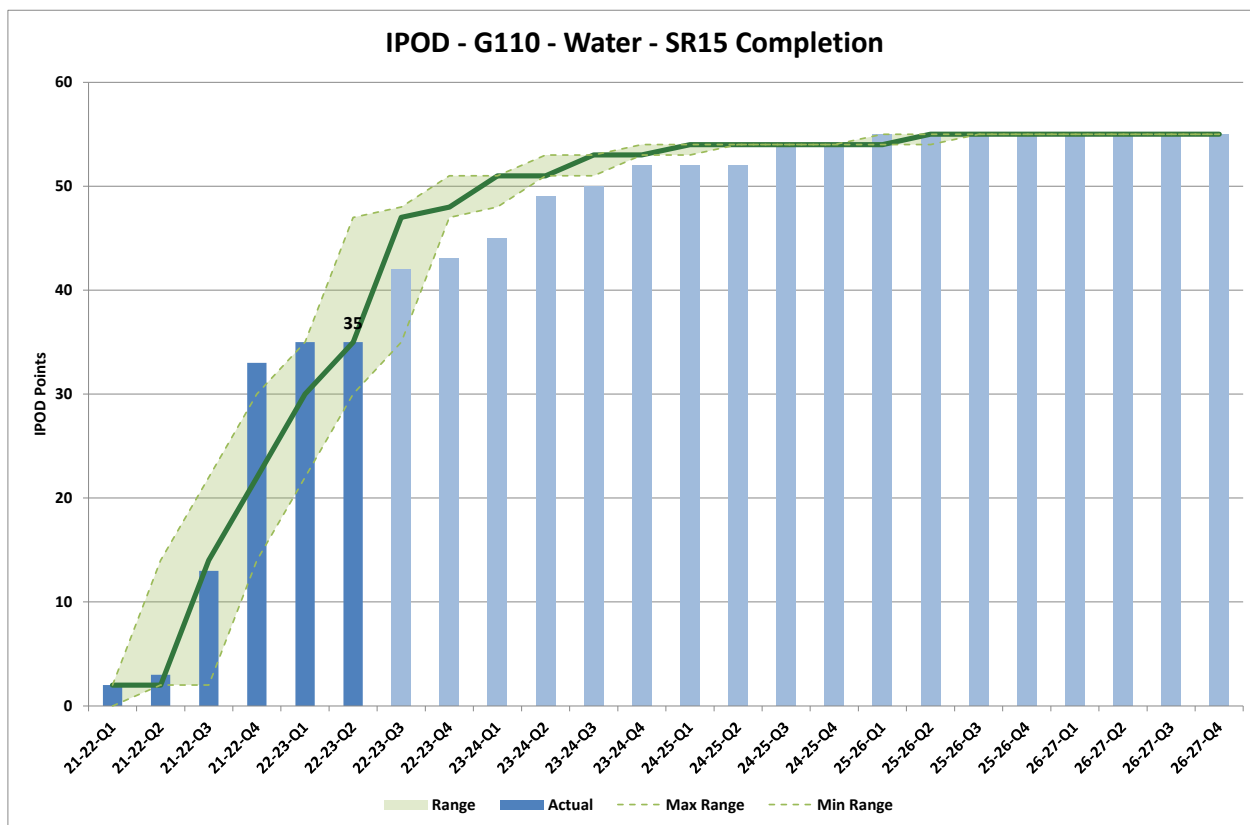
Reasons for reforecasting:

- 4 projects have been reforecast due to third party issues: Yarrowfues WTW main-out, Back Tolsta (the scheme is in service with customers benefiting), Ringford WTW and Ness WTW)
- 2 due to construction risks being realised (South Edinburgh Service Resilience due to faulty pipes and Uig WTW where additional scope was identified as necessary during construction)
- 1 (Fair Isle) where the new asset is in service with some further work being undertaken to remedy faults permanently

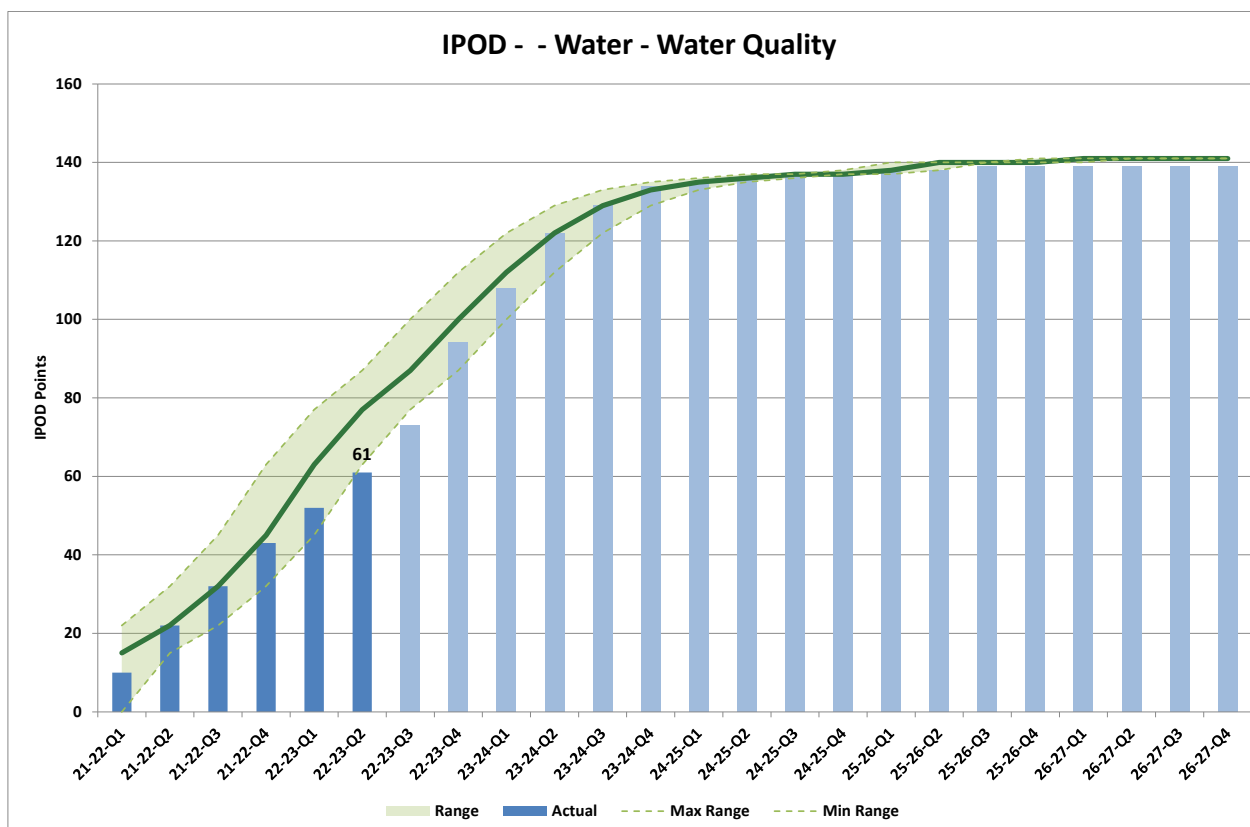


Financial Approval

Gate 110 Financial completion remains within the target range at time of commitment. 35 projects have now achieved this milestone.

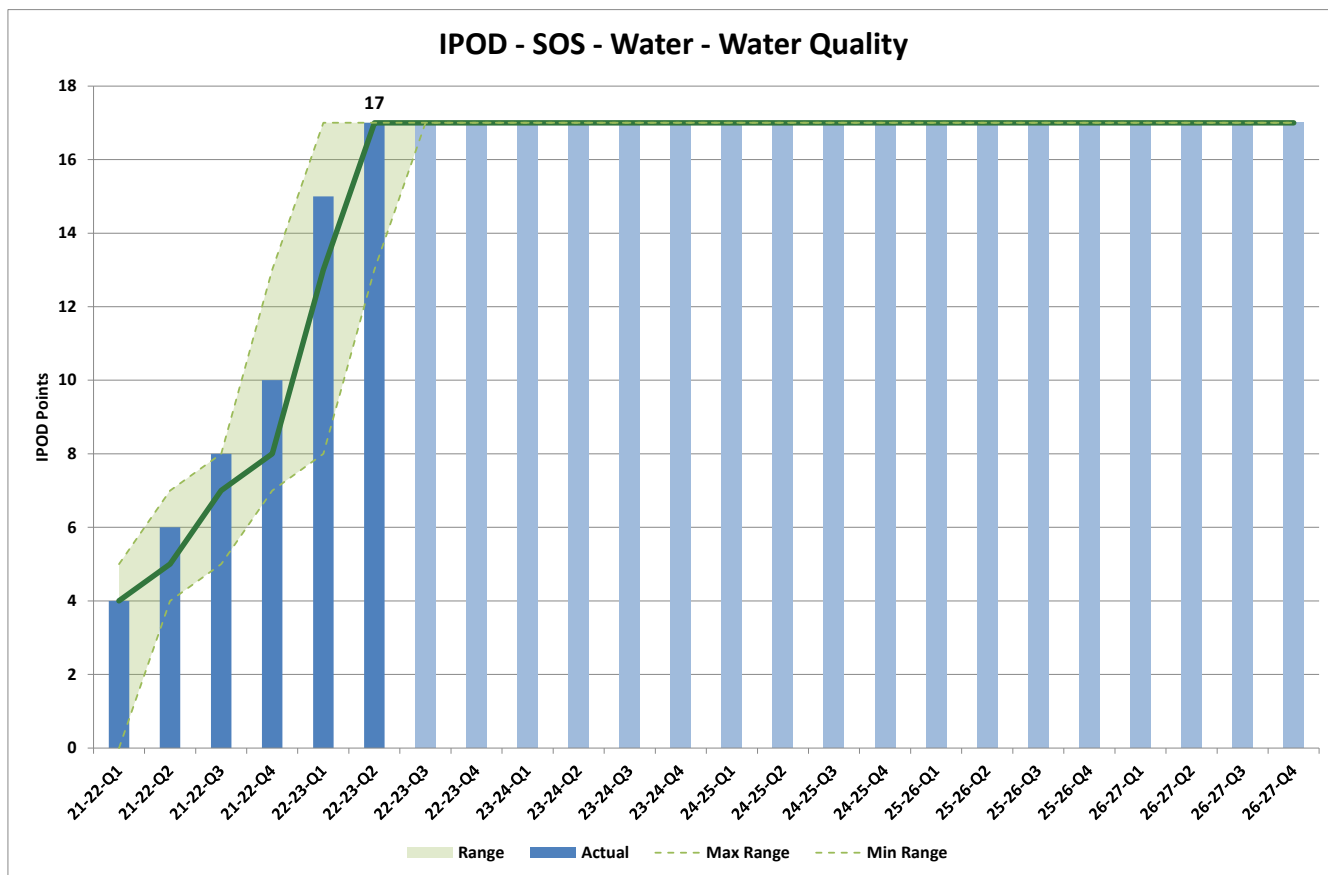


Water Quality



Start on Site

The Water Quality sub-programme is within the forecast range at time of commitment. 17 projects have achieved this milestone, 2 of these in Q2 (Mannofield WTW -Improvements to Treatment Process, Islay Flow Gauging) with no further starts on site at the commitment stage.



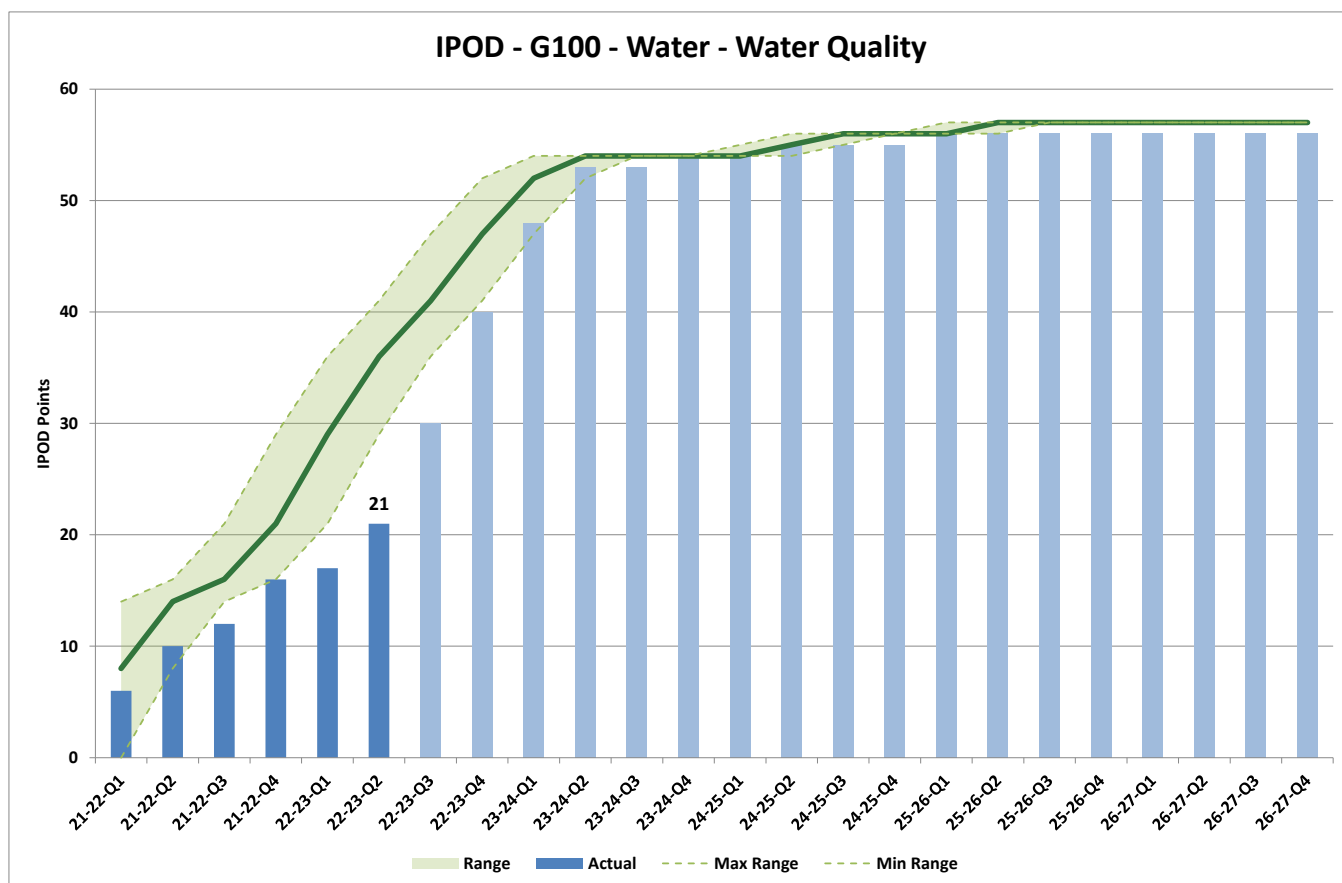
Acceptance

4 projects (Turriff WTW, Tullich WOA - Oban North and South TWS Refurbishment, Chemical Dosing Programme - Phase 1 and Whitehall DSR) achieved acceptance in Q2 delivering benefit to customers taking the total to 21.

16 projects in the Water Quality sub-programme have been reforecast. 6 of these reforecast projects are now substantially complete and are forecasting acceptance in Q3 with a further 3 forecasting acceptance by the end of the year.

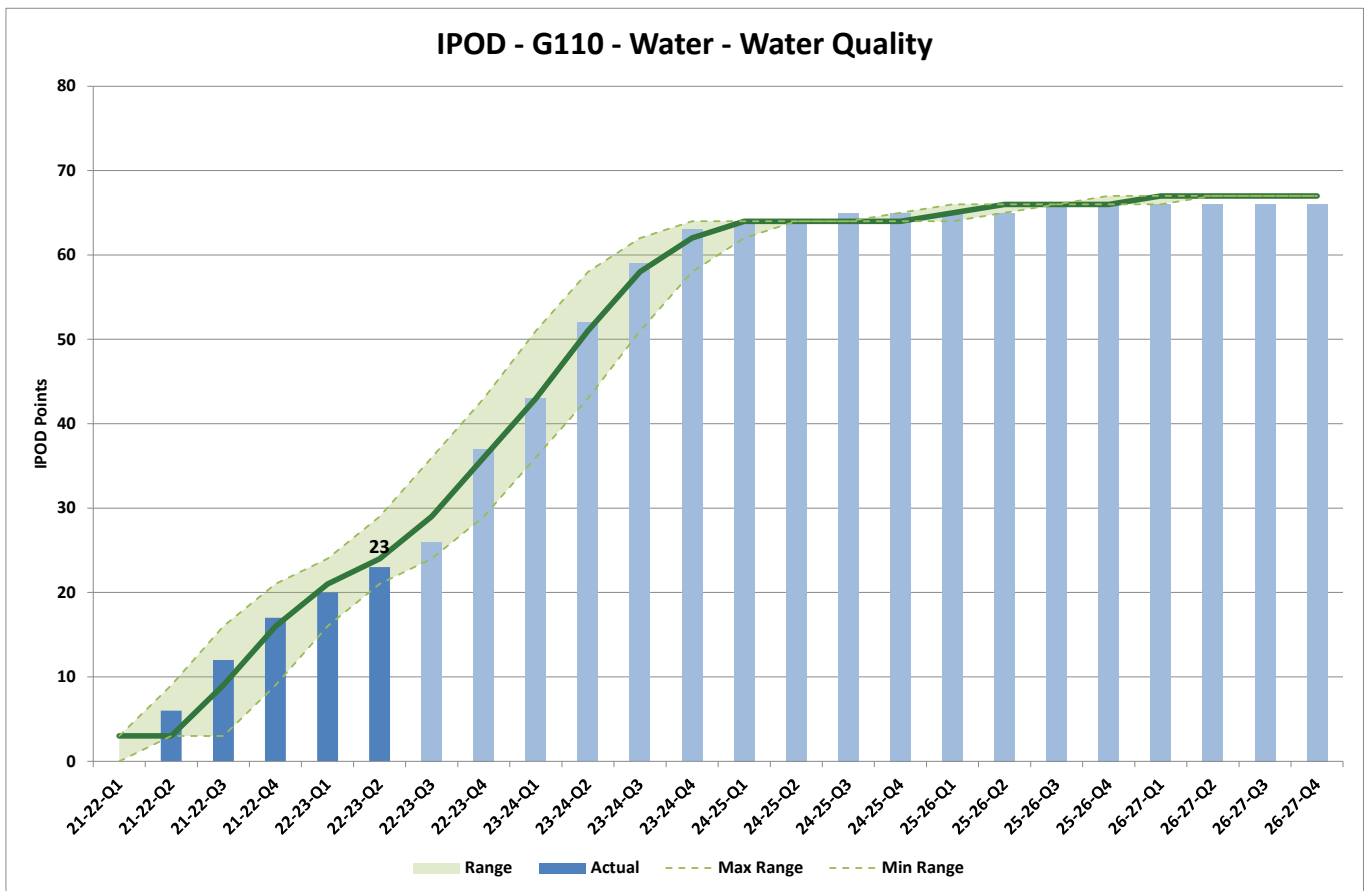
Reasons for reforecasting:

- 1 (Marchbank) due to delays in starting on site
- 2 (Bradán WTW and Daer CWT) due to additional scope being required to complete the projects
- 12 projects have been impacted by construction risks and supply chain delays
- Kirkmichael WTW has been returned to the Plan stage to review alternative option as the operational solution identified has proven to be ineffective

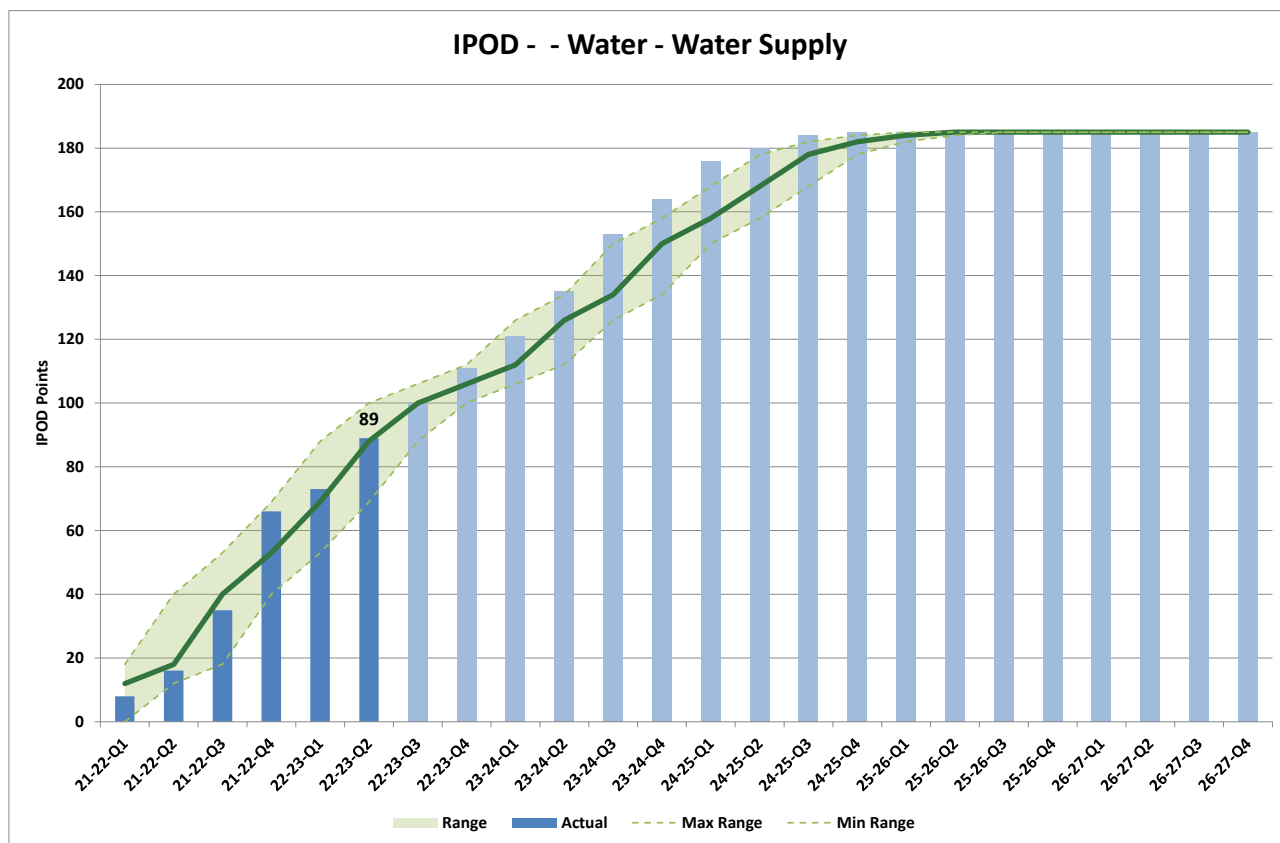


Financial Approval

3 projects (Rosebery WTW Lime to Caustic, Aberdeen Kirkhill DSR and Peterhead Newfield DSR) achieved Financial Approval in Q2 taking the total to 23.

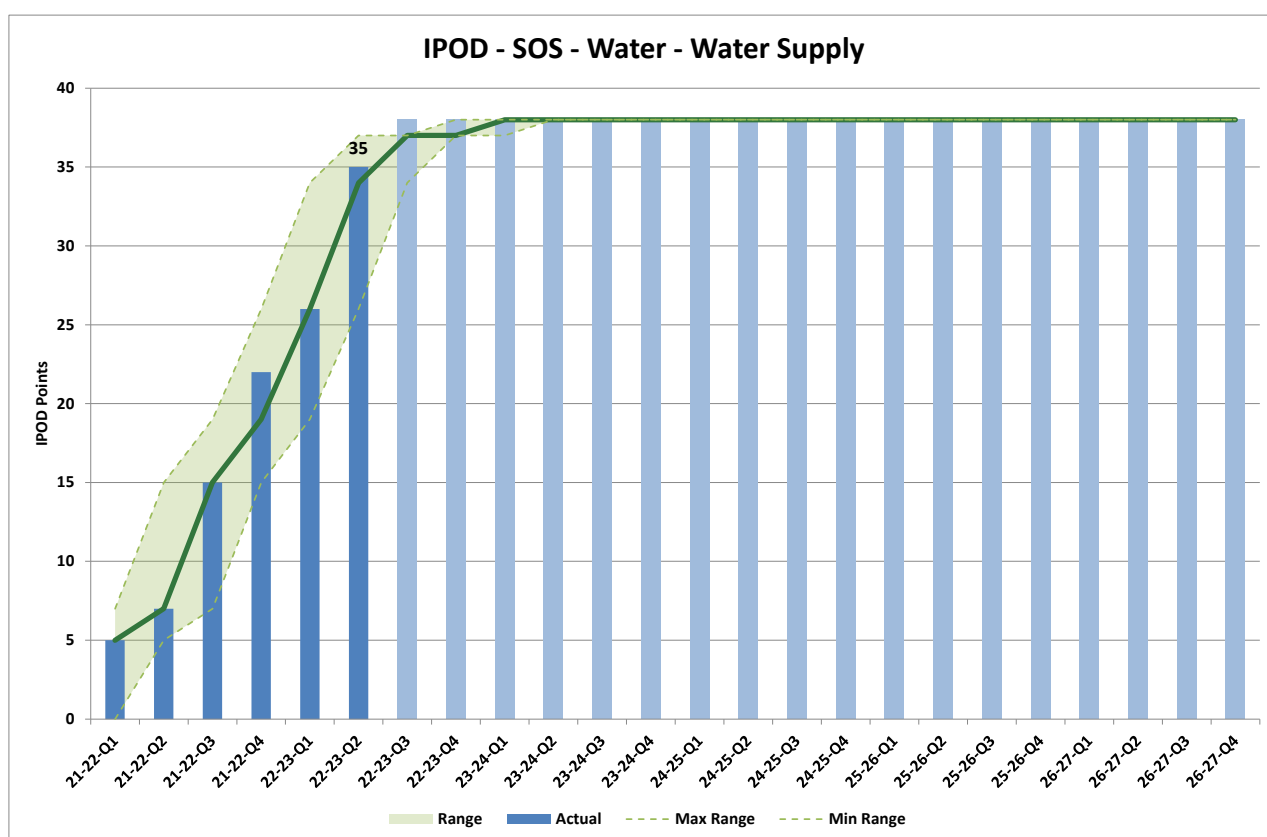


Water Supply



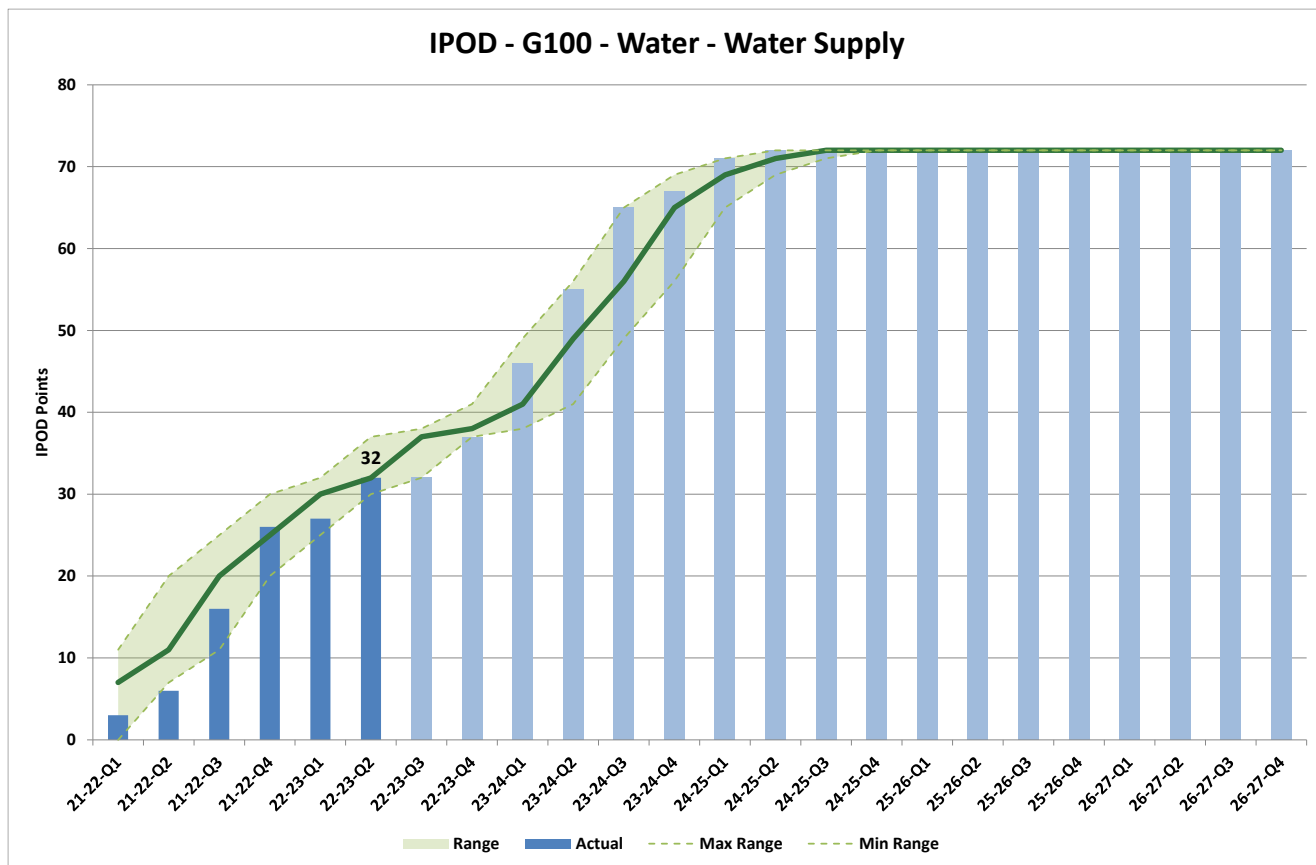
Start on Site

The Water Supply sub-programme is within the forecast range at the time of commitment. 35 projects have achieved this milestone, 10 of these in Q2



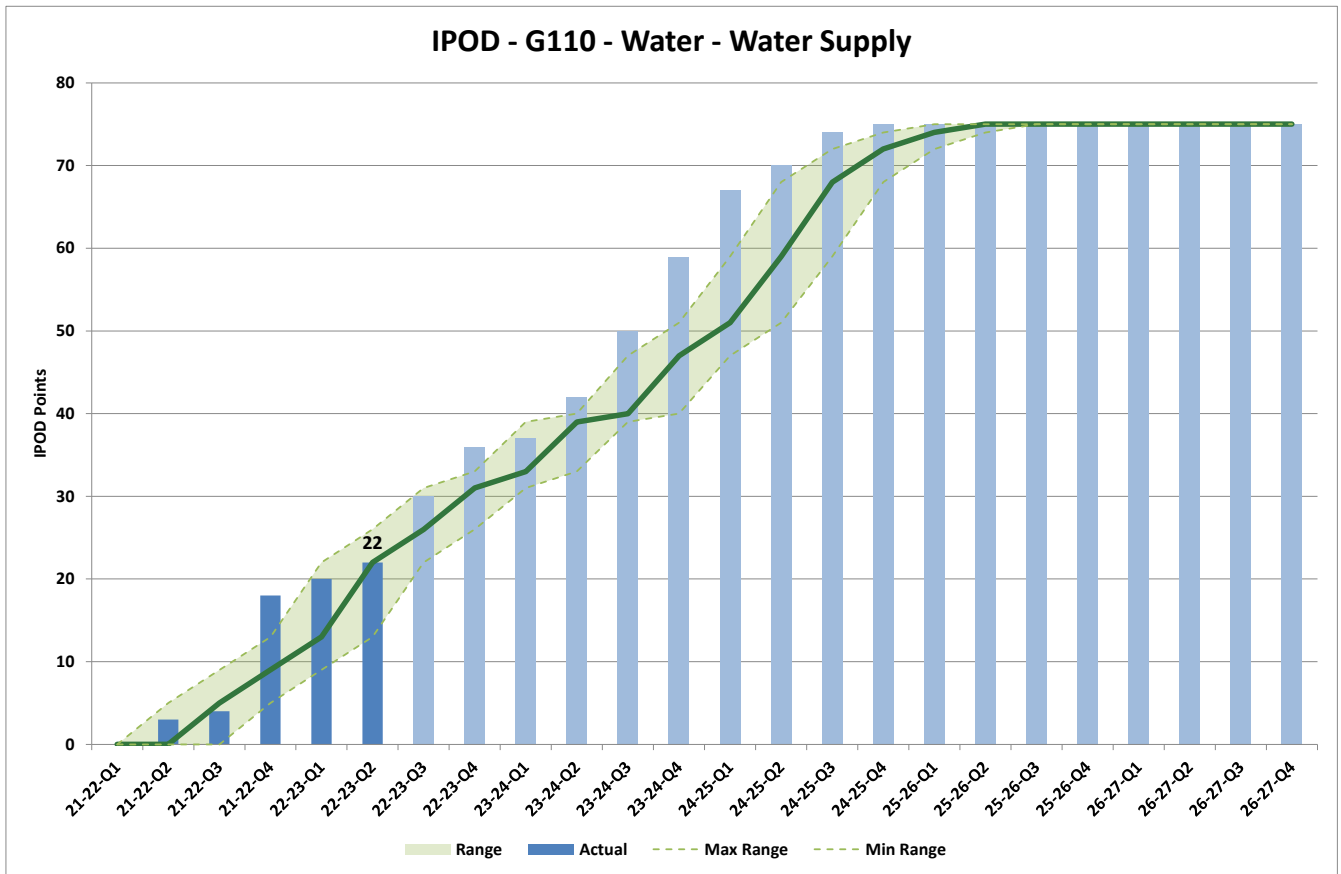
Acceptance

5 projects (Elsrickle DMA Mains Rehabilitation, Glendye - Belts of Collonach & Woodlands, Hungry Snout, Luing DMA Cullipool and Blairlinnans PSC TM Monitoring) achieved acceptance in Q2 delivering benefit to customers and taking the total to 32.



Financial Approval

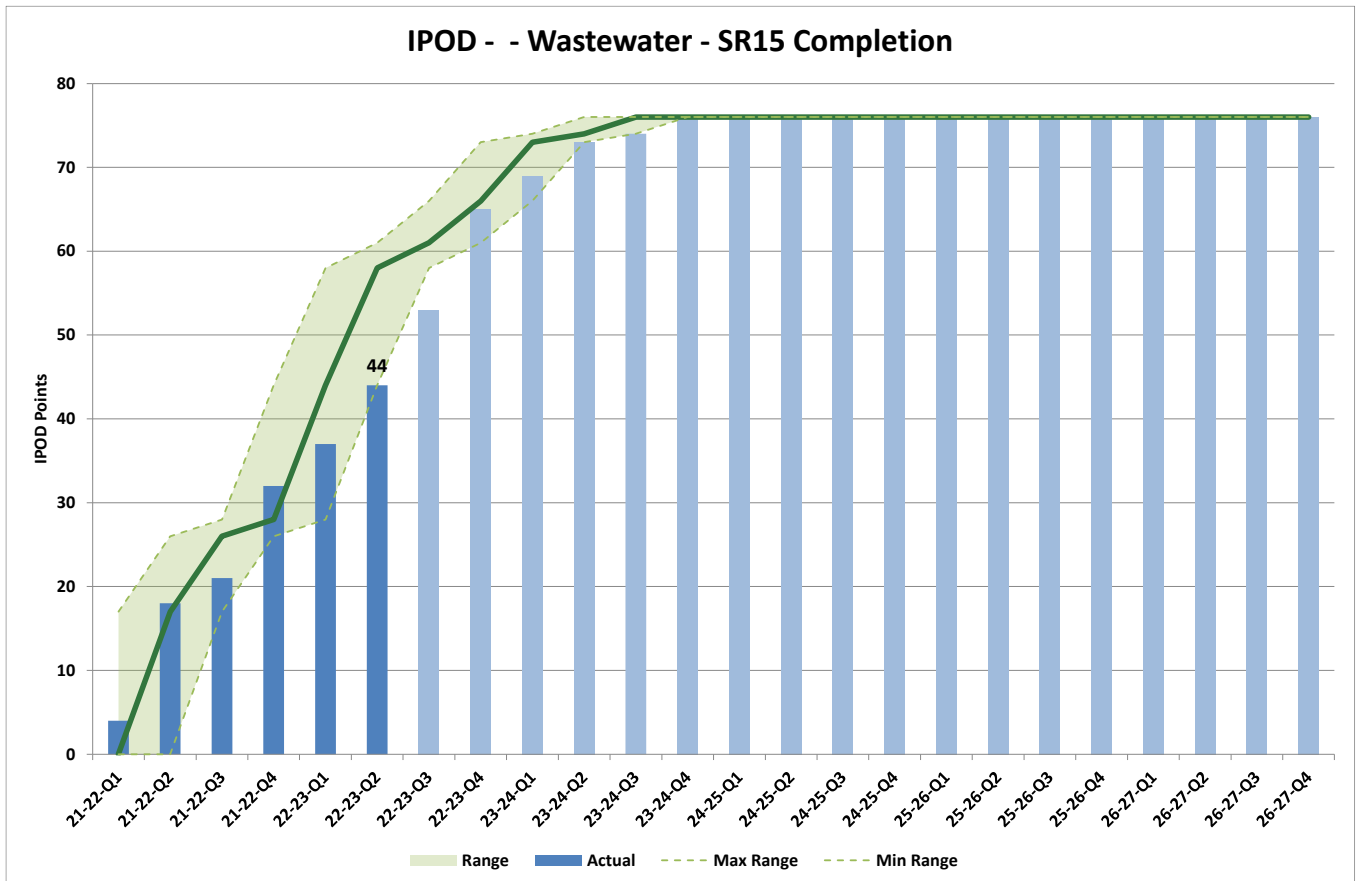
2 projects (Argyll SCADA – Ardrishaig and Fife - Abstraction Improvement) achieved Financial Approval in Q2 taking the total to 22.



Appendix B – Wastewater Sub-portfolios

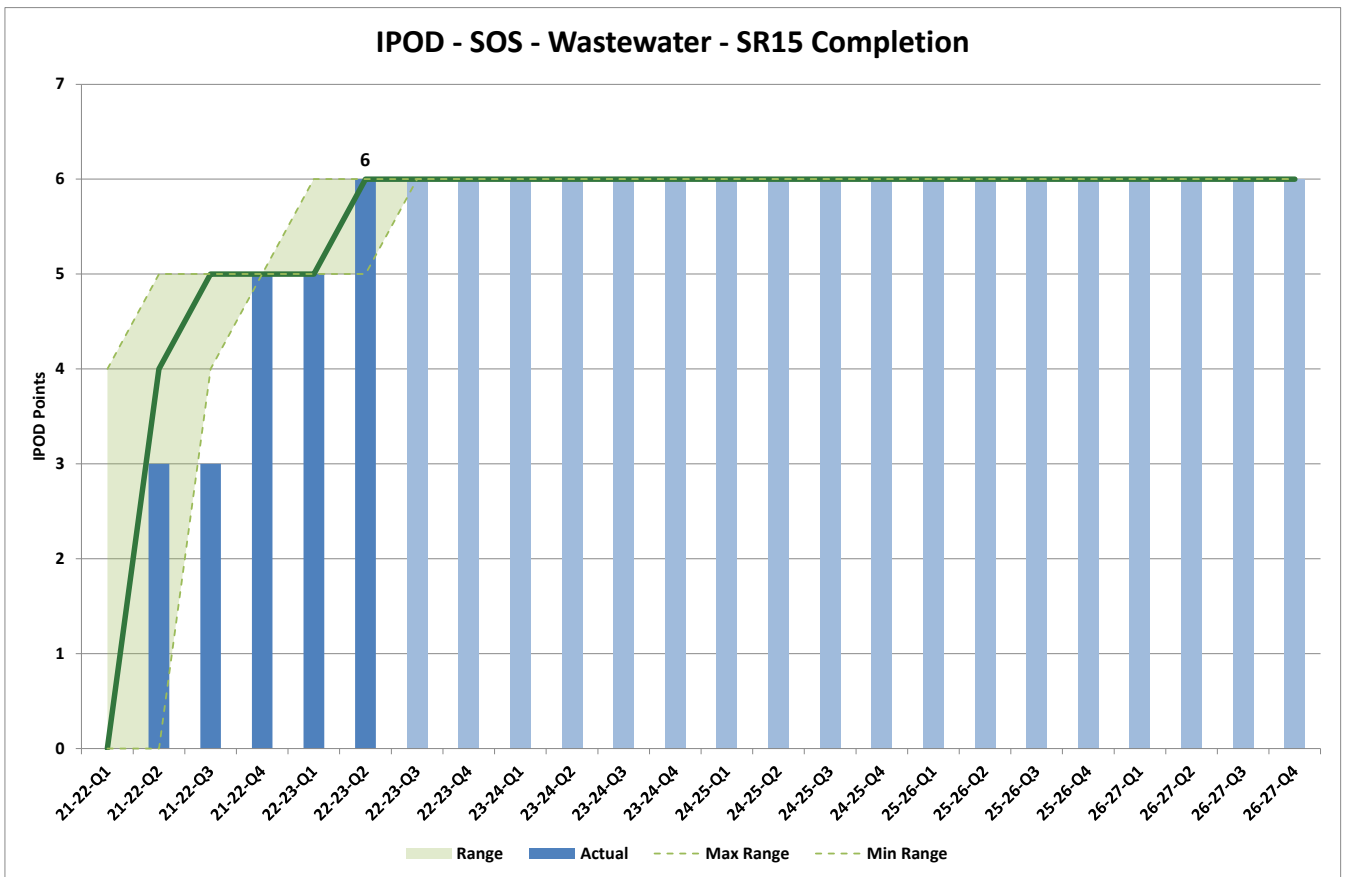
The list of projects included in the sub-portfolios can be found by filtering the Committed List by column E.

Wastewater SR15 Completion Projects



Start on Site

The Wastewater Completion sub-programme is within the forecast range at the time of commitment. 6 projects have achieved this milestone with no further starts on site at the commitment stage.



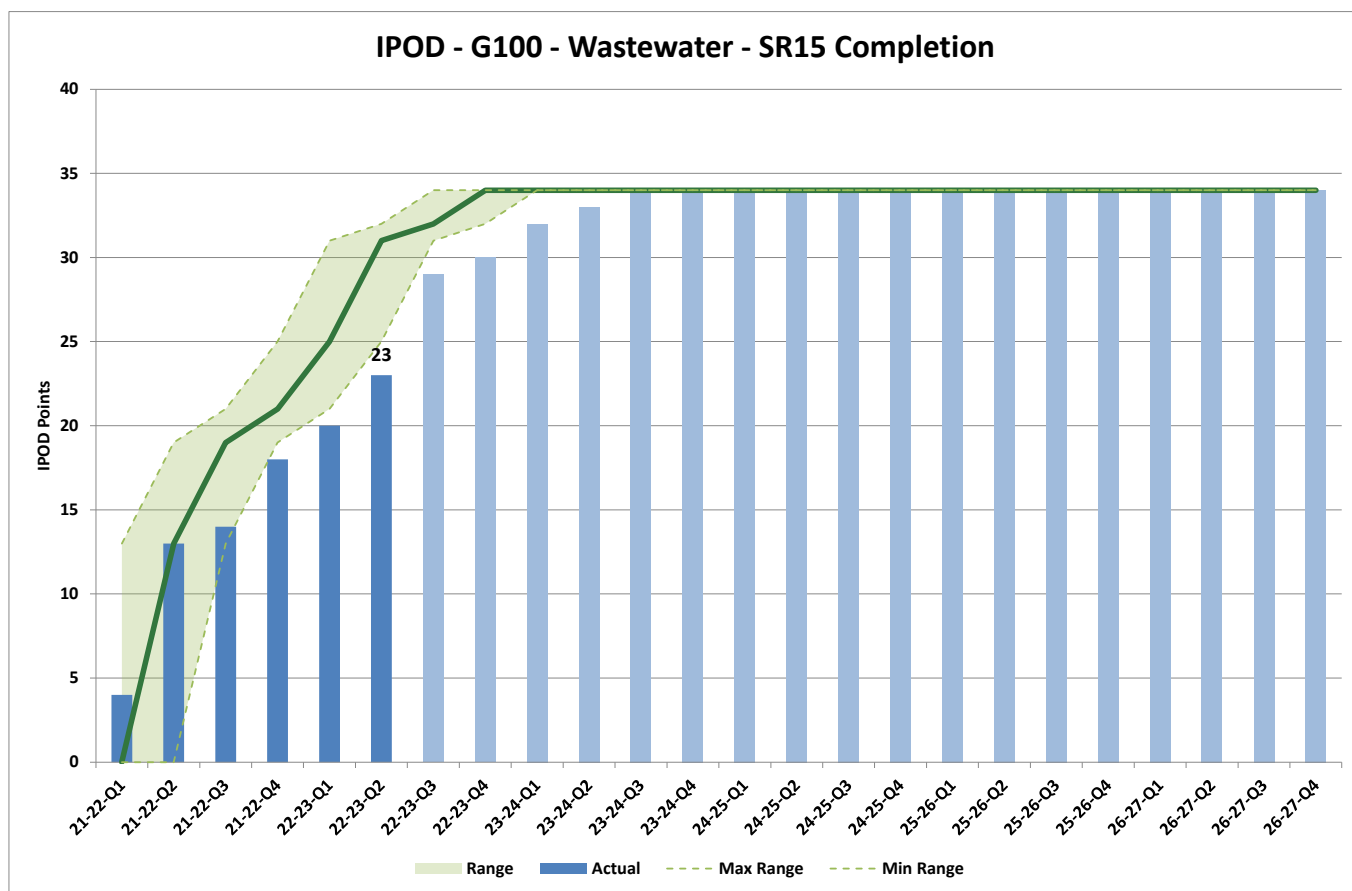
Acceptance

3 projects (Dalmarnock WWTW Improvements, LRC3 (Daldowie WWTW to Dalmarnock WWTW and Crow Wood Terrace Chryston) achieved acceptance in Q2 delivering benefit to customers, taking the total to 23.

9 projects have been reforecast. 5 of these are now substantially complete and forecasting acceptance in Q3 with a further 2 forecasting acceptance in Q4.

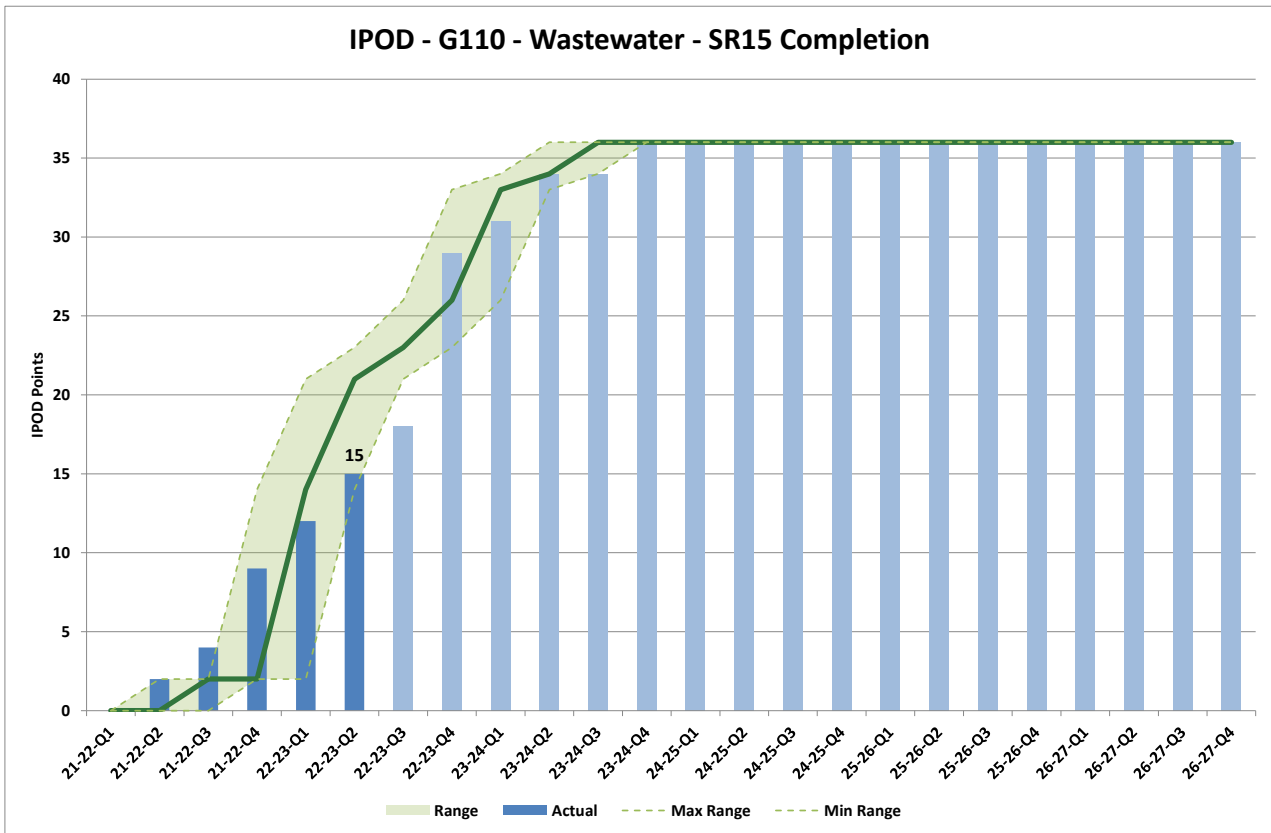
Reasons for reforecasting:

- 4 projects (Londornoch WTW Sludge Lagoon Upgrade, Craigneuk Avenue Airdrie, Craiglieth Rd Edinburgh and Townhead St Stonehouse) due to construction risks being realised.
- 5 projects (Scotwood Overflow, Water of Leith Batch 10, Wellgate Larnark, Main St Newtonmore and UID Cambuslang Road Richmond Laundry) due to third party delays.

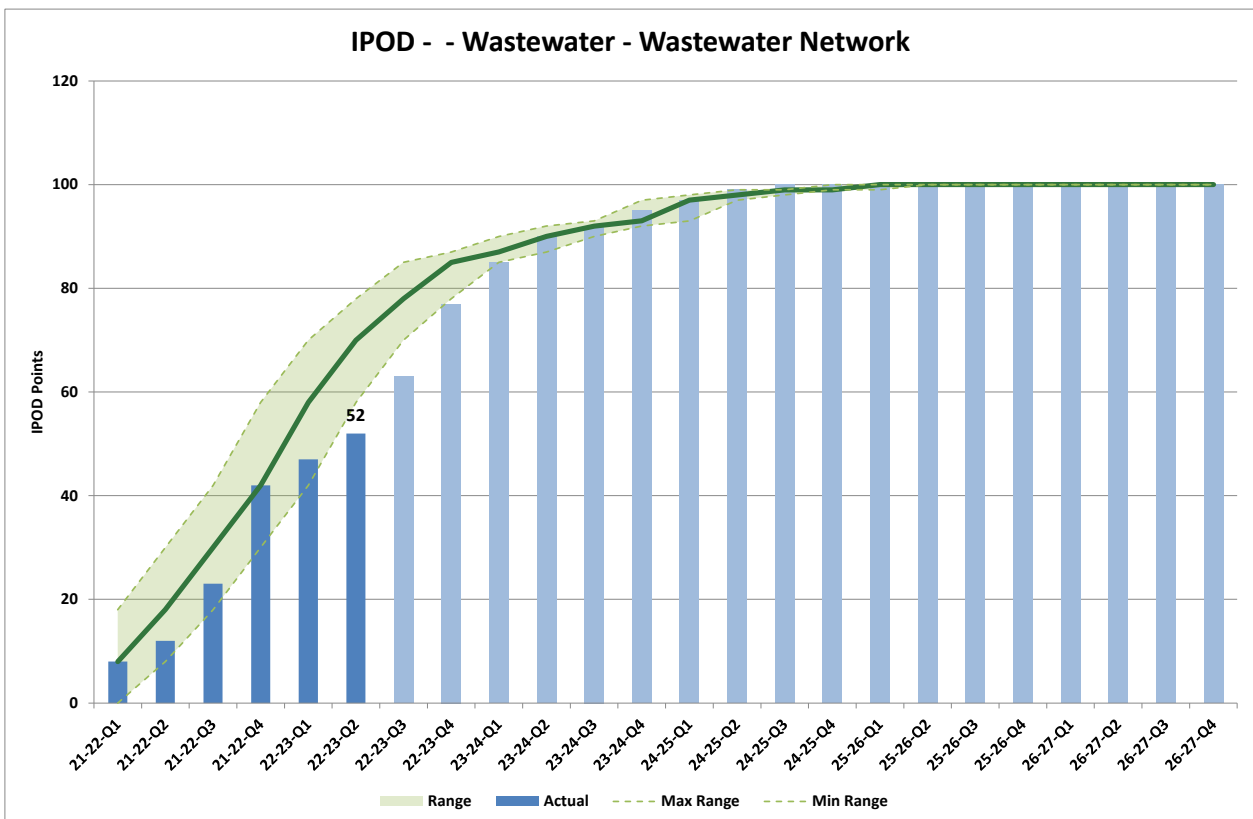


Financial Approval

3 projects (Water of Leith UIDs - BATCH 9.2, Water of Leith UIDs BATCH 9.1 and Savalbeg WTW Sludge Lagoon Upgrade) achieved Financial Approval in Q2 taking the total to 15.

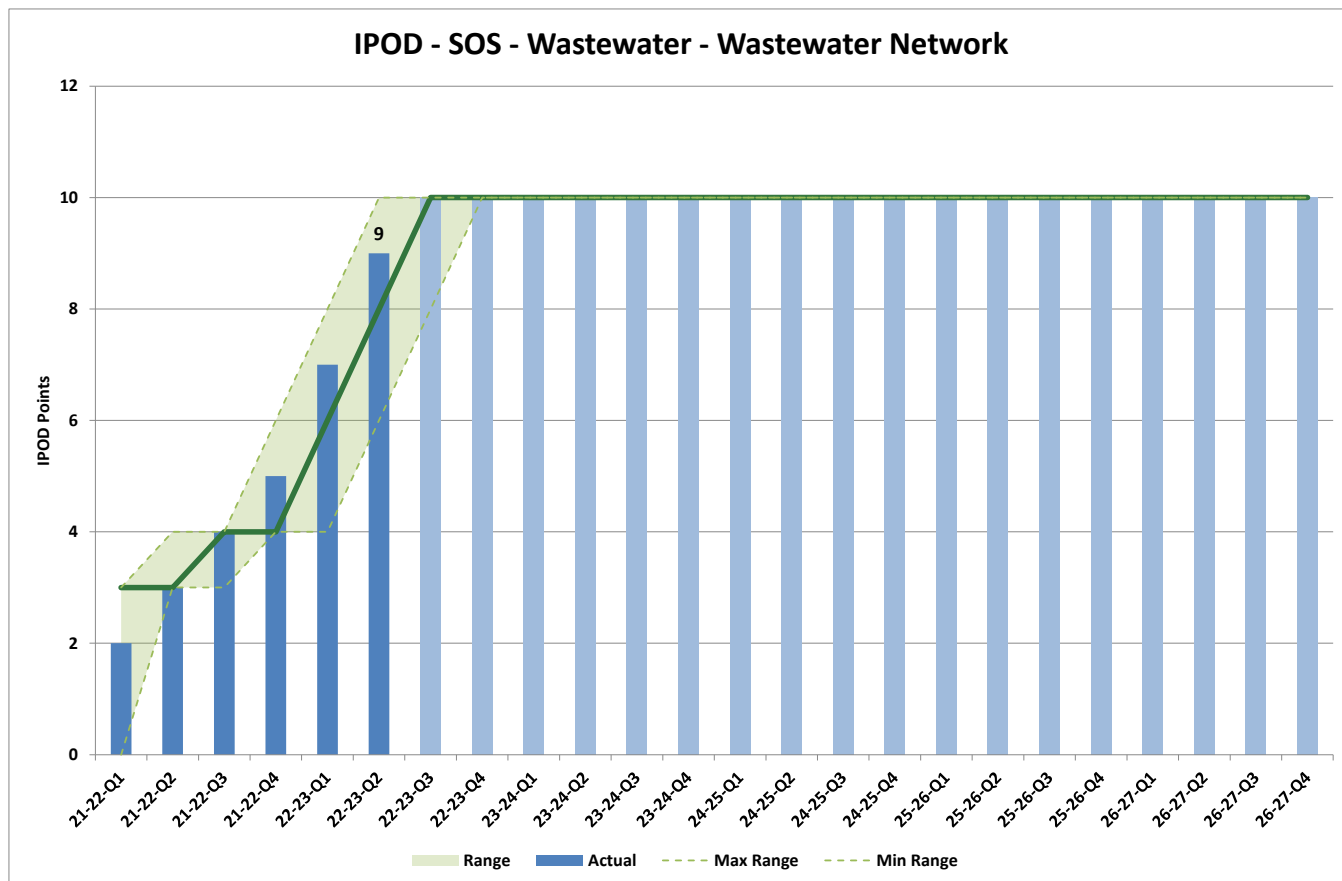


Wastewater Network Projects



Start on Site

The Wastewater Network sub-programme is within the forecast range at the time of commitment. 2 projects achieved start on site in Q2 (Shieldaig Road Glasgow and Marchmont Road - Warrender Park Road Edinburgh) taking the total to 9.



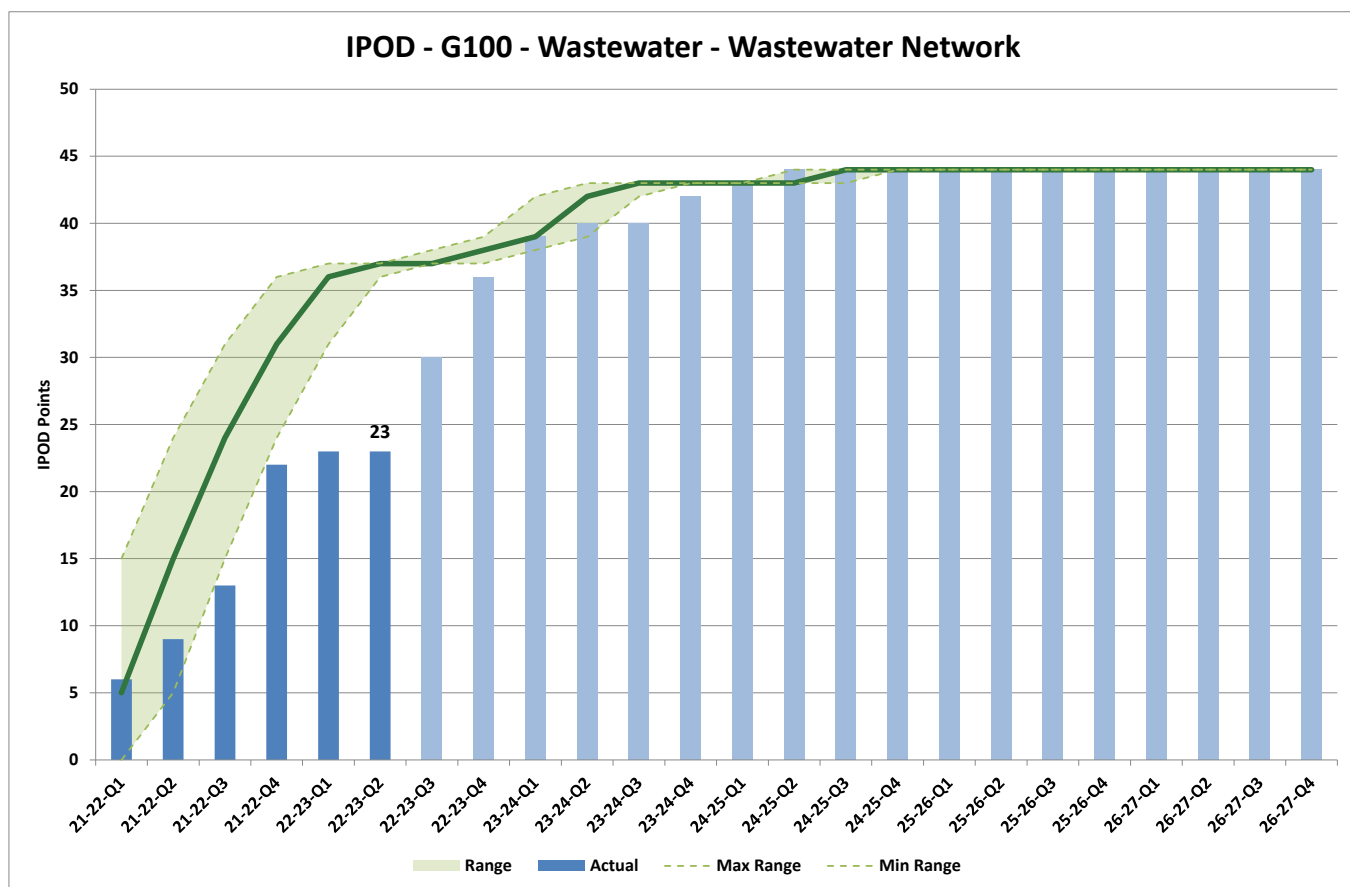
Acceptance

No projects achieved acceptance in Q2. The total number of projects with acceptance is 23.

The delivery of 14 projects has been reforecast (1 of these within the 3 month target range). 4 of these projects are now substantially complete and forecasting acceptance in Q3 with a further 6 forecasting acceptance in Q4.

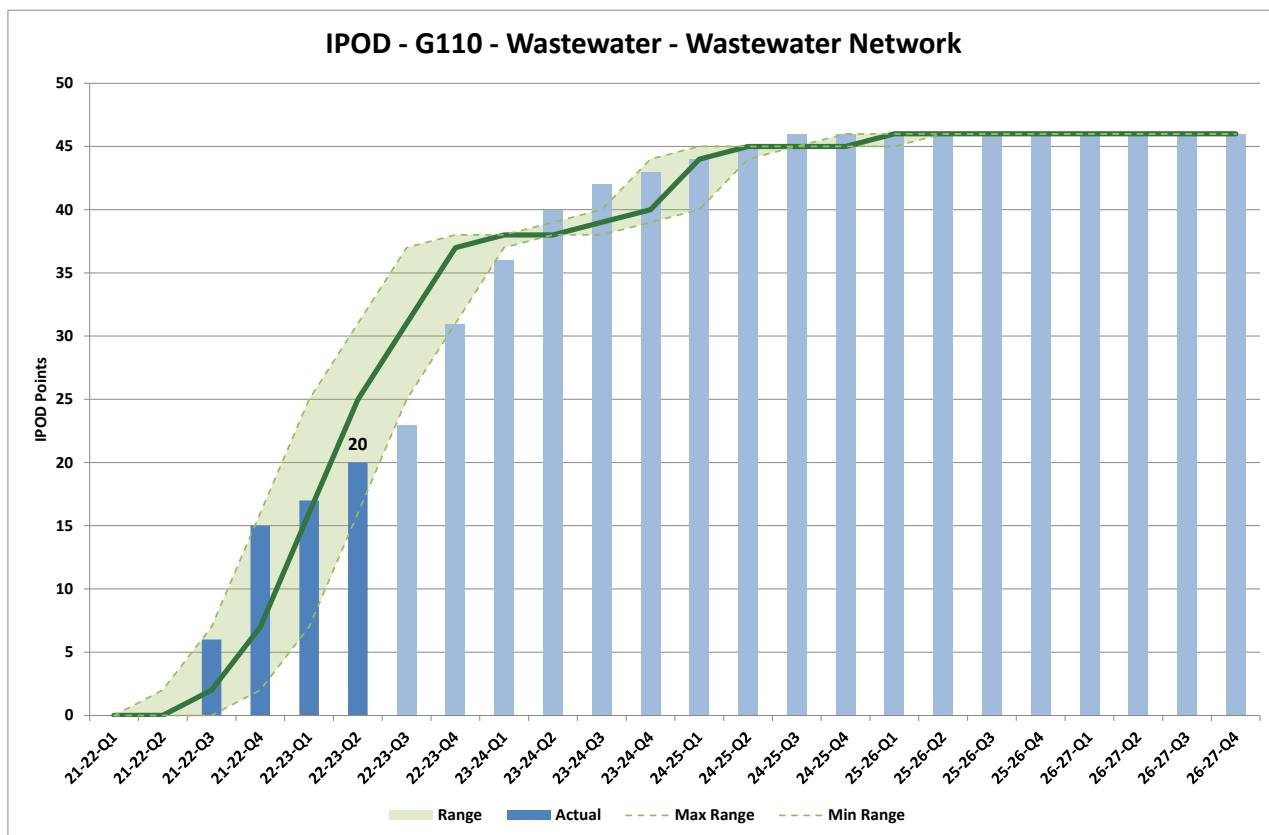
Reasons for reforecasting:

- 6 projects (Claredon Place Dunblane, Infra-Kingdom Park, Dunfermline Wellwood Wastewater Infrastructure and CAS Compliance Improvements - Networks East & North, Coalburn Road, Water of Leith Batch 4) due to third party issues with land, power supply and road access
- Construction risks have been realised for a further 6 projects
- Additional scope was identified for an additional 2 projects to allow the project to be delivered

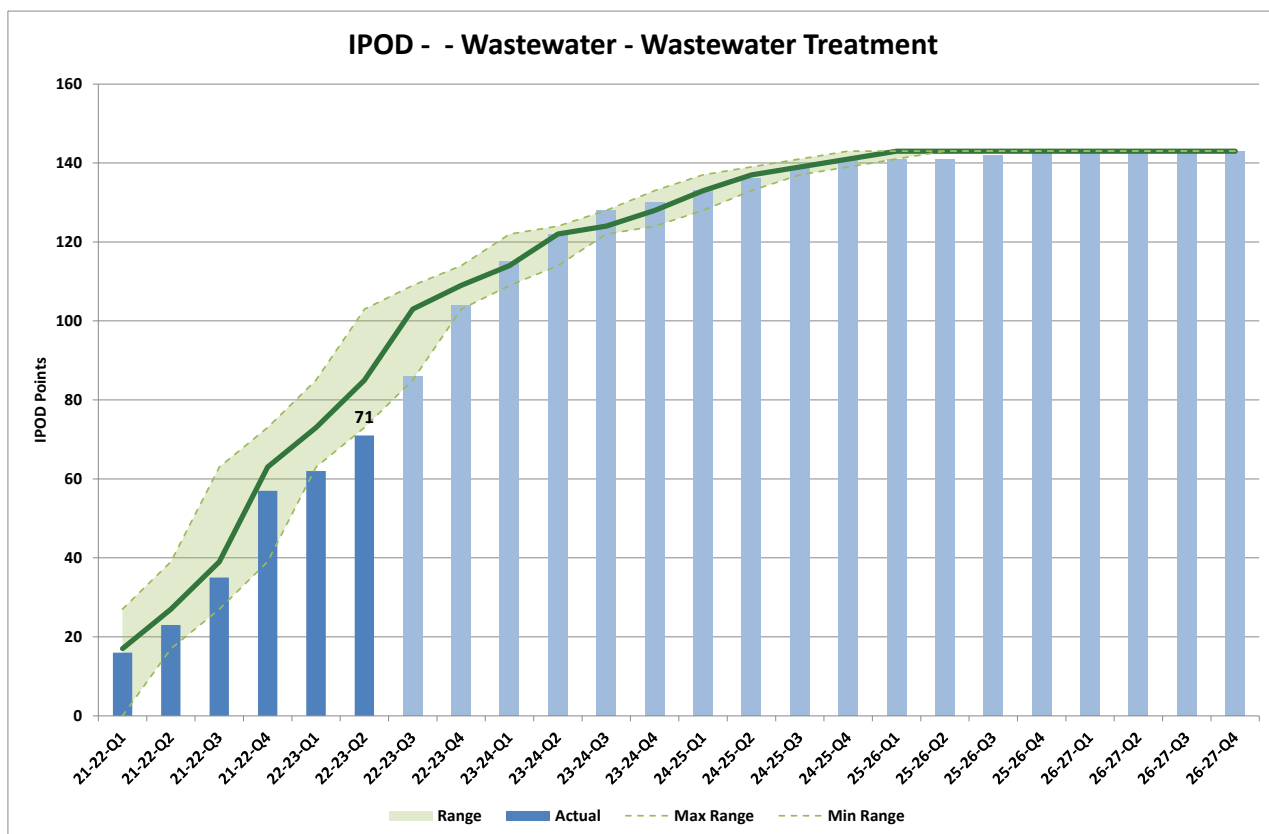


Financial Approval

3 projects (Conon Avenue, Stran Lurg Road WWPS No 1 and Dalmuir Wastewater Strategy Review) achieved Financial Approval in Q2 taking the total to 20.

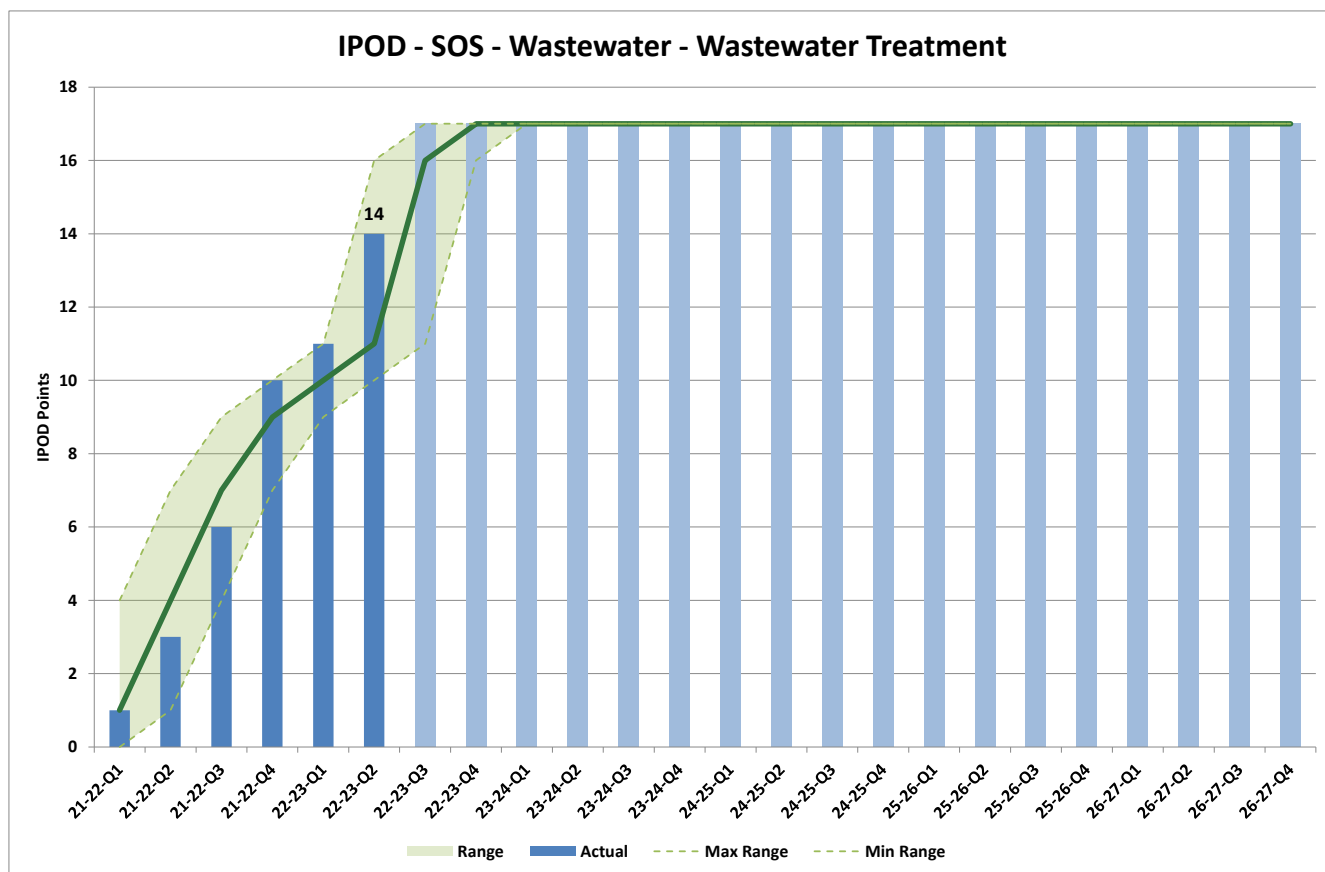


Wastewater Treatment Projects



Start on Site

The Wastewater Treatment sub-programme is within the forecast range at the time of commitment. 3 projects achieved start on site in Q2 (Perth City WWTW- IFAS, Kirkcaldy STW and Shieldhall WWTW) taking the total to 14.



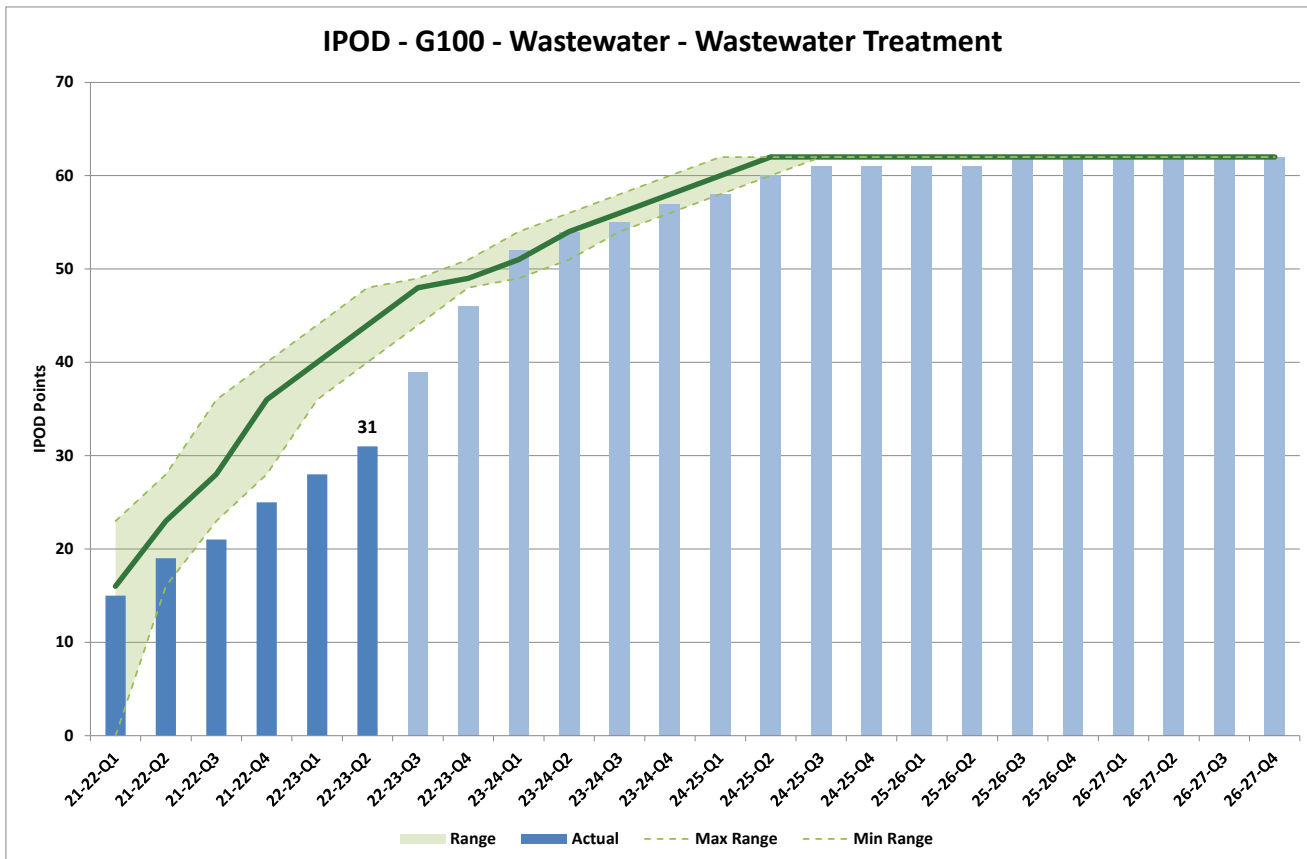
Acceptance

3 projects achieved acceptance in Q2 (Ellon WwTW – Growth, Bo ness WWTW and Patna WWTW) The total number of projects with acceptance is 31.

The delivery of 13 projects in the Wastewater Treatment programme has also been reforecast. 7 of these projects are now substantially complete and forecasting acceptance in Q3 with a further 5 forecasting acceptance in Q4.

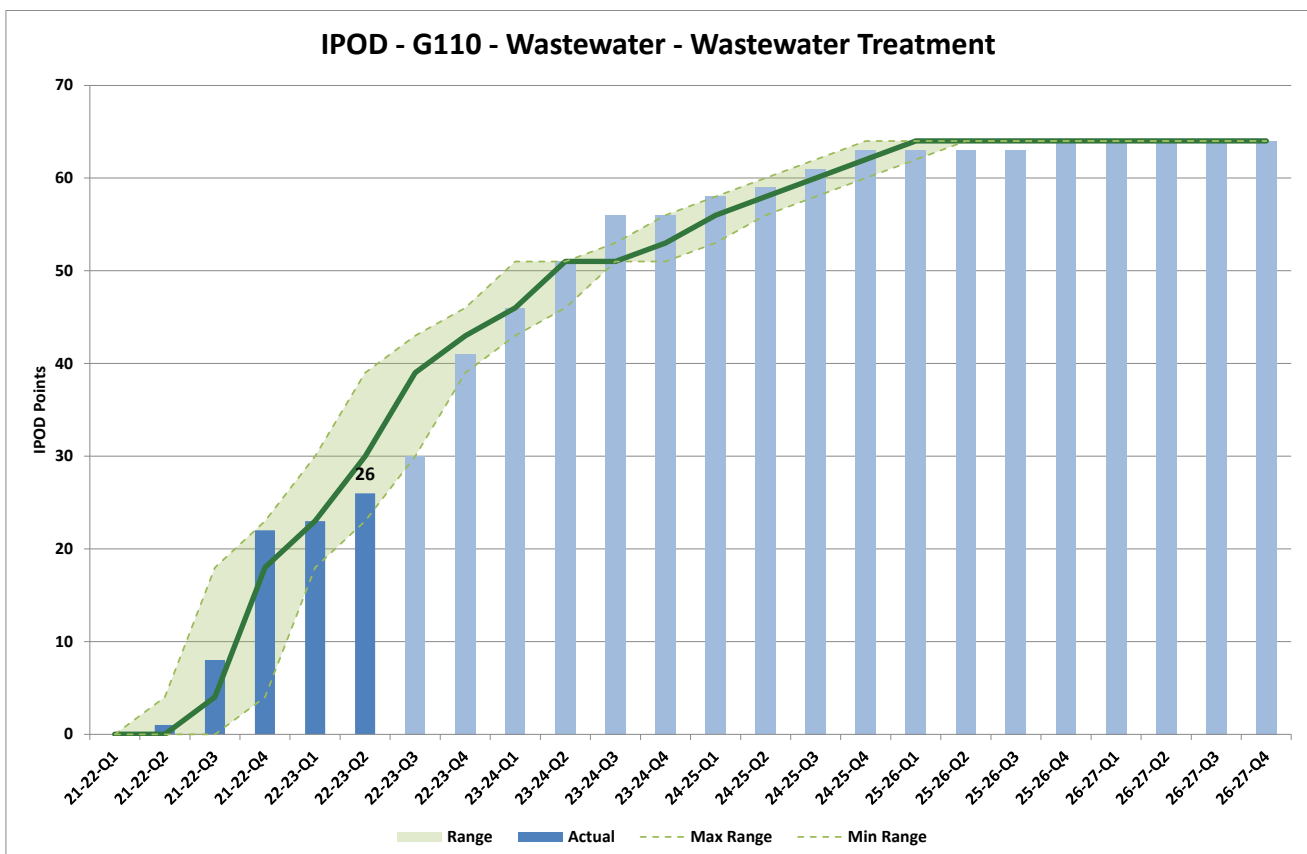
Reasons for reforecasting:

- 4 of these due to third party issues (Canonbie WwTW - Upgrade Growth, Burrelton WwTW – Growth, HV Asset Replacement Shieldhall WWTW and Banchory WwTW - Growth)
- 7 are due to general construction risks and 2 projects (Kirkconnel STW and Ardersier WWTW) where additional scope was required to allow the project to be completed
- The final projects (HV Asset Replacement at Shieldhall WWTW) have been impacted by third party delays and is now forecasting delivery early in year 3



Financial Approval

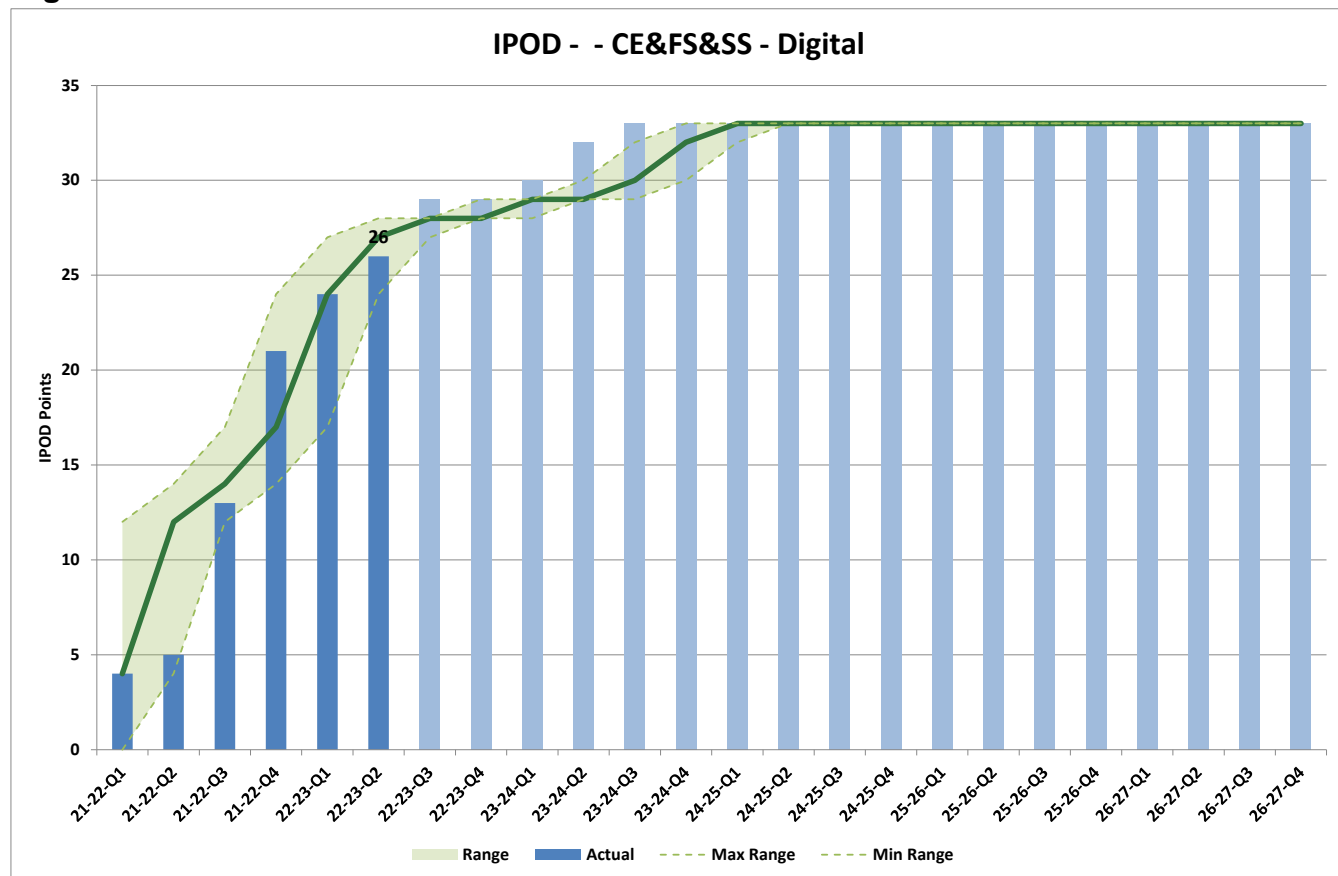
3 projects (Tarves WwTW – Growth, Alford WwTW – Growth and Ardoch STW) achieved Financial Approval in Q2 taking the total to 26.



Appendix C – CE&FS&SS Sub-Portfolios

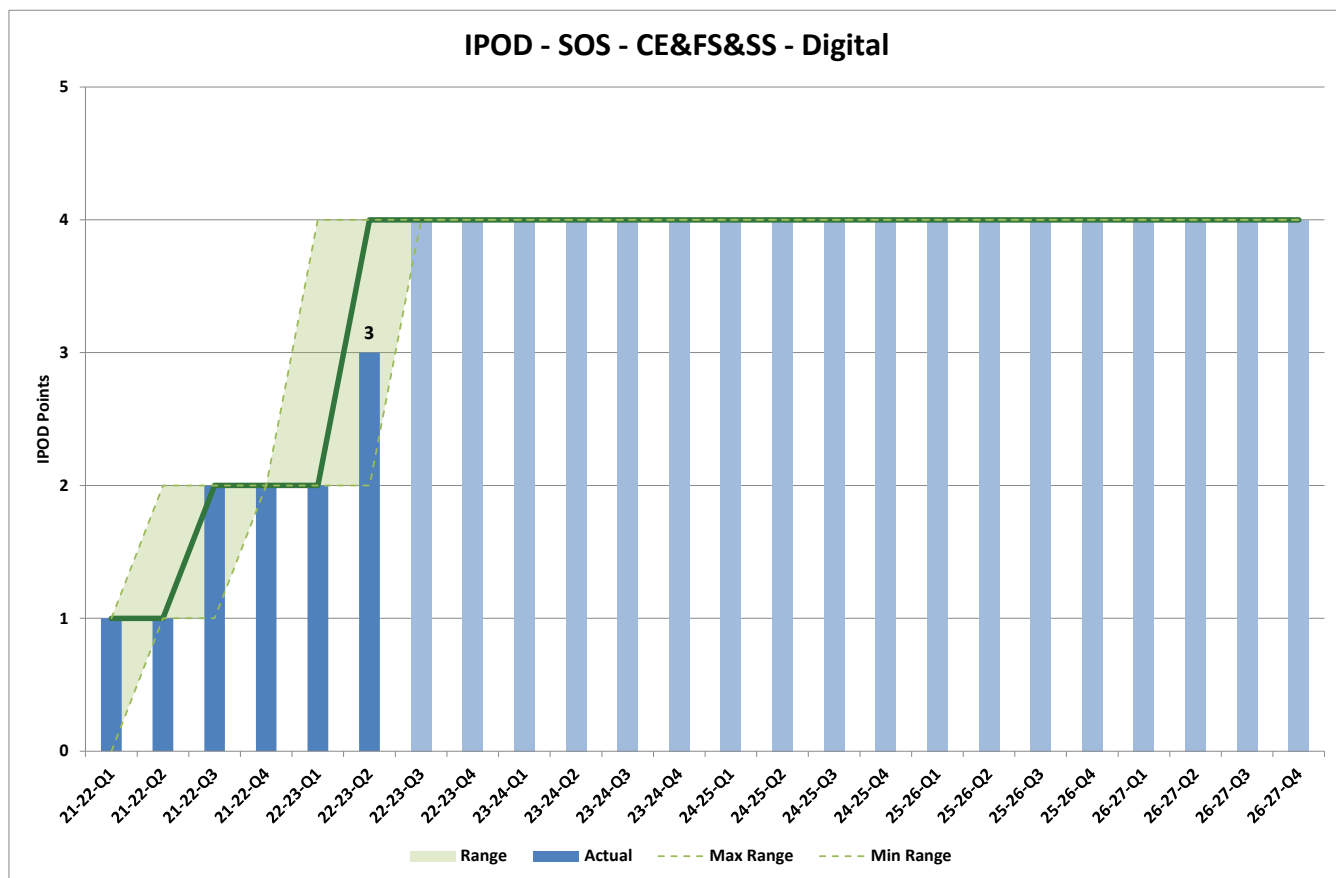
The list of projects included in the sub-portfolios can be found by filtering the Committed List by column E.

Digital



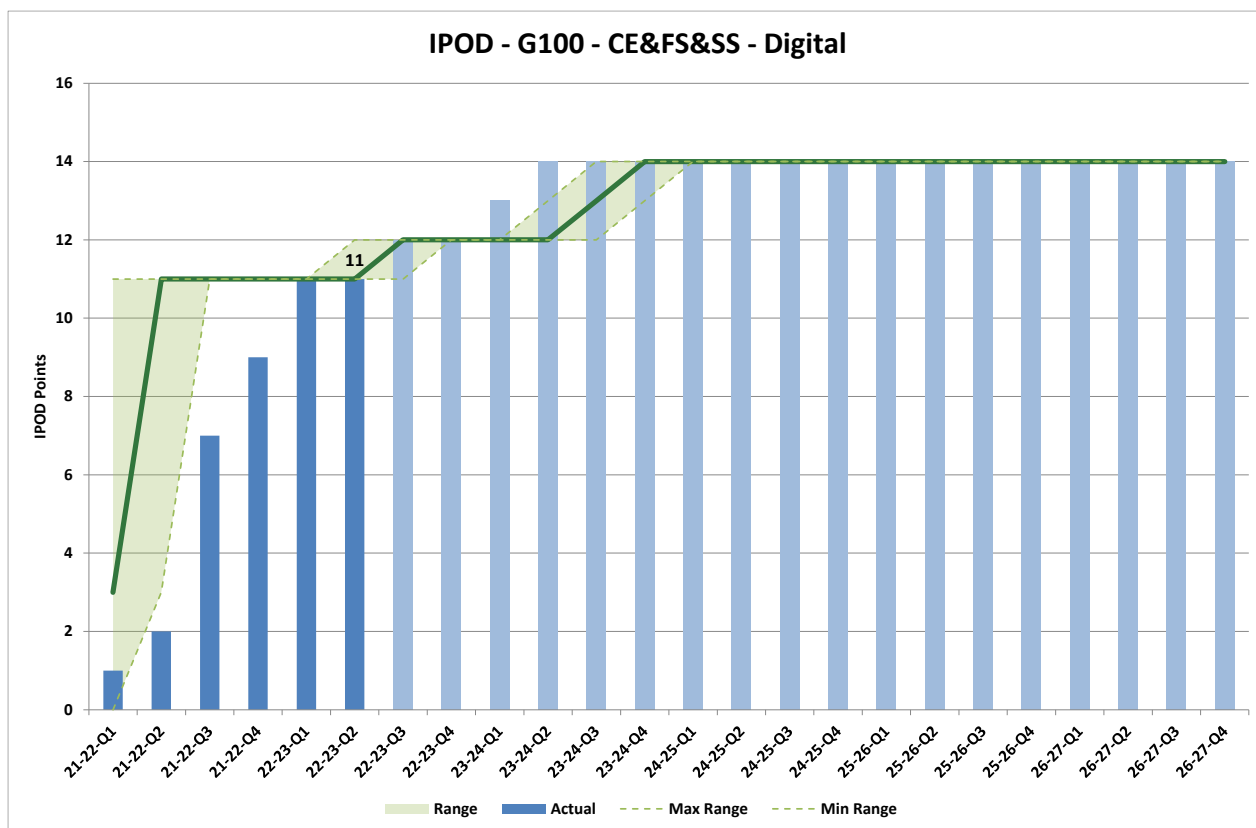
Start on Site

The Digital sub-programme is within the forecast range at the time of commitment. 1 project achieved start on site in Q2 (Server and Storage Project) taking the total to 3.



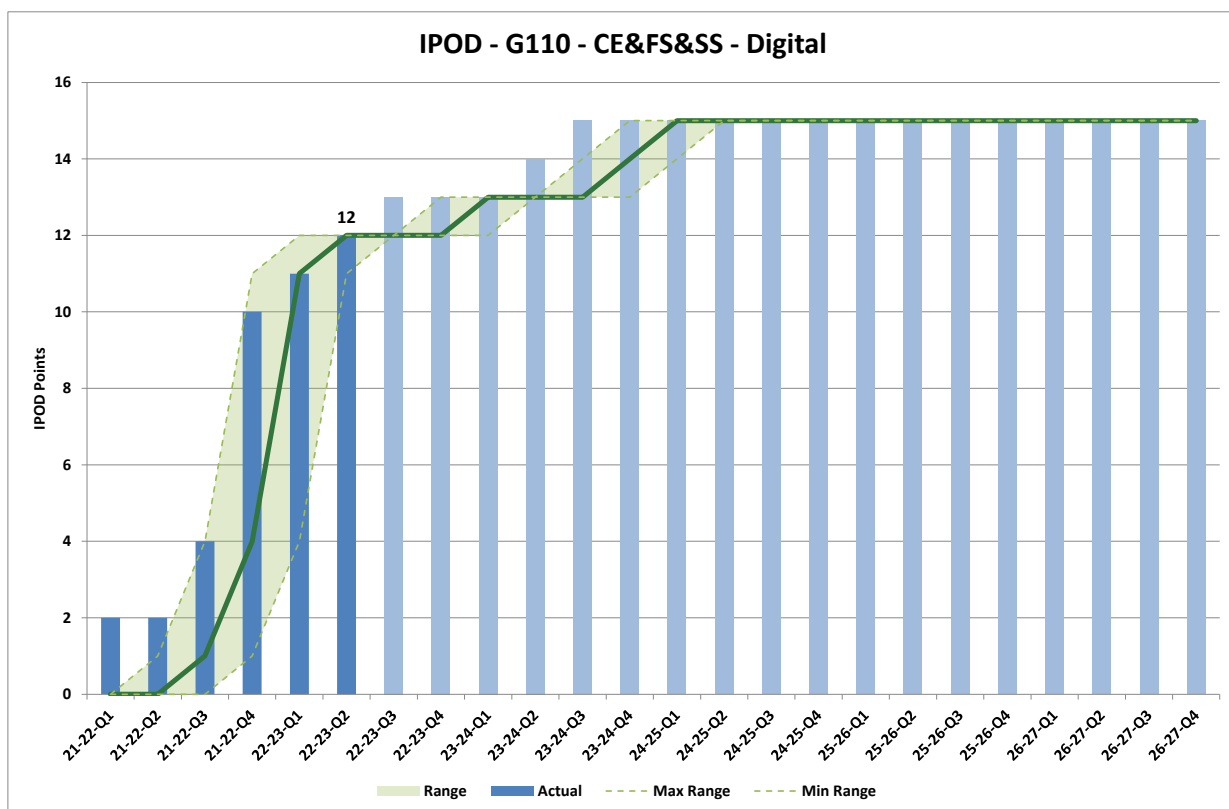
Acceptance

No projects achieved Acceptance in Q2. The total number of projects with Acceptance is 11.

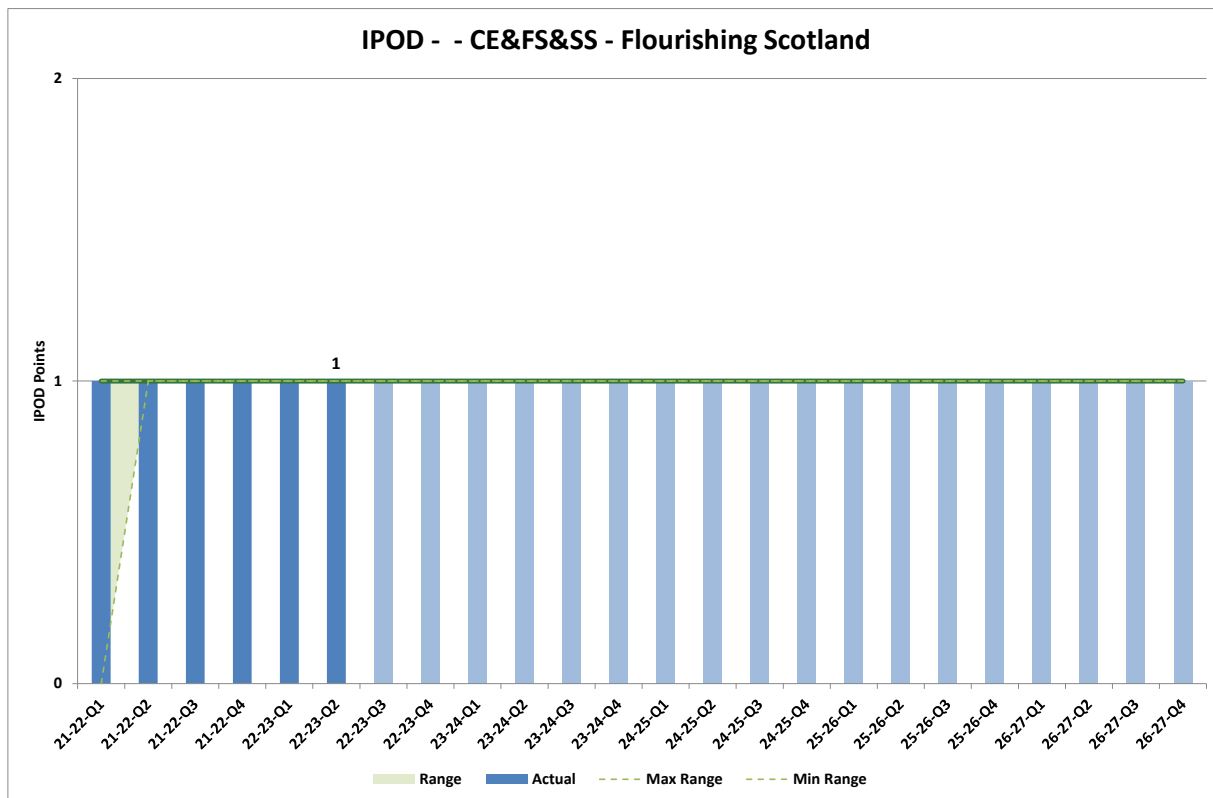


Financial Approval

1 project (Cost Investment Intelligence Project) achieved Financial Approval in Q2 taking the total to 12

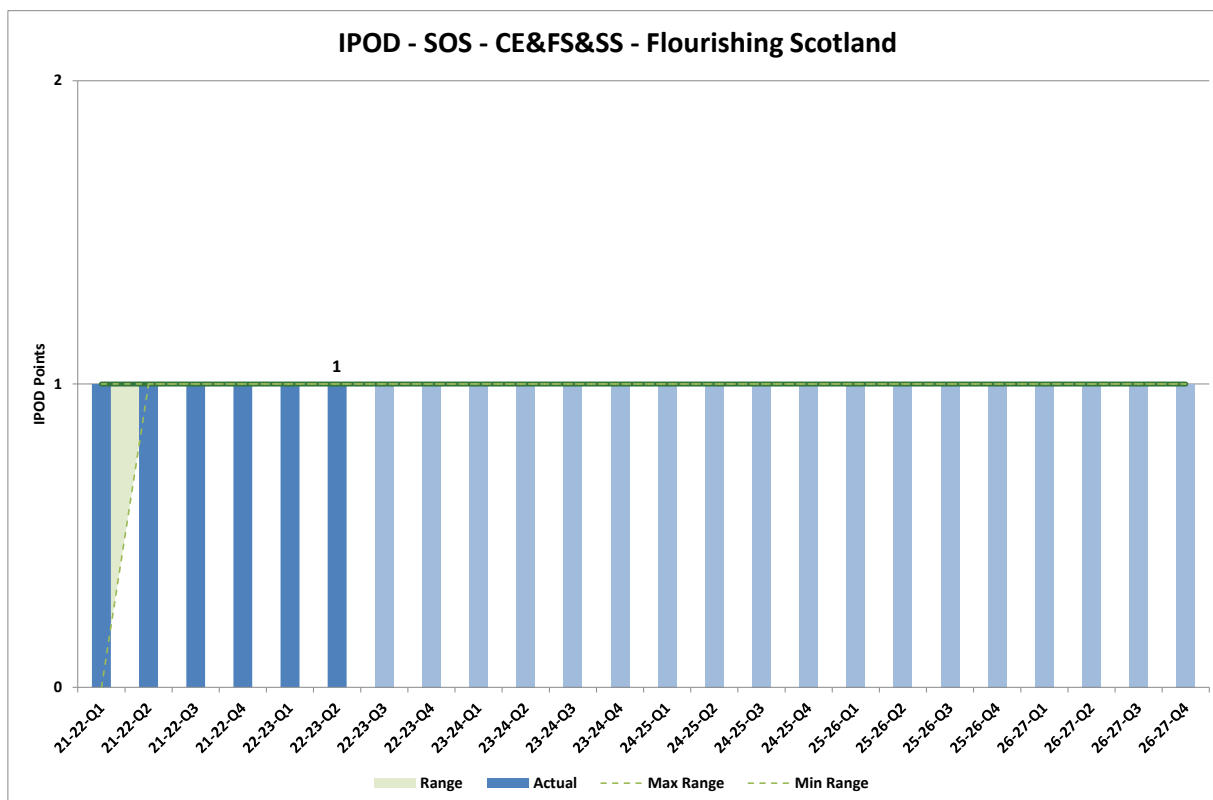


Flourishing Scotland



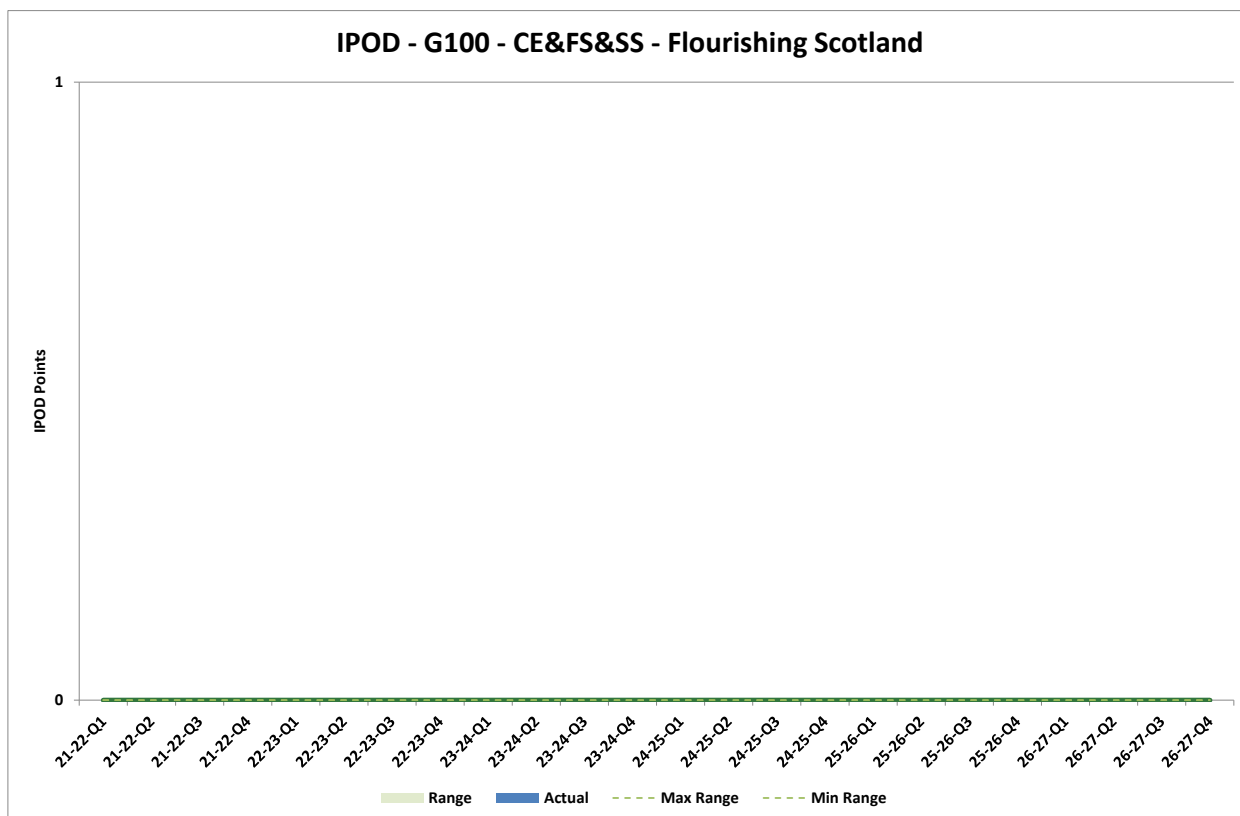
Start on Site

The Wastewater Completion sub-programme is within the forecast range for the Start on Site milestone. No projects started on site in Q2. 1 project has achieved this milestone with no further starts on site at the commitment stage.



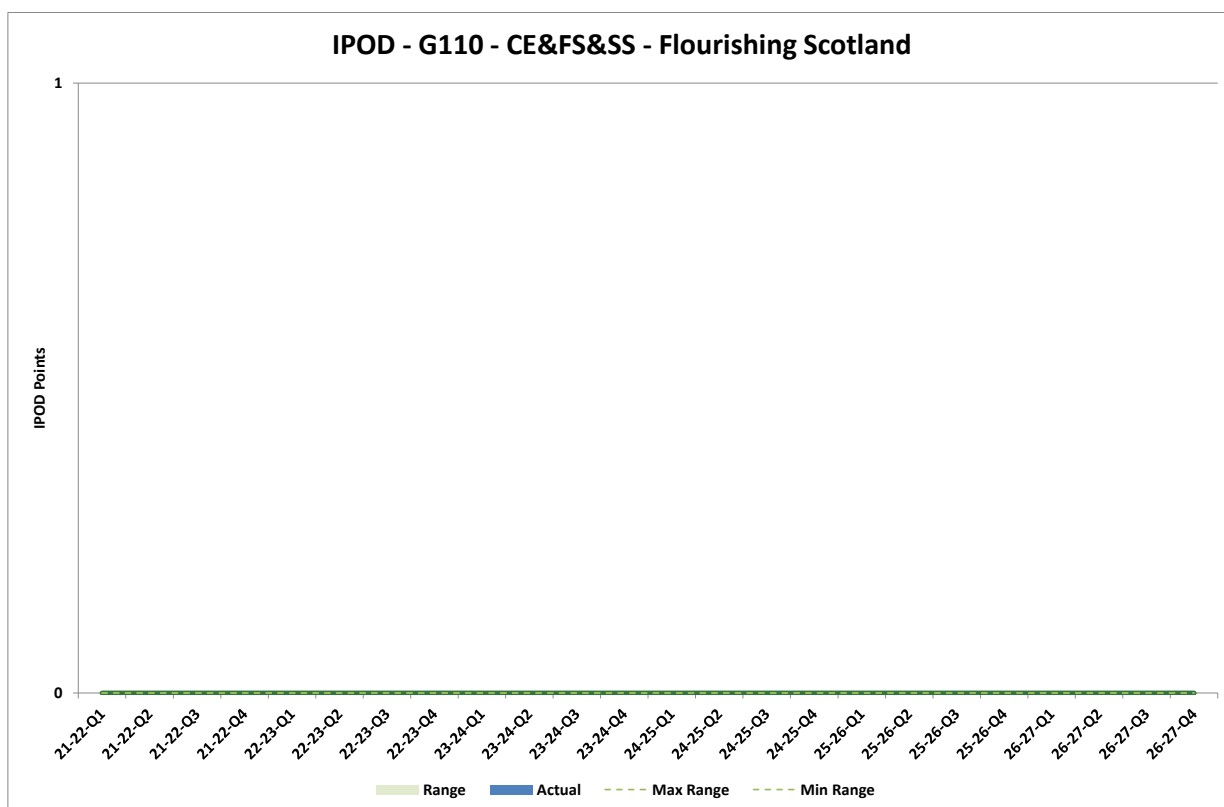
Acceptance

There are no projects with an Acceptance Date at the commitment stage.

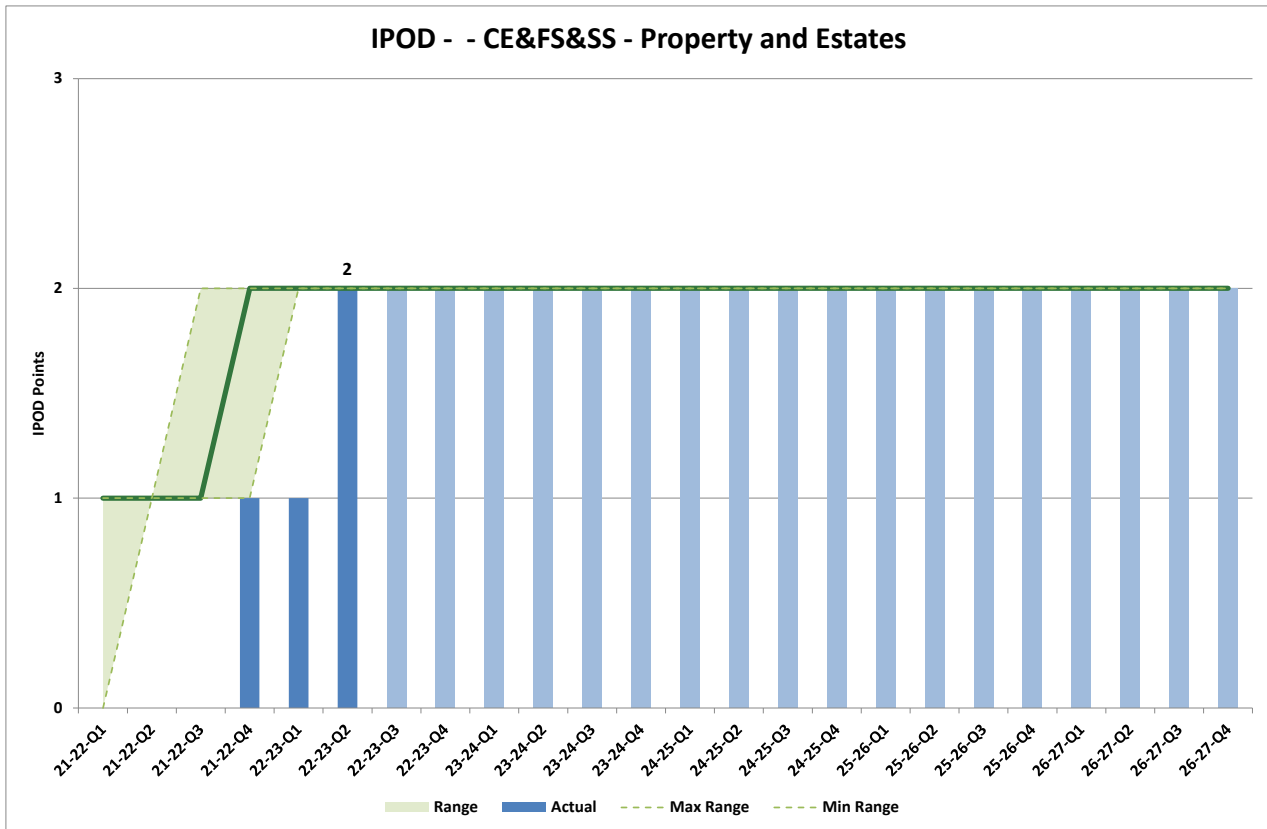


Financial Approval

There are no projects with a Financial Approval date at the commitment stage.

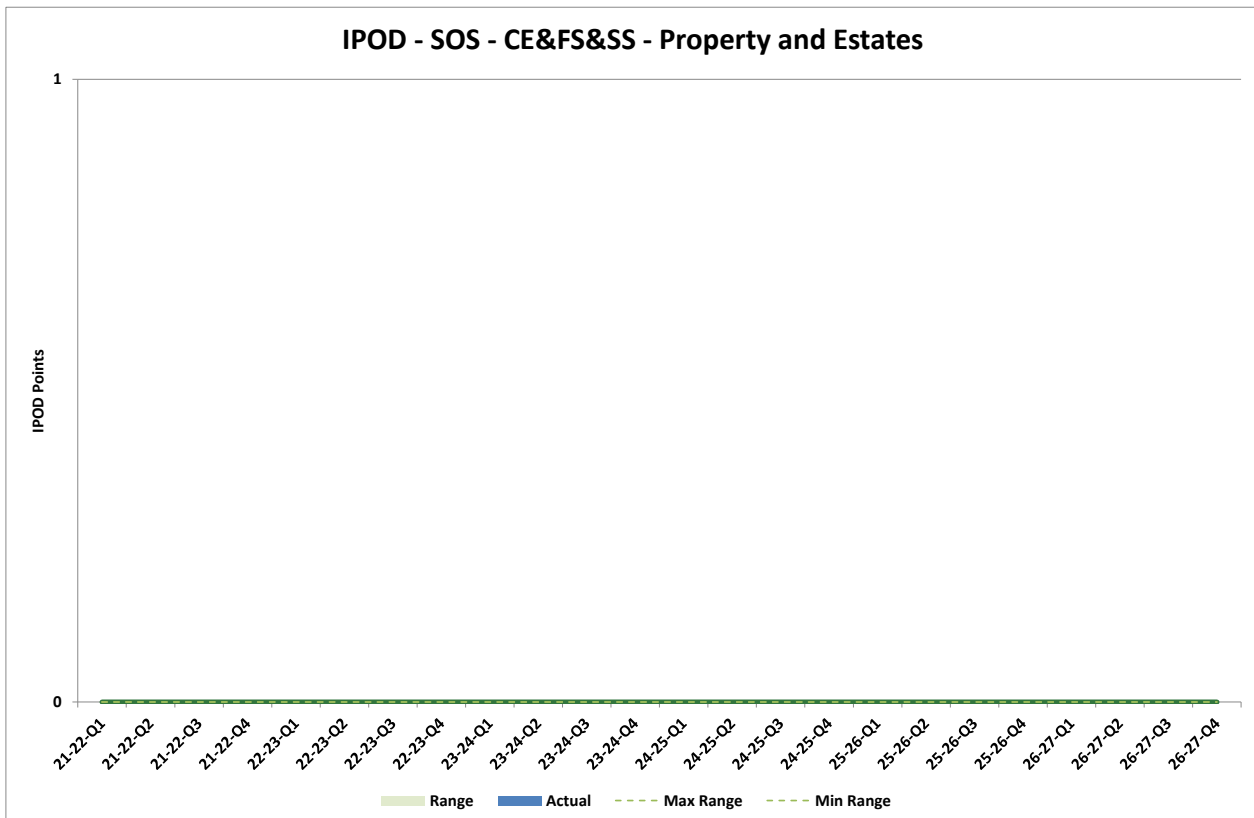


Property and Estates



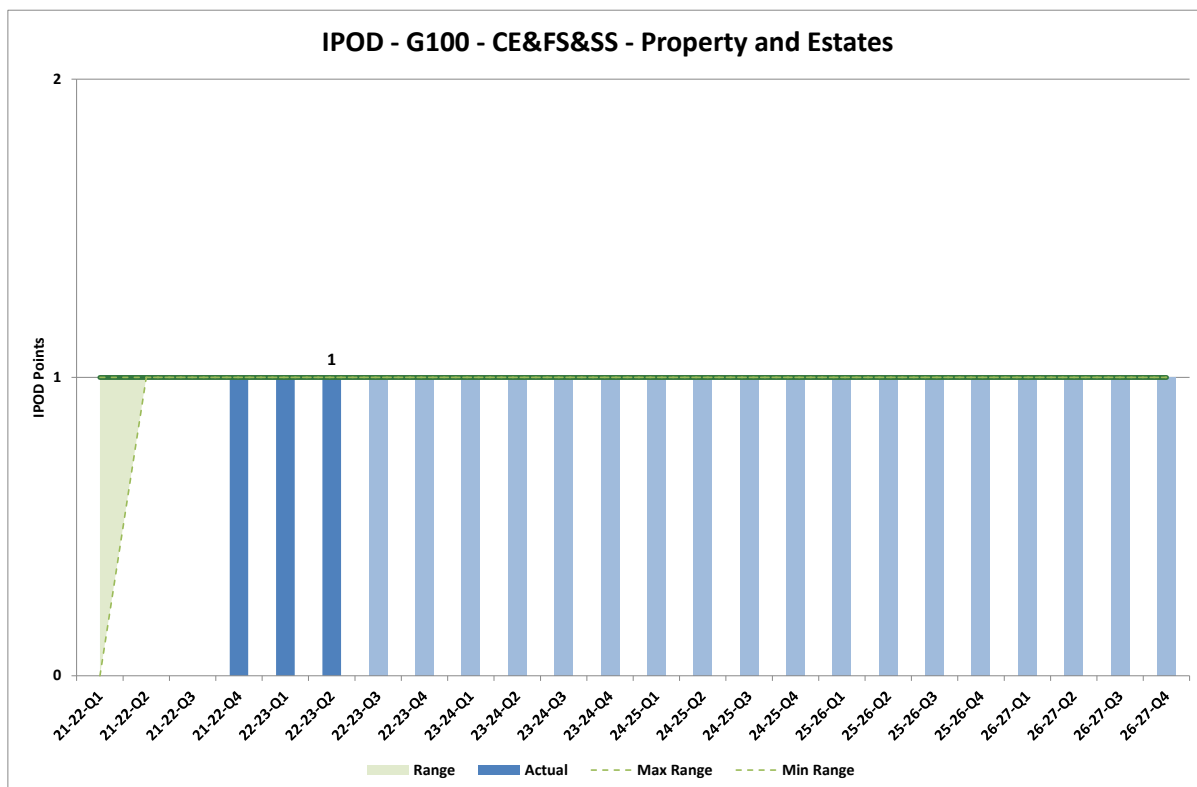
Start on Site

There are no projects with a Start on Site date at the commitment stage.



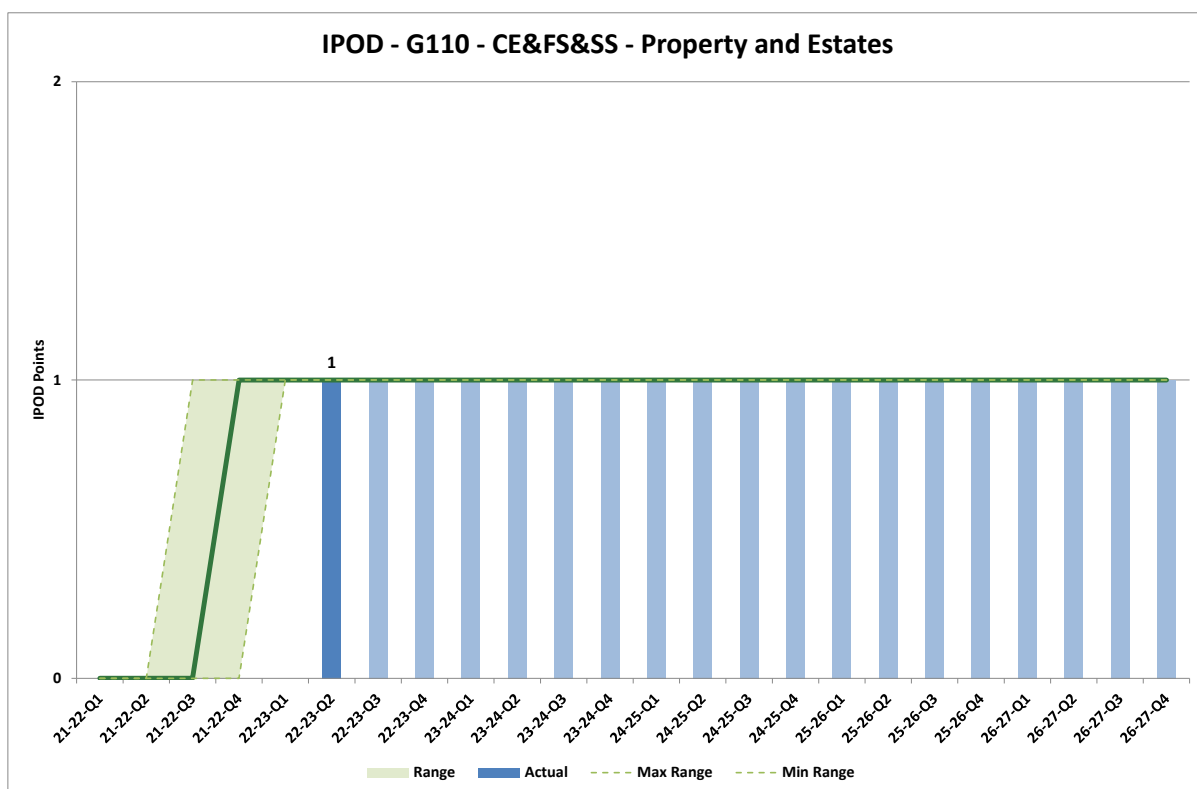
Acceptance

No projects achieved Acceptance in Q2. The total number of projects with Acceptance is 1.

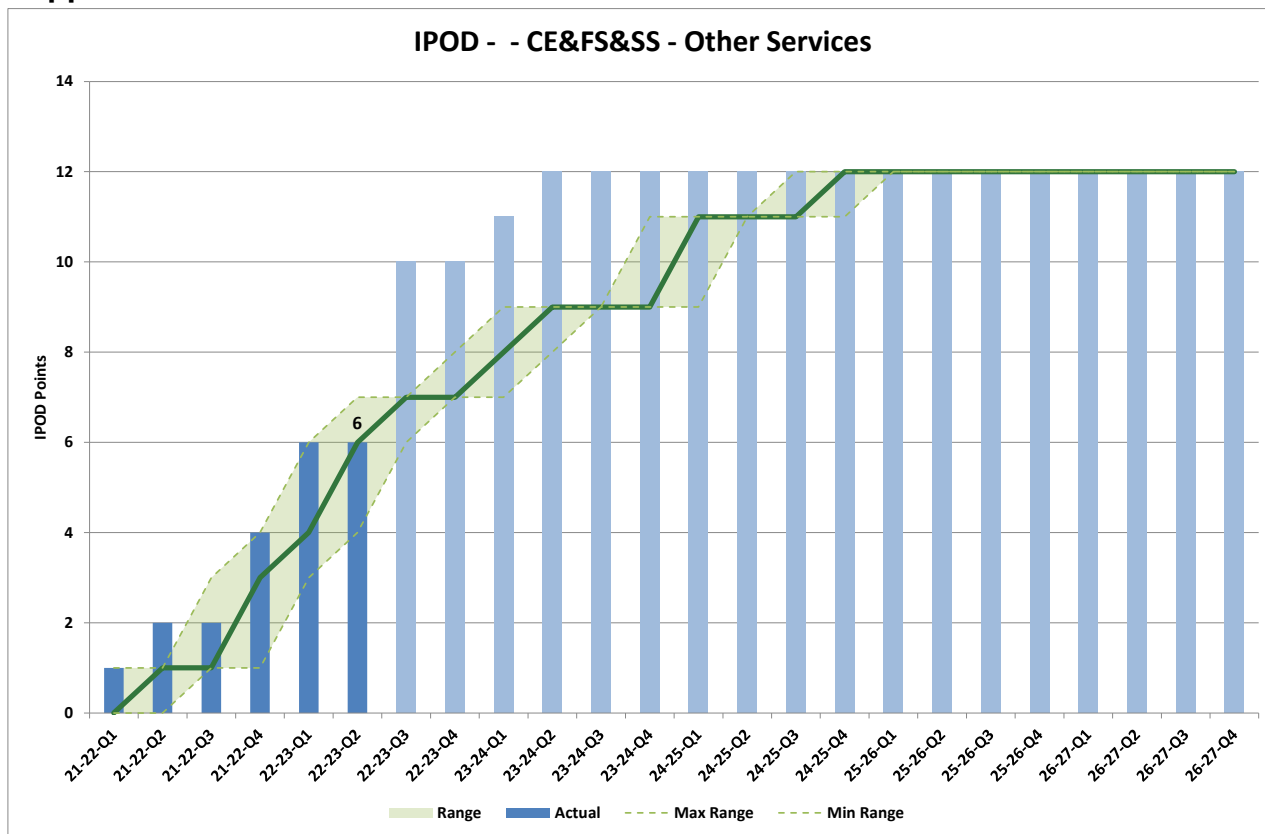


Financial Approval

1 project (Dumfries Office Marchmount and Lincluden Depots) achieved Financial Approval in Q2 taking the total to 1.

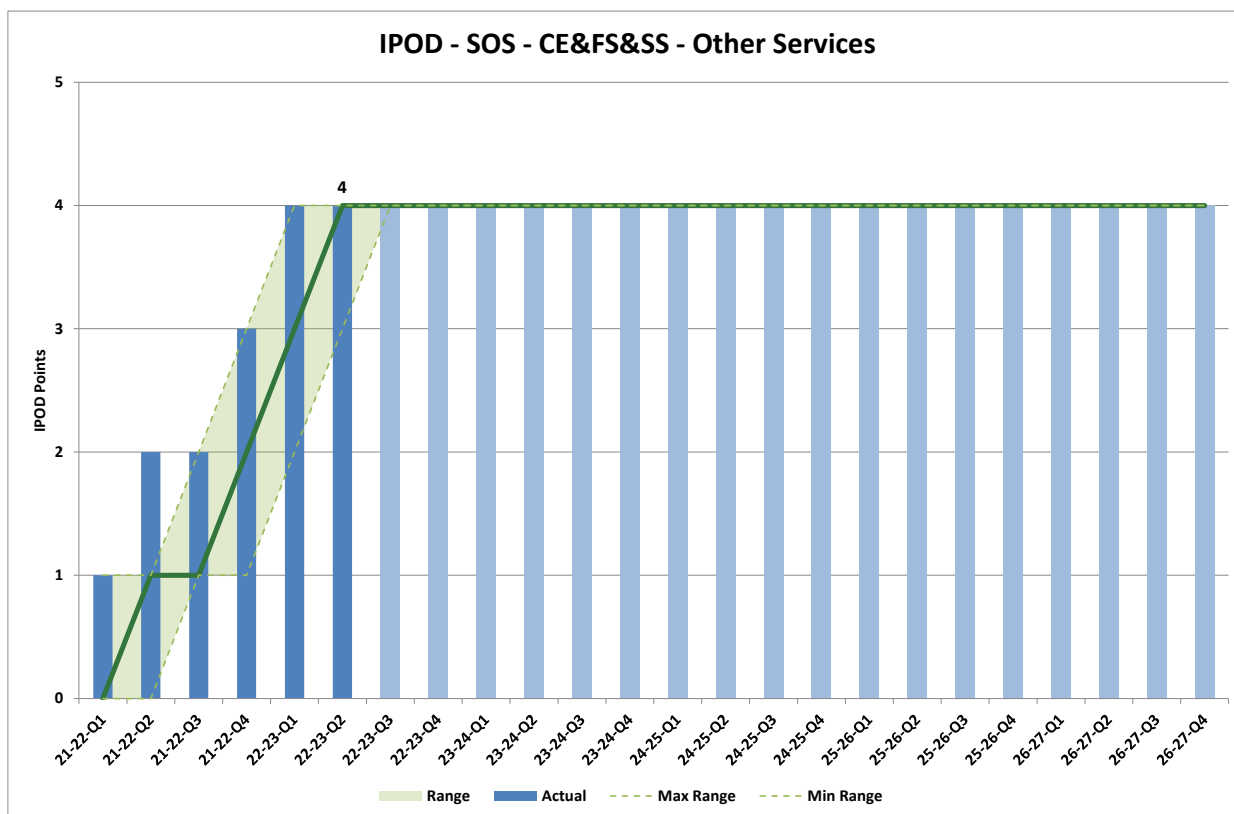


Support Services



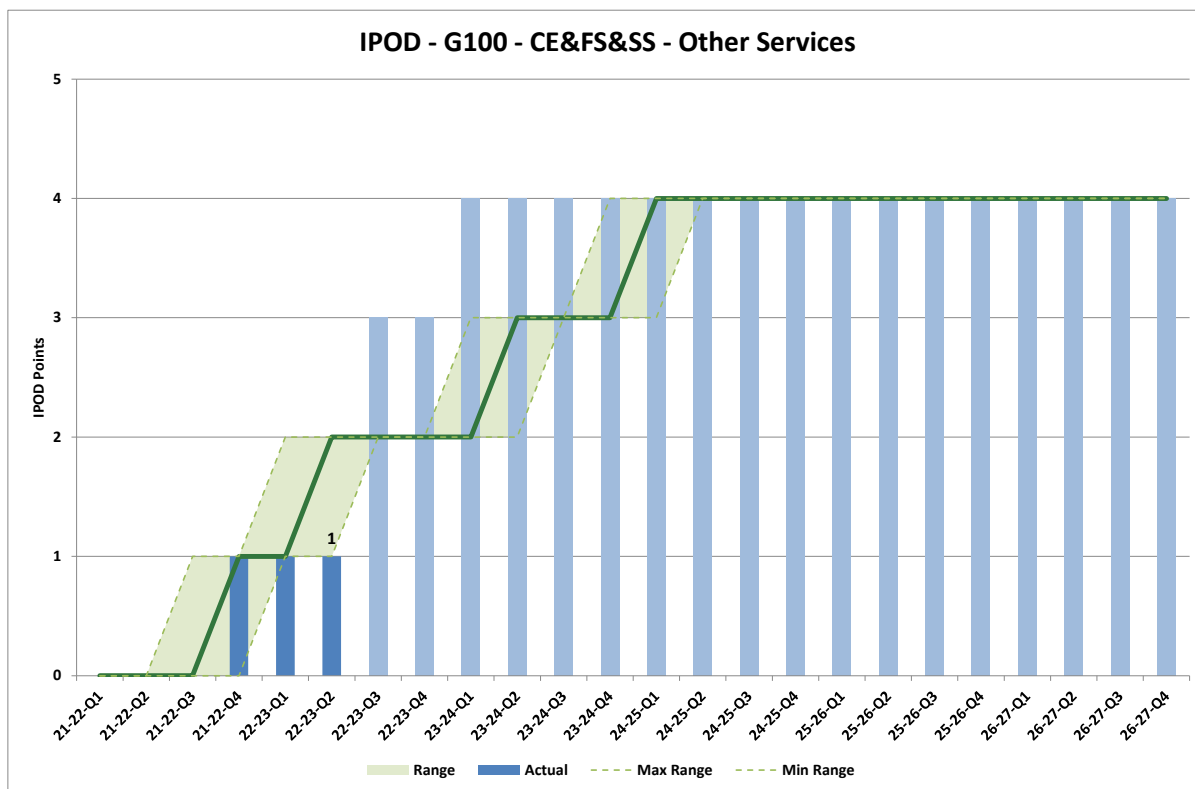
Start on Site

No projects achieved start on site in Q2. 4 projects have achieved this milestone with no further starts on site at the commitment stage.



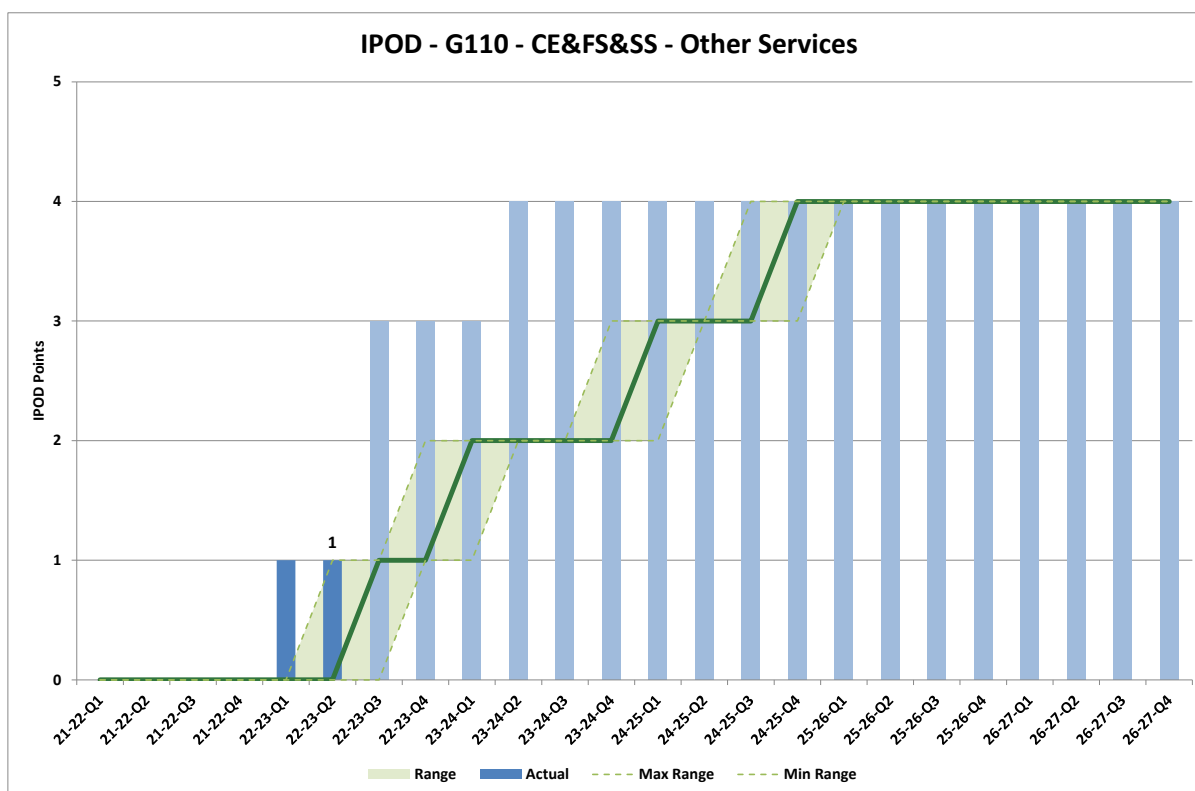
Acceptance

No projects achieved Acceptance in Q2. The total number of projects with Acceptance is 1.

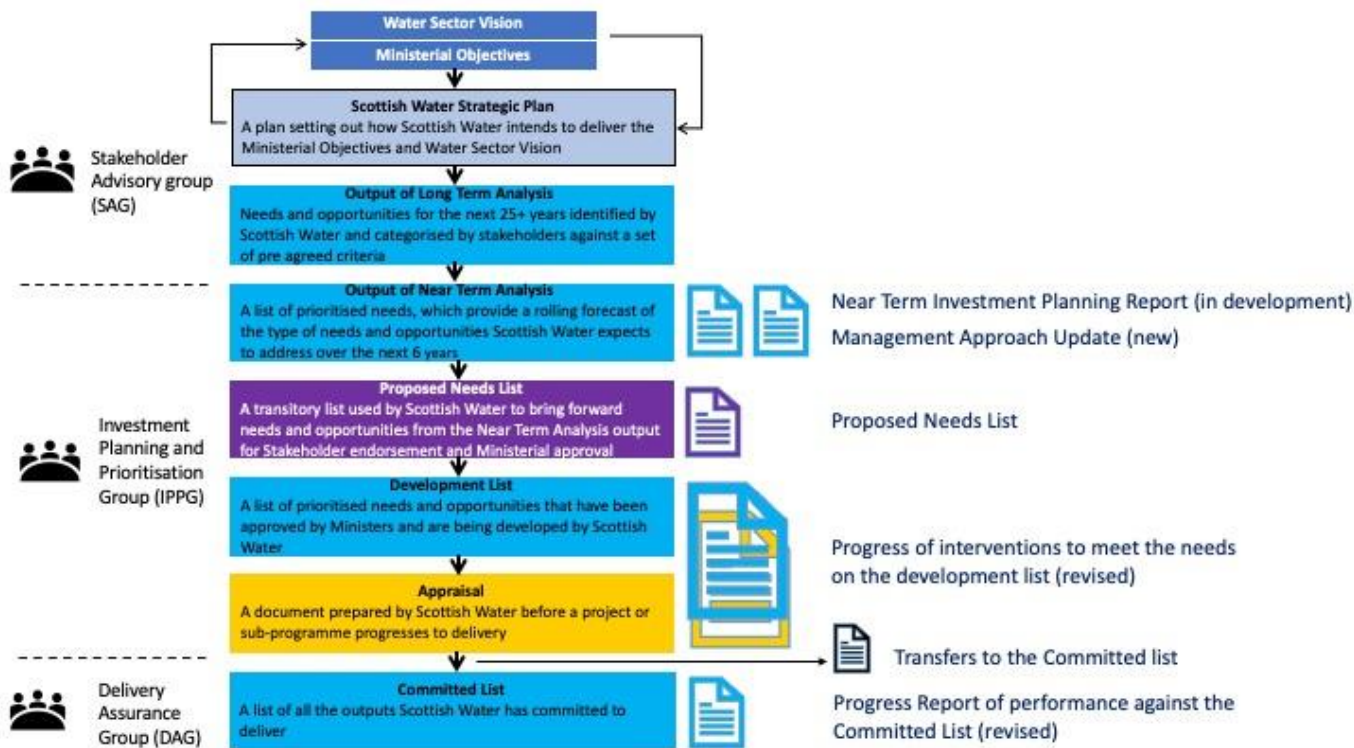


Financial Approval

No projects achieved Financial Approval in Q2. The total number of projects with Financial Approval is 1.



Appendix D – Suite of IPPG and DAG reports as they apply to the IPPF



Appendix E – Glossary of Terms

- IPOD – Indicator of Progress of Overall Delivery**
- S.O.S. – Start on Site**
- G100 – Project Acceptance**
- G110 – Financial Close**



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The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-80525-780-6 (web only)

Published by The Scottish Government, April 2023

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS1281492 (04/23)

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