

# **Delivery Assurance Group: Progress Report on Performance Against the Committed List for Quarter 4 2022/23**

**August 2023**

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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 March 2023 (Q4 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:** Executive Summary – to highlight key findings and 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-19 and other risks, are progressing.

**Section 8:** Future Improvements to Reporting.

**Section 9:** Conclusion.

Progress of sub-portfolios can be found in Appendices A – C.

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

A Glossary of Terms can be found in Appendix E – this will be added to over time.

## 2. Executive Summary

### 2.1 Progress with Investment

Scottish Water's (SW's) investment programme is one of the largest infrastructure programmes in Scotland – delivering the vital assets that enable us to maintain and improve the water and wastewater services people depend on every day - and supporting growth and development to ensure that communities can flourish. Scotland's communities can only flourish with the fit-for purpose infrastructure – above ground cities, towns and villages need our below ground pipes and our treatment works to be future proof.

At the end of 2022/23 SW's Tier 2 planned investment was £687m, up from £623m in 2021/22, and towards the top end of the range of £620m - £690m in the Scottish Water Delivery Plan.

When we include responsive repair and refurbishment expenditure it was £880m, up £105m (+12%) on the previous year.

Note that the above figures are in out-turn prices and the equivalent total investment in 2017/18 prices is £718.1m (+23%) compared to an average of £585m in SR15 in 2017/18 prices.

We have successfully delivered year on year growth in investment which has only been possible by us putting in place the following:

- upskilling our people and working in collaboration with our supply chain partners to bring in new skills greater capacity and capability into the construction sector.
- embracing innovation and maximising on the benefits brought from digital construction rehearsals; off-site manufacture; new water and wastewater technology; and innovative construction techniques.
- addressing the challenge of reducing embodied carbon with our partners trialling net zero construction sites.
- Putting in place our, Transforming of Future Delivery' projects such as 'Get to Site in Half the Time'.
- Scottish Water and its partners taking the opportunity to engage with communities before; during and after the delivery of projects - enhancing our reputation in communities and leaving them with knowledge of the importance of their local infrastructure.

A significant proportion of our planned investment (£405m) has been in the refurbishment and replacement of existing assets to continue to deliver a high level of service to our customers. Many of these assets have been in place for a long time and modernising them in line with circular economy principles means they will continue to function for many more years. However, we have also invested significantly in adding to our asset base to enhance water quality, environmental performance (£182m) and to facilitate growth (£75m)

### 2.2 Progress with Delivery Against Forecasts

Investment needs are identified and then a balanced investment programme is created which will contribute to meeting objectives set out by Ministers for the regulatory period. Once these needs are developed, associated investment projects and programmes of work are created and

are committed to. Updates are then given to DAG via the 'Progress to Committed List' report. The 'Committed List' is therefore updated dynamically and forecasts for delivery are included.

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 £1m. It assesses the progress of these investment projects monitored across 3 delivery gates combining this information to give an overall score with the intention of gaining and implementing learning and monitoring delivery. The overall capital programme is considered 'on track' if IPOD is within the forecast range.

Having been outside the range at the end of Q3 the IPOD indicator has recovered to be at 609 points, against a range of 564 to 683 points. For the 3 delivery gates, progress is: -

- Start On Site – 145 points against forecast range of 108 to 151
- Acceptance - 233 points against a forecast range of 247 to 272
- Financial Completion - 231 points against forecast range of 209 to 260 points

It is evident from this that the 'Acceptance' milestone remains outside the range, albeit with an improved performance from Q3 (14 outside the range compared with 35 last quarter). 17 projects that have not yet had acceptance signed off are now substantially complete and are forecasting acceptance in Q1, with a further 8 forecasting acceptance in Q2.

An example would be Coalburn Road CSO, where the primary scope is a new CSO with powered screen to replace existing and associated connections. All CSO build works are now complete. However, Scottish Water has had difficulty in securing wayleave for a new communications link. The communications link will now be provided via 4G and, acceptance is forecast for Q1.

Lessons have been learned from the projects that missed their acceptance forecasts. Some that were committed in the early stages of the SR21 period suffered from optimism bias where we endeavoured to establish challenging targets for our delivery teams. Lessons learned on how we assess schedule risk together with additional governance checks on committed dates (especially Gate 100 Acceptance) have been included on more recent project's commitments. This should mitigate the risk that the actual delivery on projects varies significantly from our commitment forecast.

It is important that 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.

On the SR15 completion programme the most significant issue to overcome is with 7 projects that are yet to start on site. These have all been subject to revised optioneering and scope definition. The new IPPF process mitigates similar issues occurring in this period as projects are only added to the Committed List after conclusion of optioneering.

Bilateral meetings are in place with both DWQR and SEPA where projects of specific interest to these stakeholders are reviewed to give detailed updates on progress on projects that missed their original forecast for acceptance.

In addition to forecast delivery dates, Scottish Water monitor actual costs at financial completion compared with forecasts at the time of commitment. We aim for being within +/- 5%, and like IPOD there is a focus on gaining and implementing learning. At the end of 2023/24 the IFAC indicator was within the target range at -4.2%

### **2.3 Ongoing Delivery Risks – What are they, - how do we mitigate them and how do we continue to learn?**

Scottish Water continue to monitor and endeavour to mitigate the 3 broad categories of risks that may impact our forecasts:

- Third Party Risk - Potential delays due to third-party issues. Mitigated through our prepare process and close relationships with third parties.
- Construction Risk - Unforeseen delays from allowable events or poor performance on site. Mitigated by collaborative working with our delivery partners.
- Construction Market Conditions - this continues to be a key area and is detailed further below.

Construction market conditions have received a lot of general media attention over the last couple of years – from the price of building materials, through to the availability of electrical components globally, shortage of HGV drivers and constraints with experienced people in the UK and beyond. Scottish Water’s capital programme has not been immune to these issues. Consequently, in the last year we have faced a range of risks and challenges to the delivery of our capital investment programme, including construction market conditions, construction risks, third party risks and the availability of some material and labour. Inevitably this has meant the delivery of some projects has been impacted and project completion timelines have had to be adjusted resulting in some customer benefits coming later than planned. Key issues experienced, and mitigating actions put in place were:

- Price and availability of materials and commodities – Scottish Water has frameworks in place for all key materials and in the last year prices fluctuated significantly, resulting in an aggregate increase in costs of circa 1.5% above CPI inflation. Through our frameworks, strong relationships and forward planning we have been able to mitigate a lot of delays and cost impacts but not all.
- Certain key materials, particularly microchips and electrical components for our motorised control systems, are on significantly longer lead times of up to a year. Projects in delivery have been impacted, and for projects in the design phase resequencing has been put in place along with advance procurement.
- Our delivery teams have had to alter our delivery processes to facilitate resequencing of project design, planning and procurement to cater for fluctuating prices and materials shortages.
- Our delivery partners have also experienced higher than normal staff turnover levels and some shortages. We are working closely with them on skills requirements and recruitment strategies. Recruitment of graduates and apprentices has been ramped up. Strategic demand forecasts have been developed to ensure we have the right skills for the future – a big collaborative effort with our partners and trade bodies.

An example of a project impacted by some of these risks is our project to upgrade the Water Treatment Works at Invercarnie, near Banchory, one of the largest projects in our capital programme.

The project involves a new water storage tank and a dissolved air filtration plant, with capacity to produce up to 63m litres of drinking water a day for our customers. Delivery of the project was paused during the Covid-19 pandemic, during which Sand Martins nested on site and had to be protected until their young left the nests months later. Additionally, the electrical sub-contractor on the project went into administration and our delivery partner had to procure the service of a different firm. There was also a shortage of key electrical components which led to delays or cancellations in delivery. Most recently there have been some challenges with the integration of new software into existing software. The project is now close to going into service.

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 Learned portal. This 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 practice shared in the form of improvements to our Risk/Design libraries and targeted toolbox talks.

## **2.4 Customer Benefits**

At a high-level customer benefits from investment are identified as part of the assessment of investment needs. Each need is linked to either a Ministerial Objective or asset management policy (Management Approach), and therefore projects added to the Committed List are known to deliver these needs.

It is recognised that further work is required to produce metrics with which to measure outputs and outcomes. At the DAG for quarter 3 an update was given on the definition of SR21 outputs to achieve this and comments where sought.

Since then, there have been discussions and an exchange of correspondence between Scottish Water and WICS on the subject of the completeness and quality of reporting progress to the satisfaction of WICS for the remainder of this regulatory period. Further additions to DAG on customer outputs and outcomes has been put on hold and will be picked up as part of the programme of work being developed following this correspondence.

## **2.5 Conclusions**

The DAG is invited to note that:

- Year 2 Tier 2 Investment to the end of Q4 2022/23 was £687m made up of planned repair and refurbishment (£405m), enhancement (including flooding) (£182m), growth (£75m) and Support<sup>1</sup> (£25m). It includes £61m invested on the delivery of projects that were planned to

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<sup>1</sup> Examples of Support investment include Transformation projects, Programme Management projects and overheads.

be completed in the previous period. This is an increase from £623m in 2021/22 - a step up in investment to the benefit of customers.

- The IPOD indicator is back on track at 609 points, against a range of 564 to 683 points, demonstrating that the overall programme is on track.
- Notwithstanding an improved position Scottish Water are experiencing delay in achieving Acceptance on a number of water and wastewater projects as delivery risks are realised – broadly due to scope variations; third party risks; construction risks and challenging construction market conditions. Scottish Water continue to monitor service risk and the impact on customers on these projects. 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.



### 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 £1m. It assesses the progress of these investment projects monitored across 3 delivery gates 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 baseline<sup>2</sup> 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 March 2023, Scottish Water's IPOD position was back on track at 609 points, against a range of 564 to 683 points (Figure 1).

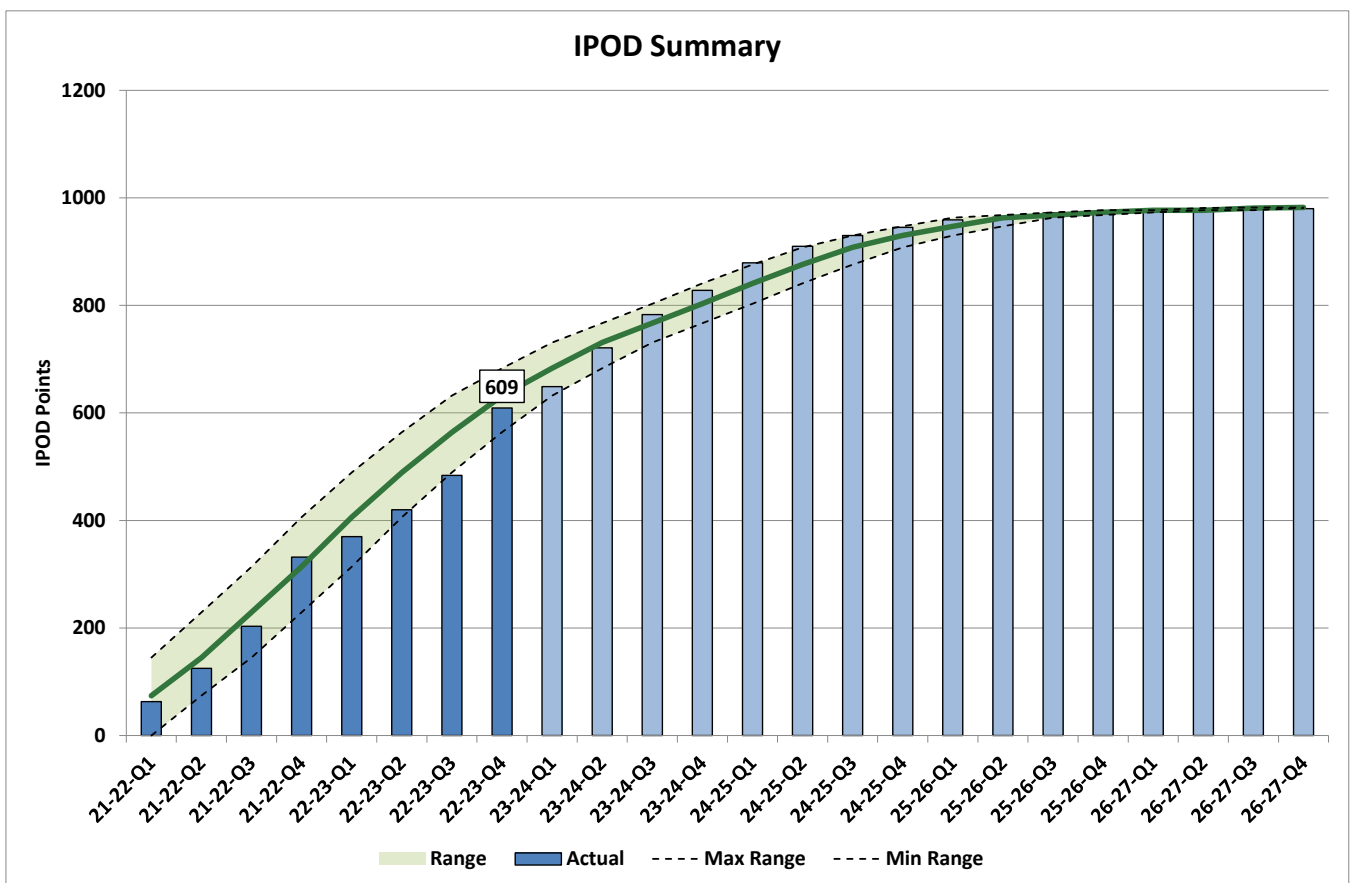


Figure 1: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023

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 Q4 2022/2023 by individual milestone

### IPOD – Start On Site

33 projects started on site during Q4 with performance on the Start On Site (SOS) milestone being in the top half of the range at 145 points against a range of 108 to 151 points.

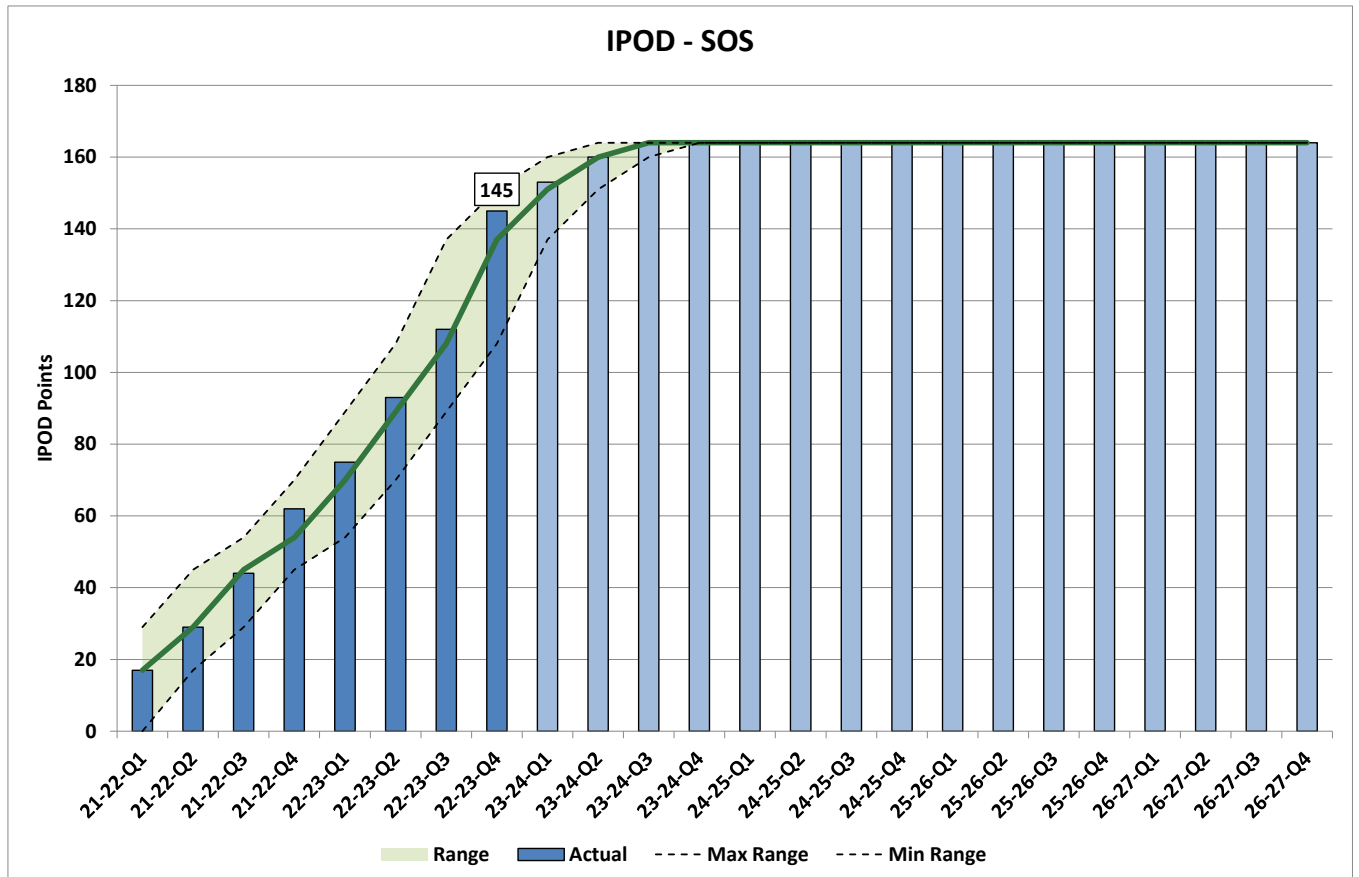


Figure 2: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Start on Site

## IPOD – Acceptance

38 projects achieved acceptance during Q4, bringing the total number of completed projects delivering benefit for customers to 233 which is outwith the forecast range of 247 to 272. 17 projects that have not yet had acceptance signed off are now substantially complete and are forecasting acceptance in Q1, with a further 8 forecasting acceptance in Q2. Explanation of this movement can be found in Sections 4 & 5. Full details of the projects on the water and wastewater portfolios are now shared regularly with DWQR and SEPA.

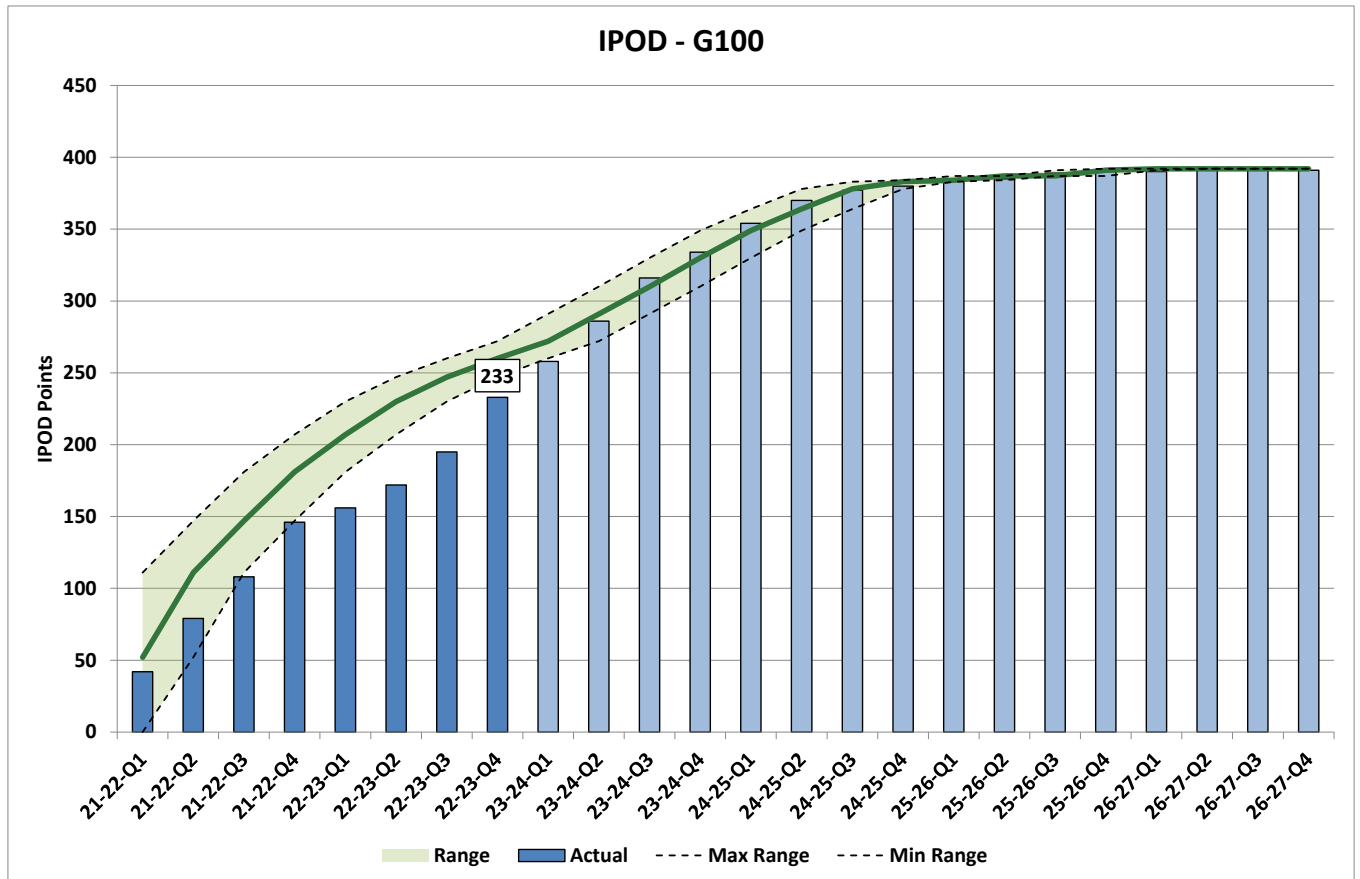


Figure 3: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Gate 100 (Project Acceptance)

## IPOD – Financial Completion

54 projects achieved financial completion during Q4. 231 points were achieved to date with the target range being 209 to 260 points.

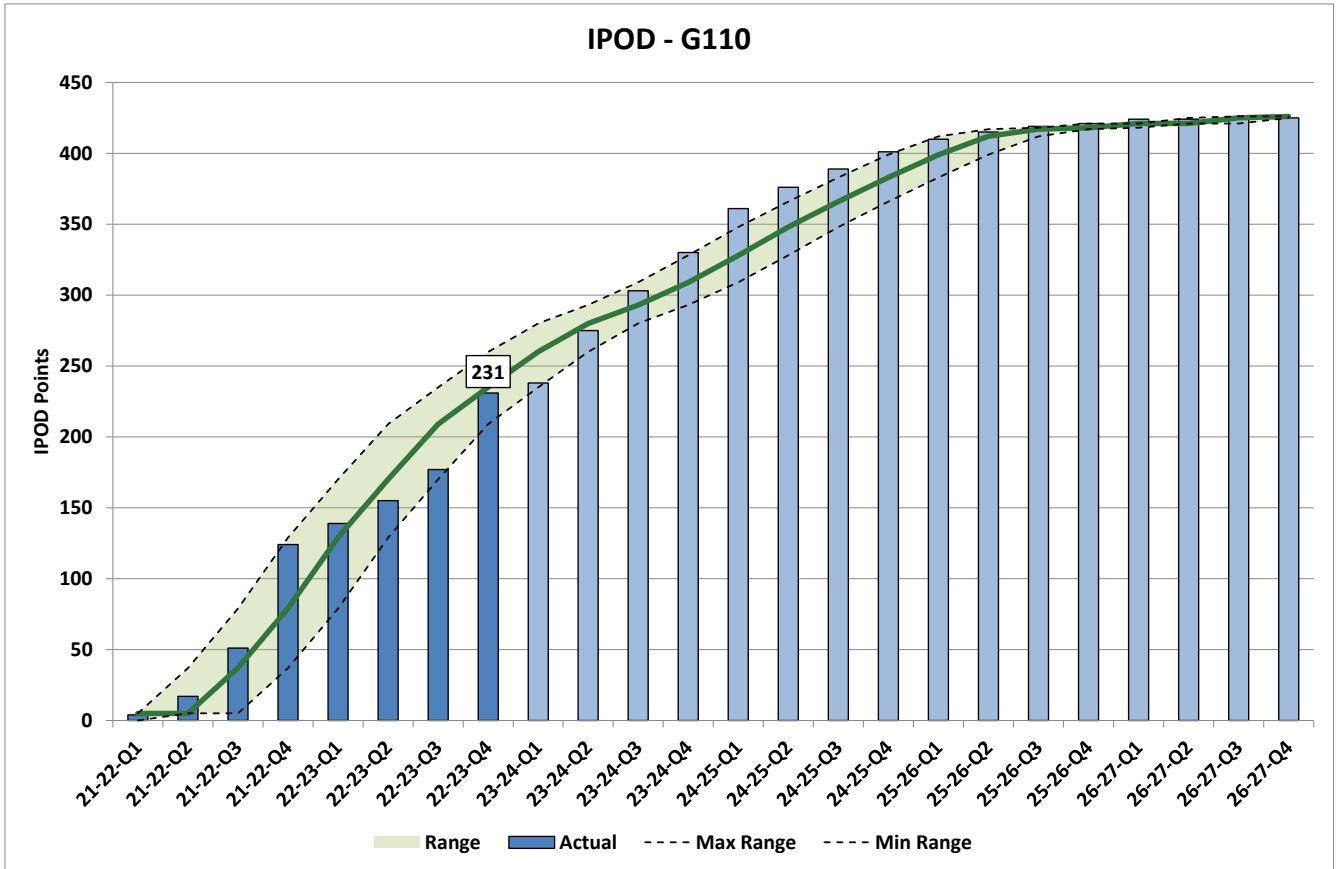


Figure 4: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Gate 110 (Financial Completion)

#### 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 Q4 overall performance in the water portfolio is within the range (Figure 5) with 308 points achieved to date; against a range of 281 to 347.

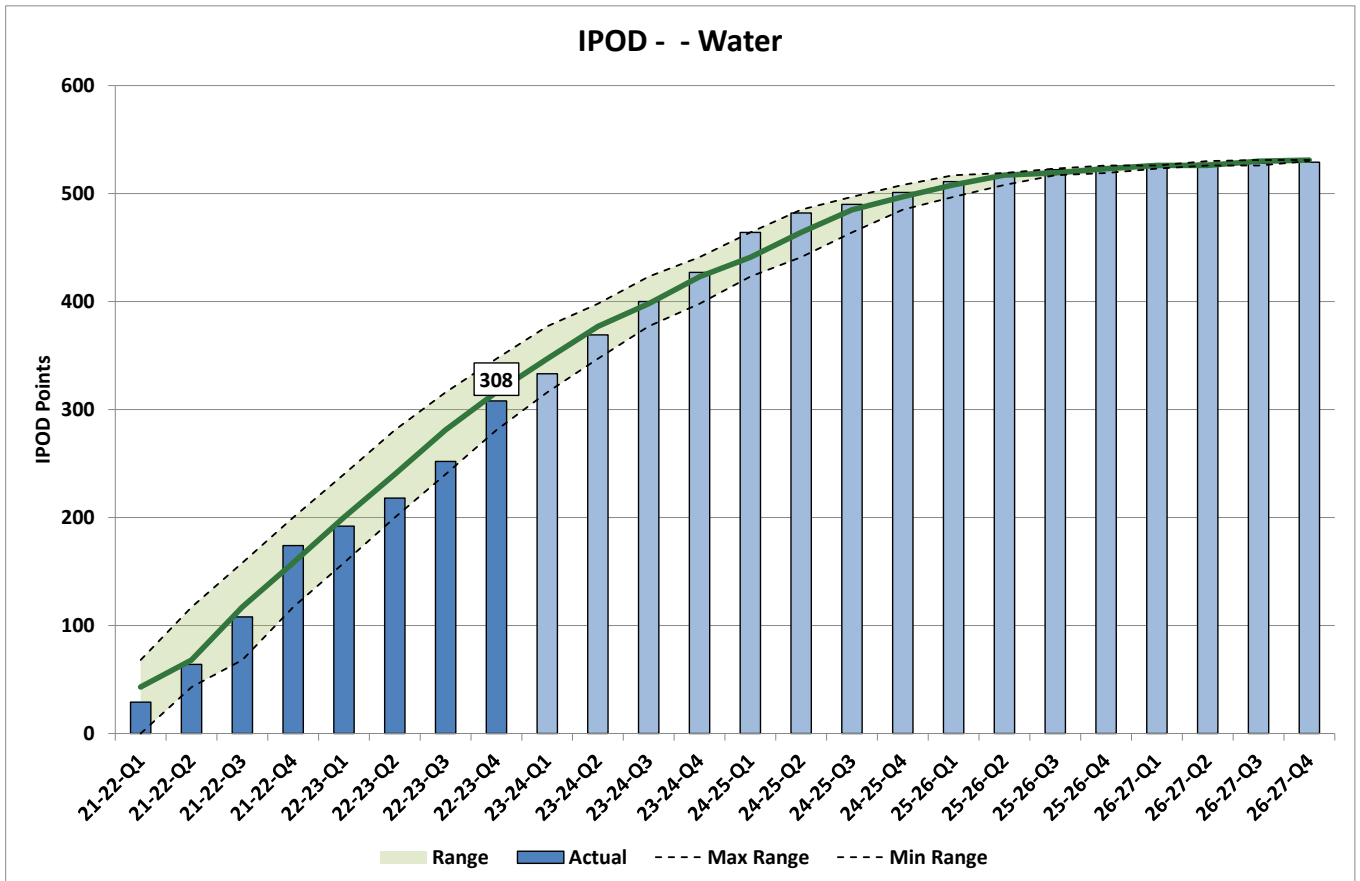


Figure 5: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for all Water Portfolio projects

## Start On Site

Performance on the Start On Site milestone (Figure 6) remains strong with all 3 of the sub-programmes achieving the central forecast. 81 projects have now started on site, 15 of these in Q4 2022/23, against a range of 64 to 88.

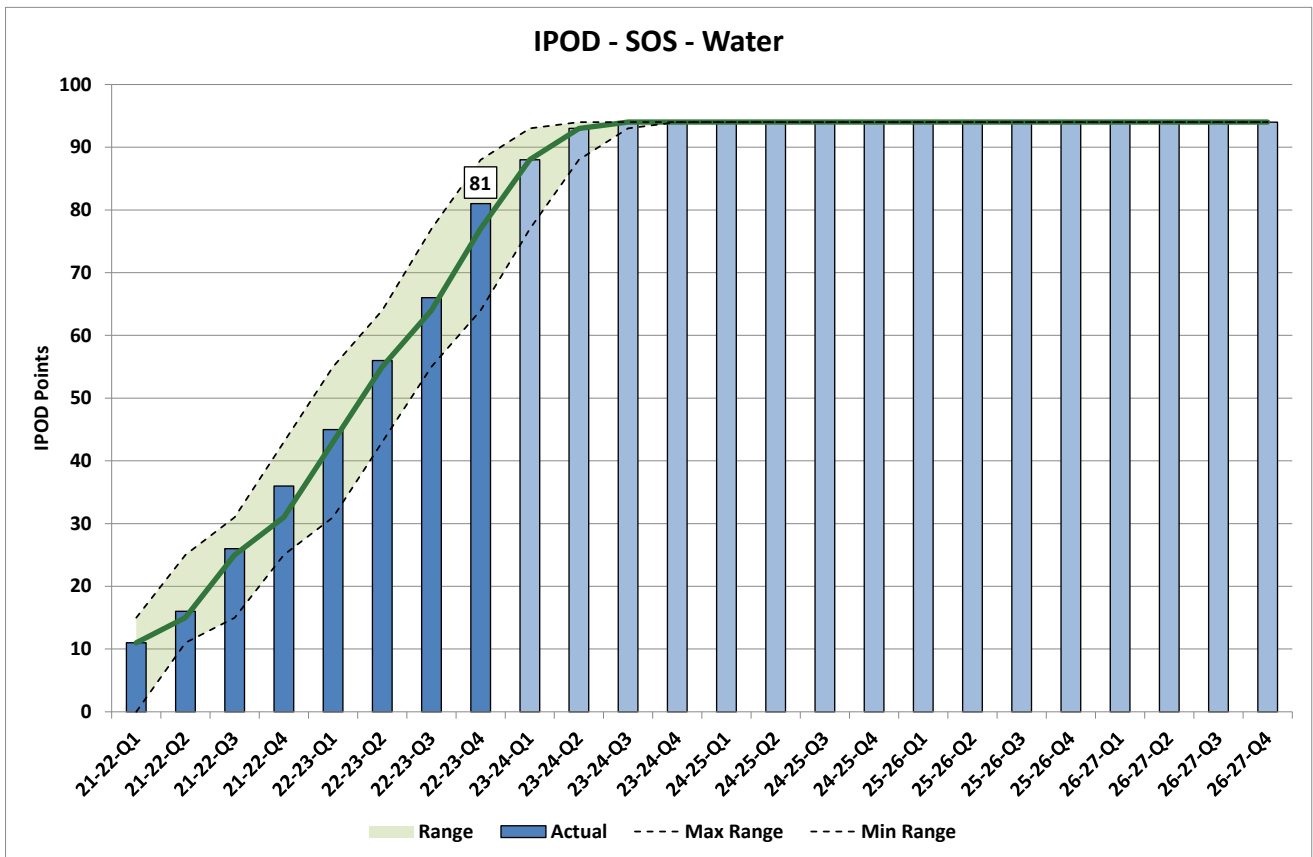


Figure 6: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Start On Site of all Water Portfolio projects

## Acceptance

19 projects achieved acceptance in Q4 delivering benefit to customers taking the total to 109 projects that have now achieved acceptance against a forecast range of 115 to 132 at time of commitment.

8 projects in the SR15 Completion sub-programme have been reforecast. 4 of these projects are now substantially complete and forecasting acceptance in Q1.

Reasons for reforecasting:

- 3 projects have been reforecast due to third party issues: Yarrowfues WTW main-out, Dalwhinnie WTW - TTU and Ness WTW.
- 3 due to construction risks being realised: South Edinburgh Service Resilience, Ringford WTW and Wick East.
- 2 projects have been reforecast due to design issues: SR15 ES - Uig WTW - SR15 WQ and SR15 TE CM Staney Hill North - Q Sandy Loch WTW.

17 projects in the Water Quality sub-programme have been reforecast. 4 of these reforecast projects are now substantially complete and are forecasting acceptance in Q1 with a further 5 forecasting acceptance by Q2.

Reasons for reforecasting:

- 2 projects have been impacted due to additional scope being required to complete the projects: Whitehillocks WTW and Howden WTW.
- 2 projects have been impacted by third party issues: Burncrooks WTW Quality THM and IR18 Allowance - Tarbert WTW.
- 13 projects have been impacted by construction risks and supply chain delays.

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.

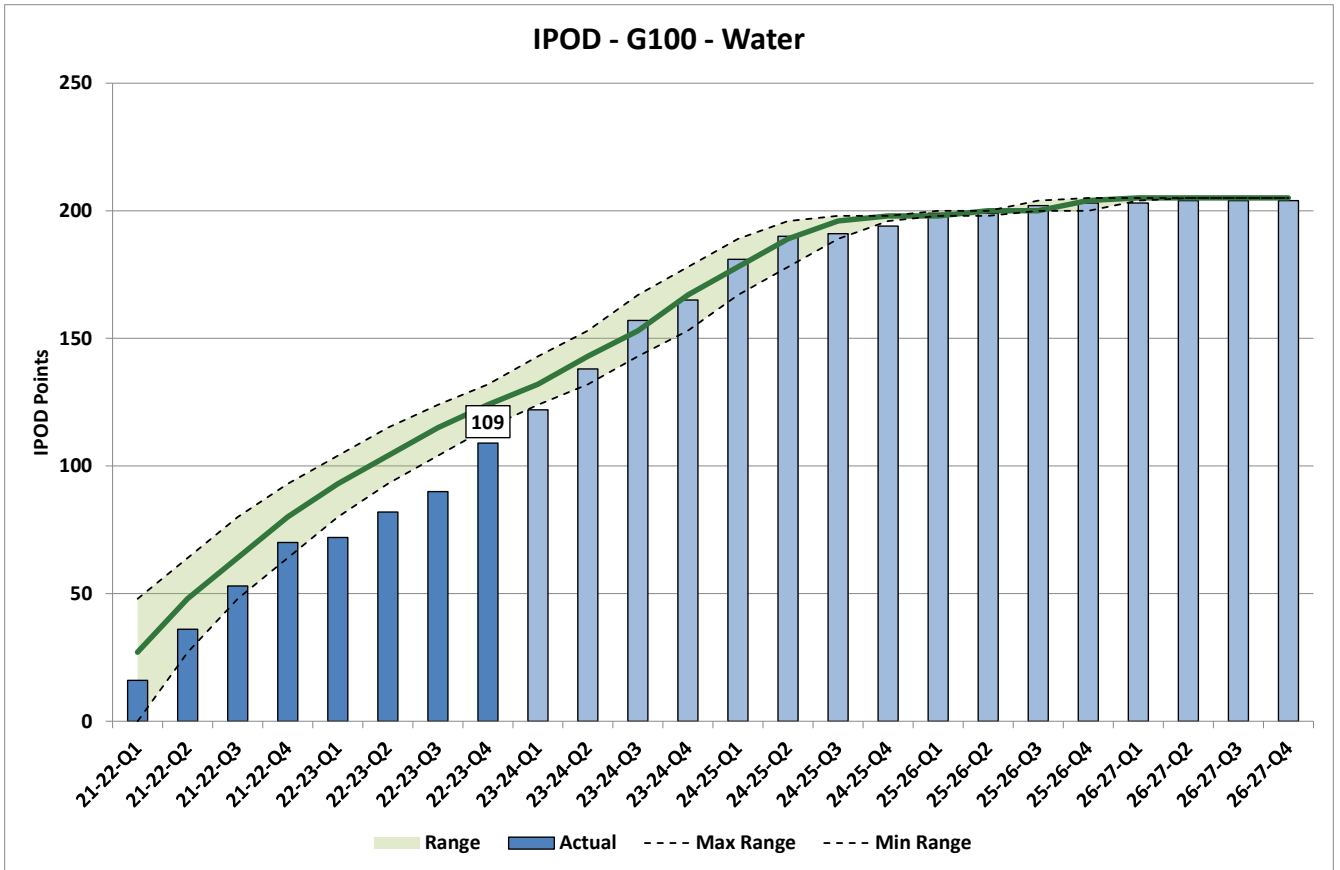


Figure 7: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Gate 100 (Project Acceptance) of all Water Portfolio projects



## 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). 118 projects have now achieved Gate 110 against a range of 102 to 127.

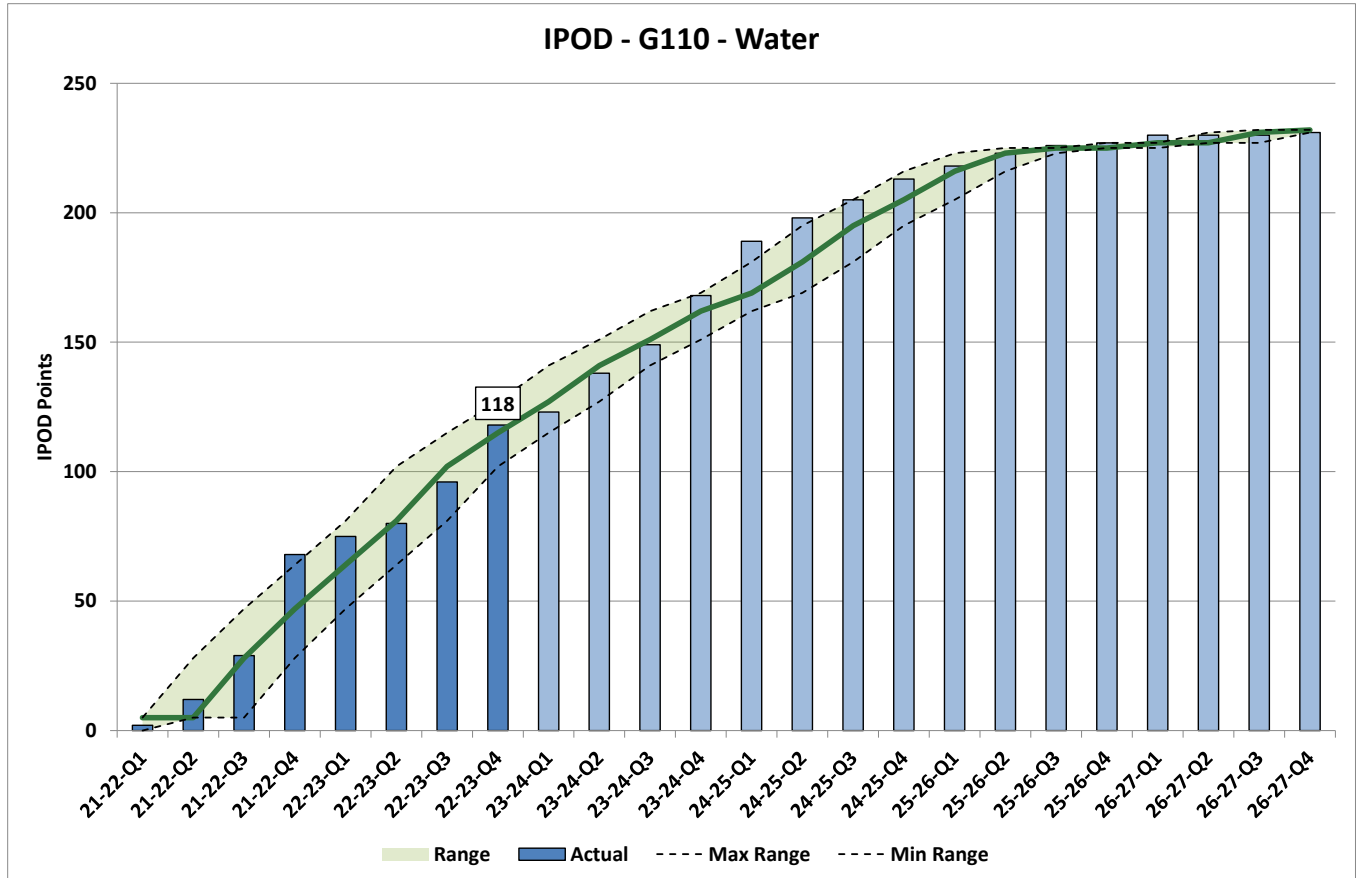


Figure 8: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Gate 110 (Financial Completion) of all Water Portfolio projects

## 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 Q4 performance in the Wastewater portfolio is back on track against the forecast range (Figure 9). 252 points have been achieved to date compared with a target range of 243 to 287. The overall performance has been impacted by commercial arrangements we have in place with one of our Alliances, however, this position has been substantially recovered in Q4.

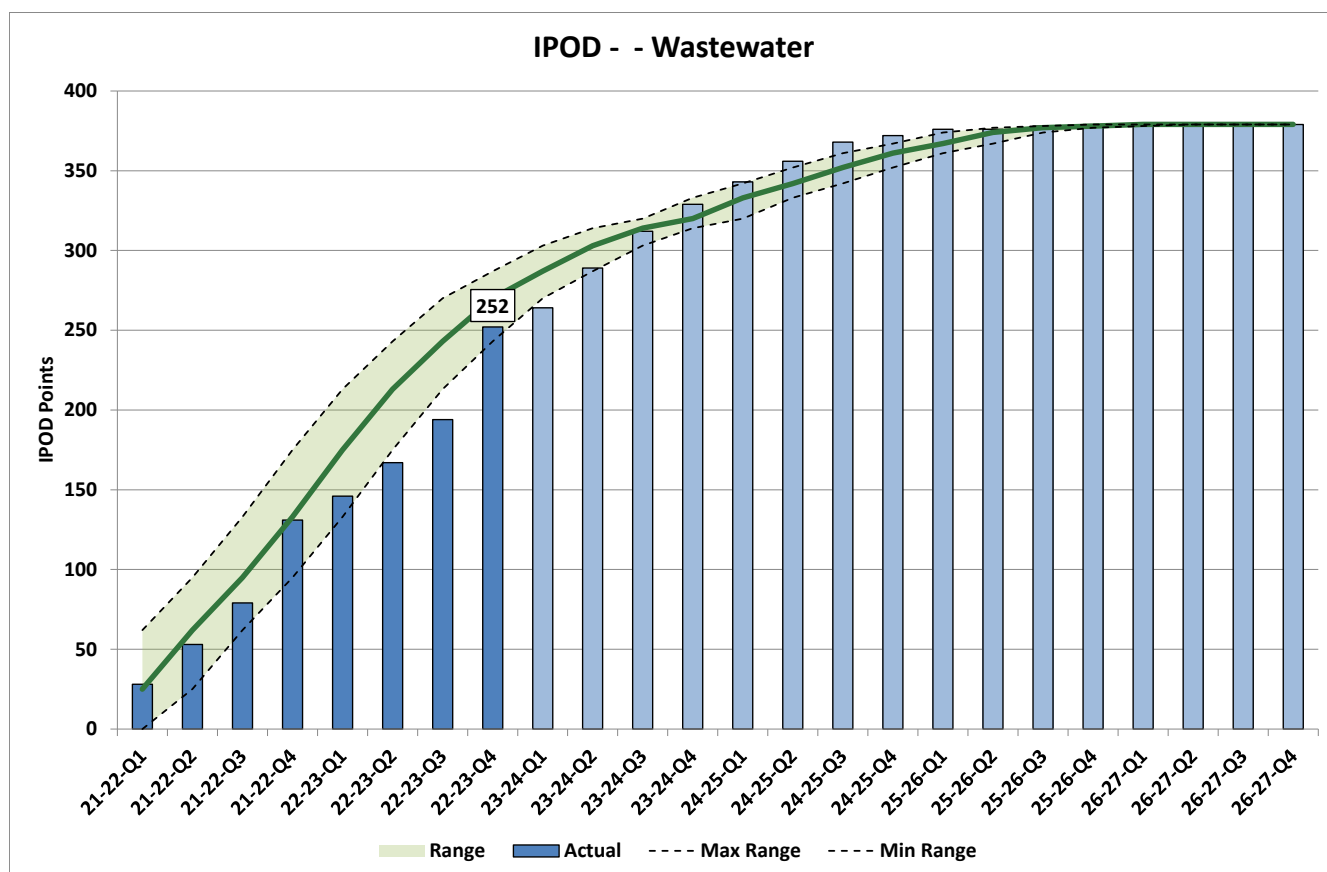


Figure 9: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for all Wastewater Portfolio projects

## Start On Site

Performance on the Start On Site milestone (Figure 10) remains strong. 47 projects have now started on site, 11 of these in Q4, above the range of 33 to 46.

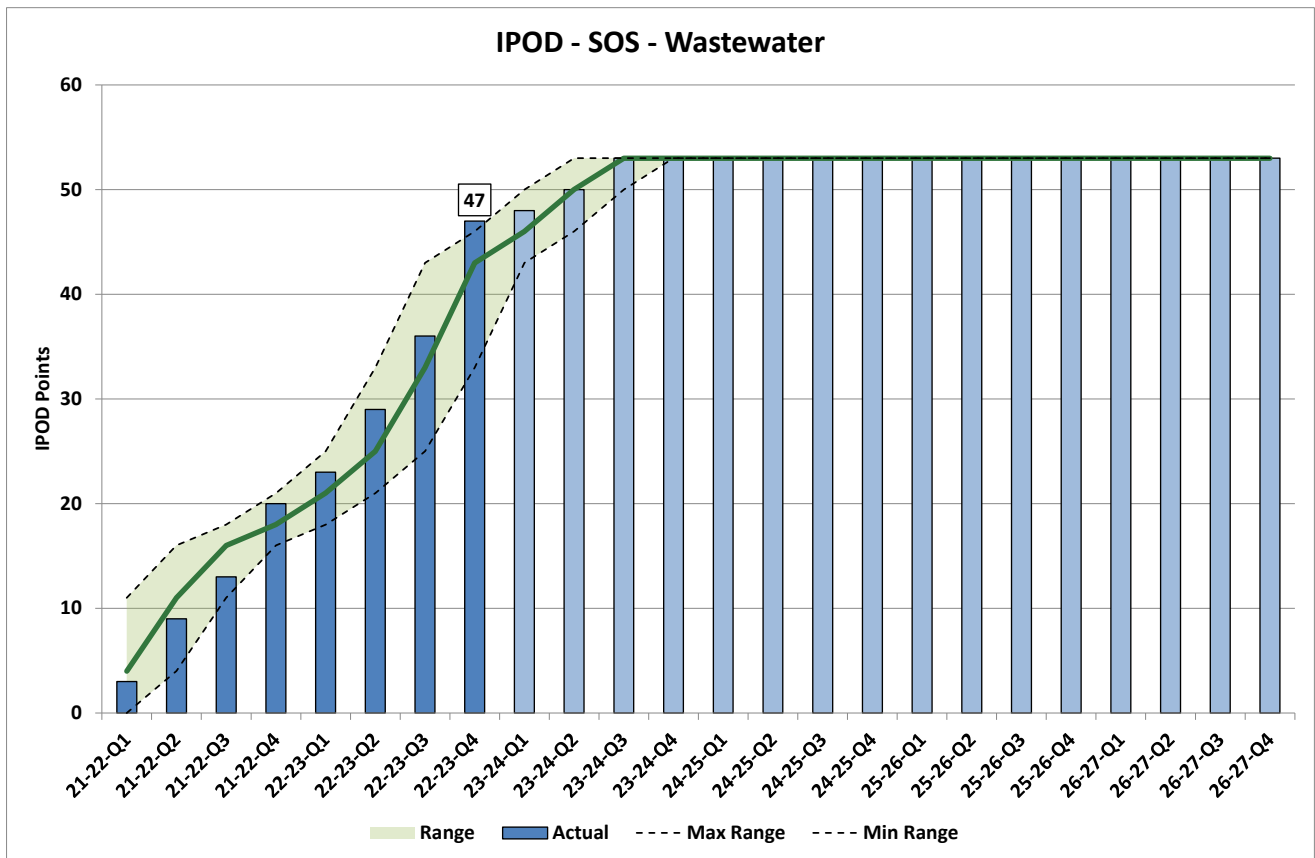


Figure 10: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Start On Site of all Wastewater Portfolio projects

## Acceptance

17 projects achieved acceptance in Q4, delivering benefit to customers and bringing the total to 108 projects that have achieved acceptance against a forecast range of 117 to 124 at the time of commitment.

In the SR15 Completion sub-programme, the acceptance of 4 projects have been reforecast. 3 of these are now substantially complete and forecasting acceptance in Q1.

Reasons for reforecasting:

- 4 projects have been impacted by third party delays: UID Westbank Quadrant at Eldon Street Bridge CSO, Wellgate Larnark, Main St Newtonmore and UID Cambuslang Road Richmond Laundry.

In the Wastewater Network sub-programme, the acceptance of 6 projects have been reforecast. 2 of these projects are now substantially complete and forecasting acceptance in Q1 with a further 1 forecasting acceptance in Q2.

Reasons for reforecasting:

- 5 projects have been impacted by third party issues including land, power supply and road access: Forres Strategic Wastewater upgrade, Infra-Kingdom Park, Dunfermline Wellwood Wastewater Infrastructure, and Coalburn Road.
- Construction risks have been realised for 1 project: Shieldhall WWTW Grade 5 HC Sewer Ph1.

The acceptance of 7 projects in the Wastewater Treatment programme have also been reforecast. 4 of these projects are now substantially complete and forecasting acceptance in Q1 with a further 2 forecasting acceptance in Q2.

Reasons for reforecasting:

- 4 of these due to third party issues: IR18 CAS Compliance Improvements - Networks East & North Complex, Burrelton WwTW – Growth, Forres WWTW and Banchory WwTW – Growth.
- 2 are due to general construction risks being realised: Dalderse WWTW and Carstairs Village WWTW.
- 1 is due to additional scope being required to complete the project: Stewarton WWTW.

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.

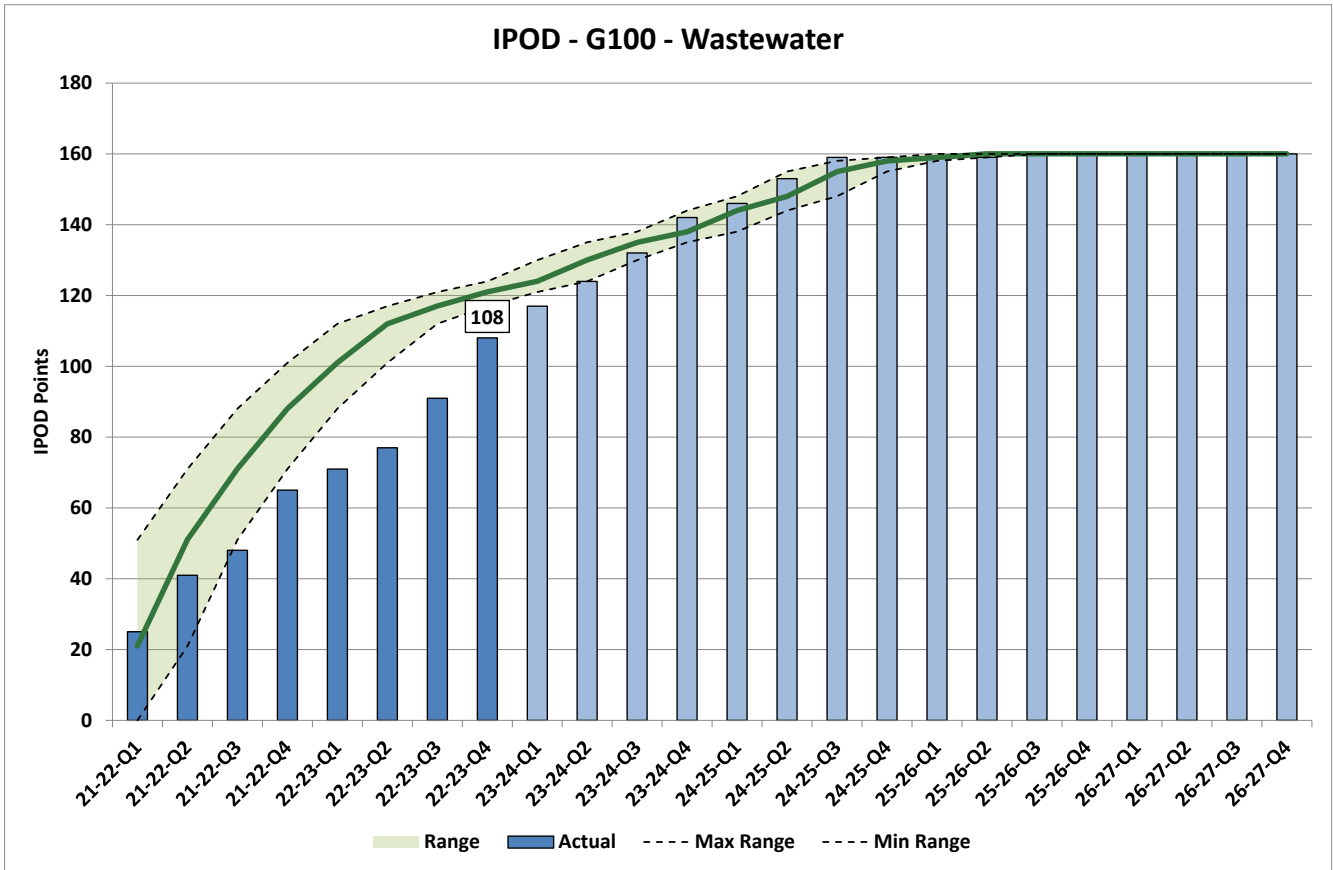


Figure 11: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Gate 100 (Project Acceptance) of all Wastewater Portfolio projects

## Financial Completion

Performance on the Gate 110 Financial Completion milestone (Figure 12) is at the bottom of the target range. 97 projects have now achieved Gate 110, 30 of these in Q4 2022/23, against a range of 93 to 117. The performance on concluding Gate 110 Financial Completion has been impacted by commercial arrangements we have in place with one of our Alliances, however, this position has been substantially recovered in Q4.

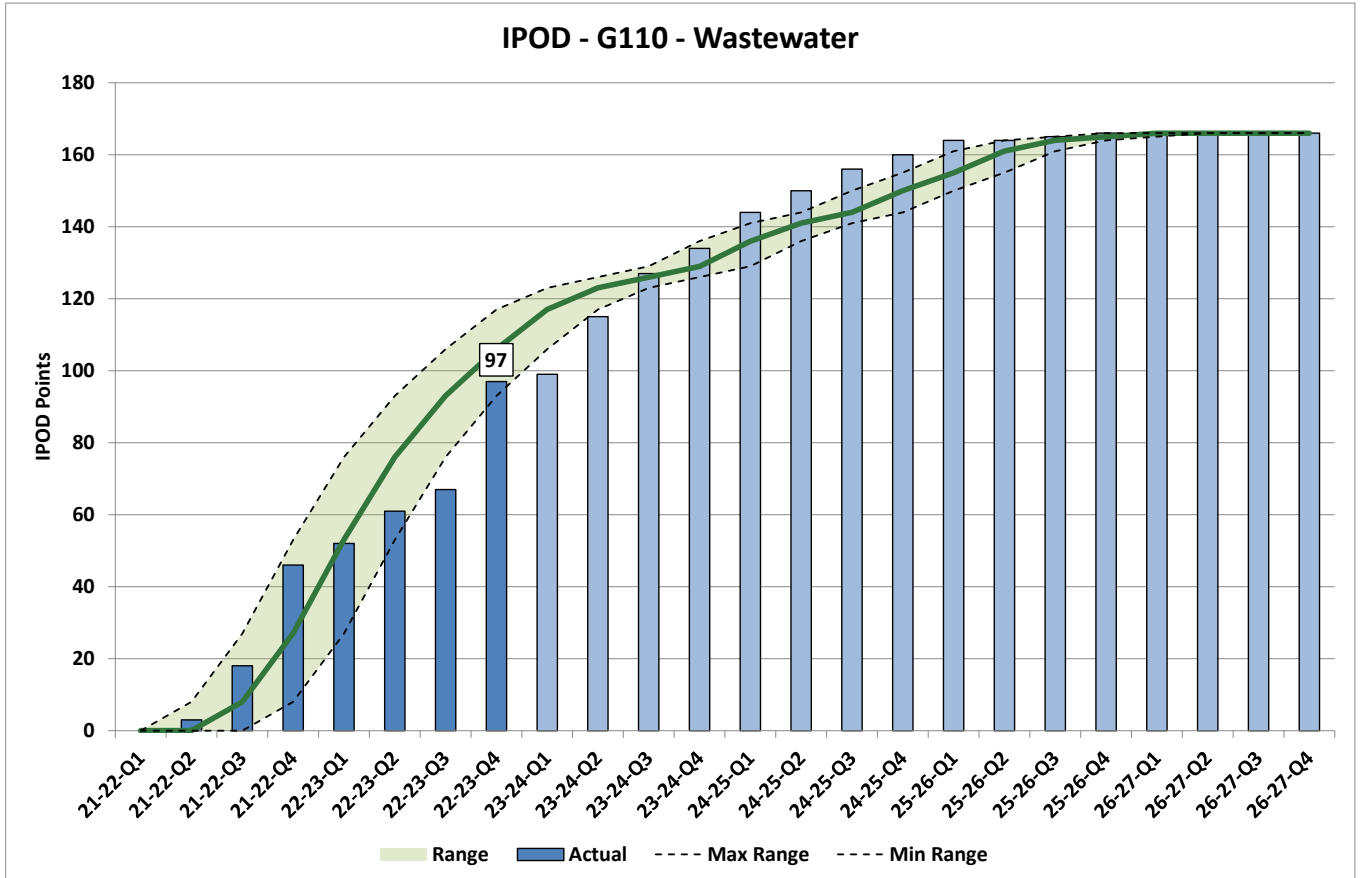


Figure 12: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Gate 110 (Financial Completion) of all Wastewater Portfolio projects

## 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 at 49 points is at the top of the 40 to 49 range (Figure 13). All milestones are within the range.

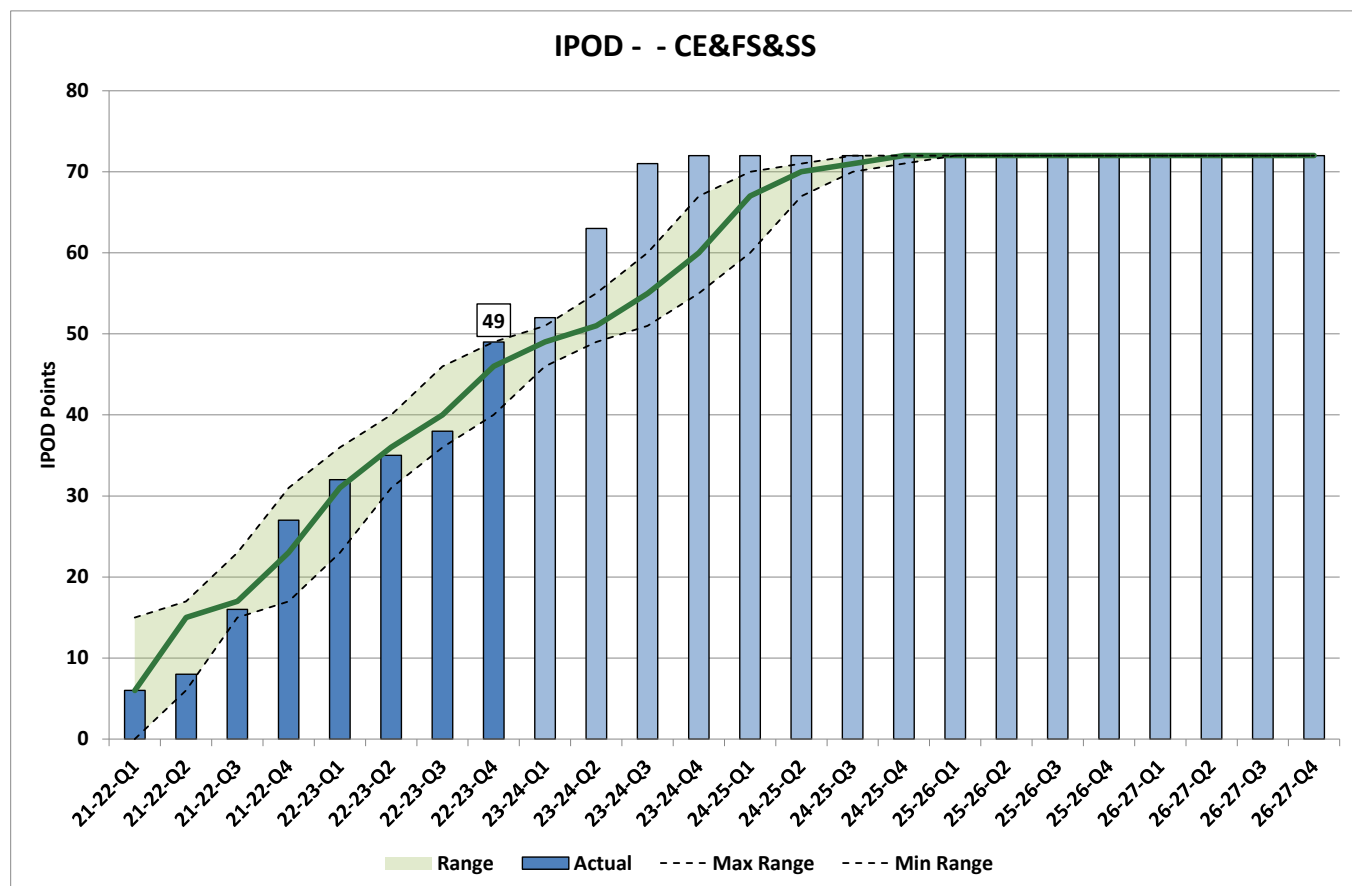


Figure 13: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for all CE&FS&SS Portfolio projects

## Start On Site

Performance on the Start On Site milestone (Figure 14) remains good. The Flourishing Scotland and Other sub-portfolios achieved the central plan target. 17 projects have now started on site, against a range of 11 to 17. 7 of these projects started in Q4.

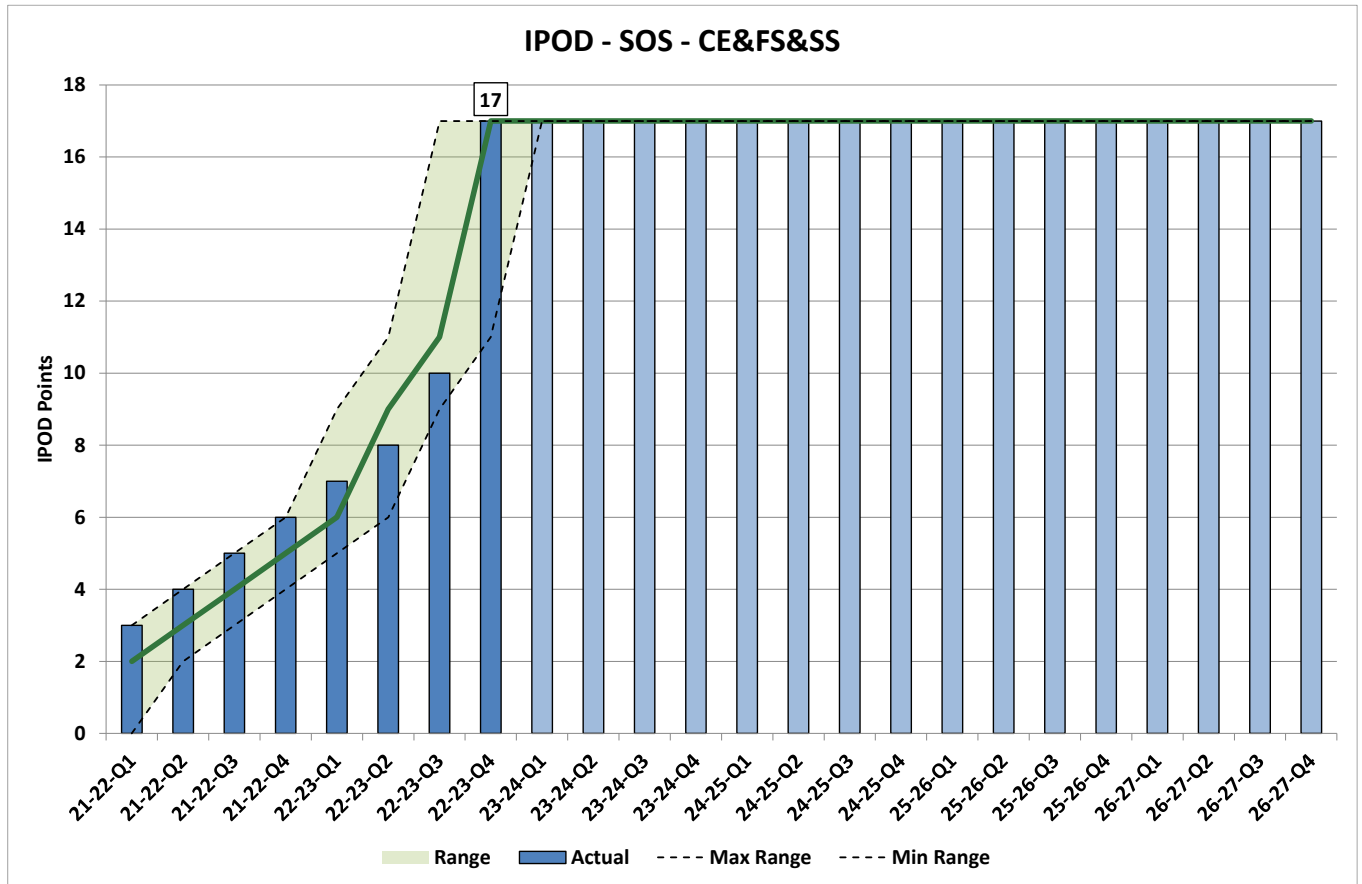


Figure 14: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Start On Site of all CE&FS&SS Portfolio projects



## Acceptance

The Gate 100 Acceptance milestone (Figure 15) on all 4 of the sub programmes are within the range. 16 projects have achieved Gate 100 Acceptance, against a range of 15 to 16. 2 projects achieved acceptance in Q4.

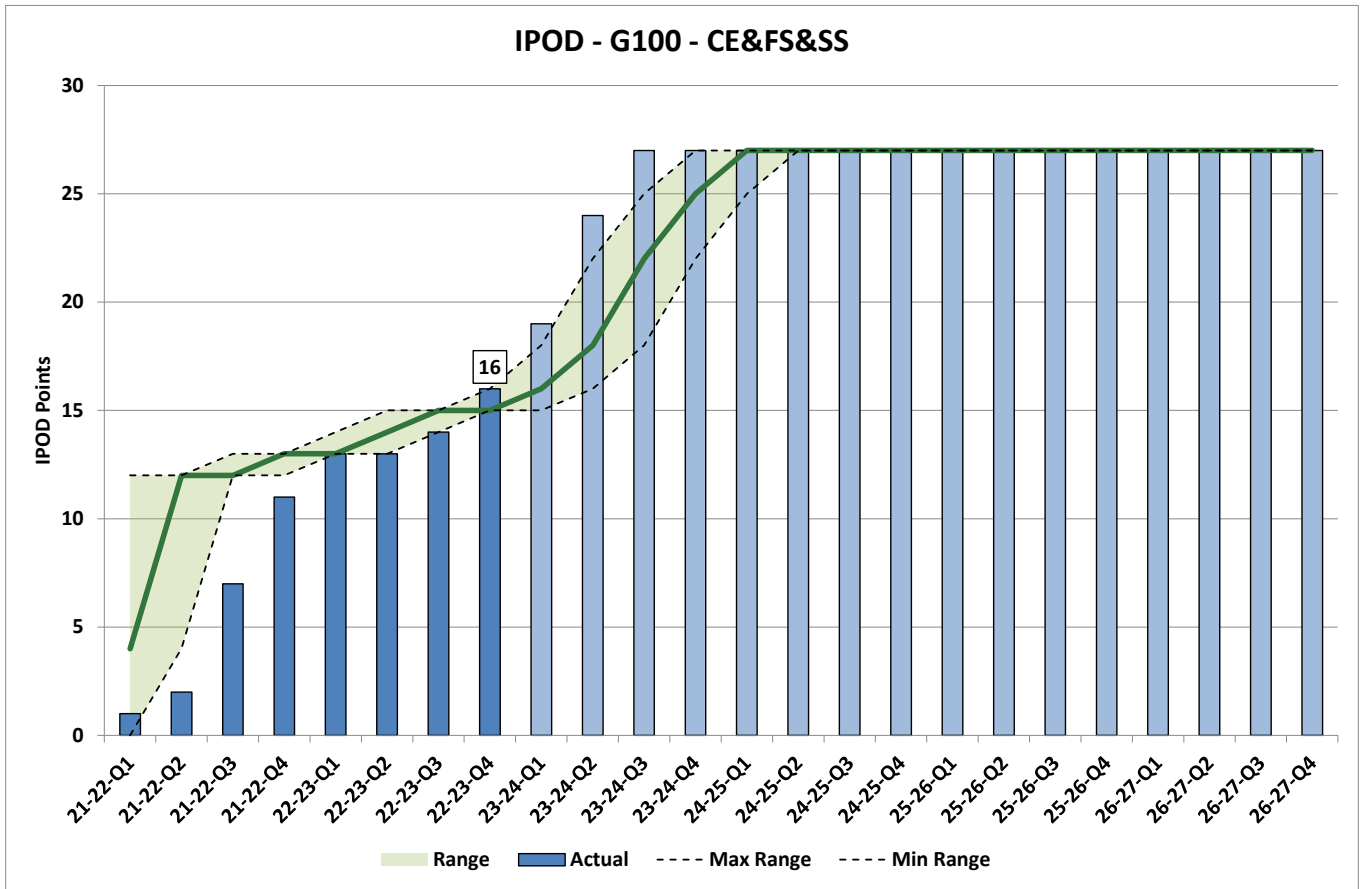


Figure 15: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Gate 100 (Project Acceptance) of all CE&FS&SS Portfolio projects

## Financial Completion

16 projects have achieved the Gate 110 milestone to date, against a range of 14 to 16. 2 projects achieved this gate in Q4.

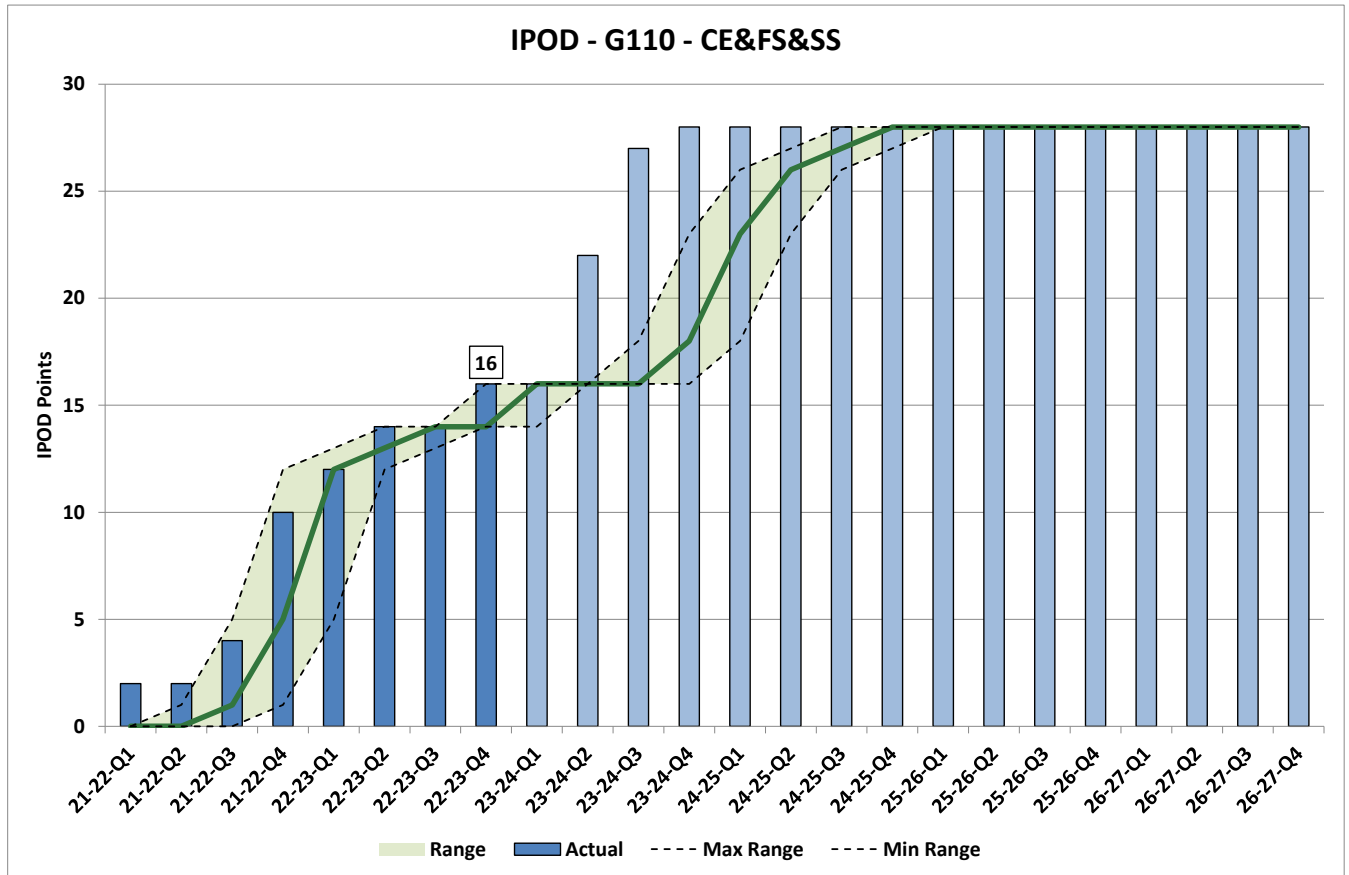


Figure 16: Indicator of progress of Overall Delivery (IPOD) at Quarter 4 2022/2023 for Gate 110 (Financial Completion) of all CE&FS&SS Portfolio projects

## 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 7. 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 SR15 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 Q4 2022-23	Variance	Forecast at March 2021	Actual at Q4 2022-23	Variance
Pre-Start On Site	0	3	3	1	4	3
In Construction	6	24	18	4	10	6
Acceptance	80	59	-21	52	43	-9
<b>Total</b>	<b>86</b>	<b>86</b>	<b>0</b>	<b>57</b>	<b>57</b>	<b>0</b>

By way of further explanation:

### Delayed Projects

At the end of Q4 2022/23 we had planned to have 80 of the 86 delayed SR15 projects through acceptance (Table 1). 21 have still to achieve Gate 100 acceptance. 4 of these are now forecasting acceptance in Q1 with a further 3 in Q2. A further 7 projects are forecasting completion in the remainder of 2023/24. 2 projects (Mannofield WTW and Easdale Cottages) forecasting acceptance later in the period to align delivery with other planned work in the programme.

The reasons for reforecasting:

- The delivery of 5 projects has been reforecast due to third party issues.
- The delivery of a further 14 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.

- 1 project has 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.

3 delayed projects are yet to start on site. These are:

- Rockcliffe BW - Improvement to Sufficient Status 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. The project is forecast to achieve G90 in Q2 and to start on site in Q4.
- Roberton WTW where the operational solution trialled to provide pH correction and coagulation has not been successful and a new project has been developed. The project is forecast to achieve G90 in Quarter 3 and to start on site in Q4. Acceptance is forecast in 24/25 Q3.
- 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. The project is forecast to achieve G90 in Q3 and to start on site in Q4. Acceptance is forecast in 24/25 Q2.

## **Planned Projects**

Two projects achieved acceptance in Q4. 43 projects have now achieved Gate 100 acceptance against a target for Q4 2022/23 of 52. 10 projects have been impacted by delays. 2 of these projects are forecasting completion in Q1 with a further 3 in Q2. The remaining projects, except for Edgehead St, Water of Leith UIDS - batch 7 - Longstone CSOs and Kirkmichael WTW, are forecasting to be complete during 2023/24.

Kirkmichael WTW was returned to the plan stage as the operational solution experienced some difficulty –however the output is likely to be closed as a consequence of the operational solution being implemented, and further investment needs at the site considered as part of the SR21 management approaches. Upperton (Longriggend) WWTW is going through a scope review process. The project is forecast to start on site in September this year.

4 Planned projects are yet to start on site. These are:

- Sanday WTW achieved Gate 80 in 22/23 Q3. Detailed design is ongoing, and the project is forecast to start on site in September this year. The project is forecast to achieve G90 and start on site in Q3. Acceptance is forecast for 24/25 Q3.

- Edgehead Septic Tank is going through the estimating process. Technical review and design acceptance have been agreed. The project is forecast to start on site in Q1. Acceptance is forecast for 24/25 Q3.
- South Uist WTW New Source is still under investigation to confirm the requirement for a new source. Water Quality sampling for potential new sources is ongoing, alongside discussions with SEPA, and a hydraulic model build has been scheduled to investigate whether more water can be transferred from Benbecula. The work at Stoneybridge WTW to improve water quality is likely to deliver the SR15 outputs by August 2023 and the requirements for a new source considered in the round with future investment needs and priorities.
- Upperton (Longriggend) WWTW is forecast to start on site in Q2, ahead of baseline (Q3).

## 8. Future Improvements to Reporting

A key discussion topic at DAG has been in relation to what improvements to reporting are needed to be able to monitor customer benefits from the delivery of projects on the Committed List. At a high-level customer benefits from Investment are identified as part of the assessment of investment needs. Each need is linked to either a Ministerial Objective or asset management policy (Management Approach), and therefore projects added to the Committed List are known to deliver these needs.

It is recognised that further work is required to produce metrics with which to measure outputs and outcomes. At the DAG for quarter 3 an update was given on the definition of SR21 outputs to achieve this and comments were sought.

Since then there have been discussions and an exchange of correspondence between Scottish Water and WICS on the subject of the completeness and quality of reporting progress to the satisfaction of WICS for the remainder of this regulatory period. Further additions to DAG on customer outputs and outcomes has been put on hold and will be picked up as part of the programme of work being developed following this correspondence.

## 9. Conclusions

The DAG is invited to note that:

- Year 2 Tier 2 Investment to the end of Q4 2022/23 was £687m made up of planned repair and refurbishment (£405m), enhancement (including flooding) (£182m), growth (£75m) and Support (£25m). It includes £61m invested on the delivery of projects that were planned to be completed in the previous period. This is an increase from £623m in 2021/22 - a step up in investment to the benefit of customers.
- The IPOD indicator is back on track at 609 points, against a range of 564 to 683 points, demonstrating that the overall programme is on track.
- Notwithstanding an improved position Scottish Water are experiencing delay in achieving Acceptance on a number of water and wastewater projects as delivery risks are realised – broadly due to scope variations; third party risks; construction risks and challenging construction market conditions. Scottish Water continue to monitor service risk and the impact on customers on these projects. 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.



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