

**DELIVERY ASSURANCE GROUP (DAG)
MINUTES OF 13th MEETING
Scottish Government, Victoria Quay, 21 September 2022**

Attendees:

Jon Rathjen, Scottish Government (Chair)	Simon Parsons, Scottish Water
Stuart McCaskell, Scottish Government	Mark Dickson, Scottish Water
Alan Sutherland, WICS	Barbara Barbarito, Scottish Water
David Satti, WICS	Sharon Forrester, SEPA
Sue Petch, DWQR	

ITEM 1 – WELCOME AND APOLOGIES

1. There were apologies from Ruby Keddie, Barry Greig, Duncan Robertson, Michelle Ashford, Douglas Millican, Donald MacRae, Ian Buchanan, Niki Maclean and Gail Walker.

ITEM 2 – MINUTES AND ACTIONS ARISING FROM MEETING OF 23 JUNE 2022

2. The minutes from the previous meeting on 23 June 2022 were agreed to be an accurate record subject to the following amendment:
 - Paragraph 12 – Amend commentary in light of commercial sensitivity.
3. The action points were reviewed:
 - **Action 1** – Closed. SW's cover note already provides a list of changes.
 - **Action 2** – Closed. SW will aim to track some projects through their lifecycle to highlight the community engagement aspects.
 - **Action 3** – Closed. The report is with APS and due to be published on 23 September 2022.
 - **Action 4** – Complete.
4. It was suggested that the minutes from DAG and IPPG should be published on SG's website. The secretariat was asked to investigate the process.

Action 1 – SG to publish minutes on website.

ITEM 3 - DAG WORKING GROUP REPORT

5. Mark Dickson presented the working group update report. In particular he noted that:
 - The Working Group met once in the last quarter with the next meeting scheduled for November 2022.
 - WICS's concerns on reporting requirements had been noted by the SLTG.
 - SW had arranged a session with DWQR to discuss all projects within the water portfolio which had been impacted by delays. SW offered a similar session with SEPA.
6. David Satti noted that WICS had been heavily involved in the SLTG and he was reluctant for it to be closed at this time. He added that the on-going improvements are welcomed and asked how SW would maintain this progress.

The Chair suggested that if the SLTG had completed its actions, it should be closed as it was intended to be “short-life”. Barbara Barbarito noted that SW is committed to progressing the work and would consider how to provide further updates.

Action 2 – SW to arrange session with SEPA to highlight any projects experiencing delays.

ITEM 4 – PROGRESS REPORT OF PERFORMANCE AGAINST THE COMMITTED LIST

7. Mark Dickson presented the report. Key points included:
- By the end of Quarter 1, the total investment for 2022-23, including responsive repair and refurbishment expenditure, was £183 million. Scottish Water is forecasting total investment of £645 million by year-end.
 - **The Indicator of Progress of Overall Delivery (IPOD)** – The position at the end of Quarter 1 is 371 points which is within the target range of 314 to 483 points.
 - **Overall project progress water portfolio** – The Gate 100 Acceptance milestone out-turned at 72 projects, behind the target range of 80-104. Challenges include:
 - Loch Ness regional WTW scheme – commissioning delays have now been resolved and the WTW is in service.
 - Mannofield WTW – Start on site achieved in September.
 - Fair Isle – The WTW has been in service since September 2021 however, performance challenges have arisen.
 - Bonnycraig – An enforcement notice has been issued. SW forecasts that the WTW will go in to supply later this year.
 - Turiff – SW successfully completed the project but it doesn’t address all water quality issues so a further project is required.
 - **Overall project progress wastewater portfolio** – The Gate 100 Acceptance milestone out-turned at 72 behind the target range of 88-112.
 - **Overall project progress CE&FS&SS portfolio** – The Gate 100 Acceptance milestone has now recovered and is on track at 13 projects.
 - **Progress in delivering SR15 projects** – Of these 86 delayed projects; 21 have still to achieve Gate 100 – Acceptance.
 - Market conditions remain the biggest risk due to uncertainties in the cost and availability of materials.
8. Mark noted that IPPG had requested that SW includes a list of outputs which have been delivered as well as the benefits received by customers. SW would produce this update for the next meeting. Alan Sutherland queried whether Gate 100 was 6 months’ behind schedule. Mark confirmed this was the case, noting that some 40 projects are behind the forecasted target. Alan noted that he would expect Gate 110 to therefore fall behind and asked if SW expects an impact later in the period. Mark highlighted that Gate 110 is financial completion and that whilst there are many projects behind schedule at Gate 100, commercial discussions are substantially complete which means less impact from delays at the final milestone. Sue Petch clarified that typically the start on site and financial completion milestones are much shorter by comparison to the acceptance

milestone; this milestone can take a number of years depending on the project. She added that it is difficult to see this granularity in the report. Mark confirmed that the report commentary notes the challenges at Gate 100 and that this means customers will receive the benefits later than forecast. He added that SW needs to improve the accuracy of its forecasts when a project moves to the Committed List.

9. David Satti noted that during SR15 the graphs acted as an early warning system for delays and that this seems to have been lost during SR21. Alan agreed, suggesting that if DAG is missing MS1 and MS2 it can't have confidence the monitoring is still as effective. Mark noted that the commentary provides assurance, and that earlier milestones are monitored by IPPG. He added that SW is still learning how to produce better forecasts when projects are added to the Committed List. Alan noted that it is difficult to determine the level of progress for projects which are experiencing delays. David added that SR15 used a RAG system to clearly indicate any concerns. Alan highlighted that it may not be an issue if completion dates are missed if a project has spent 90% of the overall allowance for example; however, he would have concerns if there had been little investment to date. The group suggested that SW considers how to provide further detail to track the progress of projects including expected investment, spend to date and any implications for Gate 110.
10. Alan queried whether the forecast lines would change if a project is added to the Committed List. Mark confirmed this was the case. Alan asked if this would mean that the acceptance milestone would continue to fall further behind if the baseline continues to increase. Mark noted that whilst the numbers would move, this doesn't necessarily mean the milestone would fall further behind. He clarified that the gap would only increase if performance is weaker but SW should continue to learn and therefore recover towards the forecast range. The Chair suggested that adding numbers to the charts could provide clarity. David asked whether the monitoring helps to inform SW's planning, for example in terms of uncertainty from market conditions. Mark clarified that the position remains dynamic and is under constant review and SW does use learning points from risks when producing forecasts.
11. The DAG Q1 2022-23 report was agreed. The Chair requested the report be submitted to Ministers.

Action 3 – SW to consider how to provide further assurance for projects on the Committed List.

Action 4 - SG to submit DAG report to Ministers and publish on website.

ITEM 5 – AOB

12. The next meeting is scheduled for 8 December 2022, location to be confirmed.

Stuart McCaskell
Scottish Government
October 2022