



SETTING OUR AMBITIONS IN MOTION - PLAN FOR TRANSFORMATION

APPENDIX A1
WORKSTREAM DETAIL

AUGUST 2021



**Scottish
Water**

Trusted to serve Scotland

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1. DEEPEN OUR CUSTOMER AND COMMUNITY FOCUS

1.1 Purpose, Customer & Community Centricity

1. What are the objectives of this workstream?

- Grow the insights, mindsets and capabilities for Scottish Water (SW) to embed Customer and Community Centricity (C&CC) into everything SW does, taking decisions as if the customer was 'in the room' and becoming a purpose driven organisation.
- Achieve recognition that customers treasure us as their publicly owned water and waste water services provider, maintain our 'social license to operate in new context' and support a flourishing Scotland.

2. How will the workstream deliver these objectives?

- Grow and embed an authentic organisational purpose which guides choices at key moments, inspires current and future employees, holds leaders to account, and engages regulatory stakeholders, through internal engagement, leadership and storytelling.

- Define the vision, strategy and measures of success needed to embed customer & community centricity throughout SW, along with clarity on who our customers and communities are.
- Embed C&CC capabilities, mindsets & behaviours across our people and partners, collaborating with leadership and skills development to deliver training, coaching and engagement across the organisation.
- Deliver a world class customer & community insight engine which is powered by our people and dynamically analyses all data, intelligence and sentiment to provide the insight needed to make decisions as if the customer were in the room.
- Implement a proactive and coordinated approach to engagement and partnerships to encourage empowerment and generate recognition, trust, pride and the active support of customers, communities and wider stakeholders, for all that we do to help Scotland flourish.

- Transform our approach to caring for customers and communities whose unique circumstances mean our processes don't work for them.

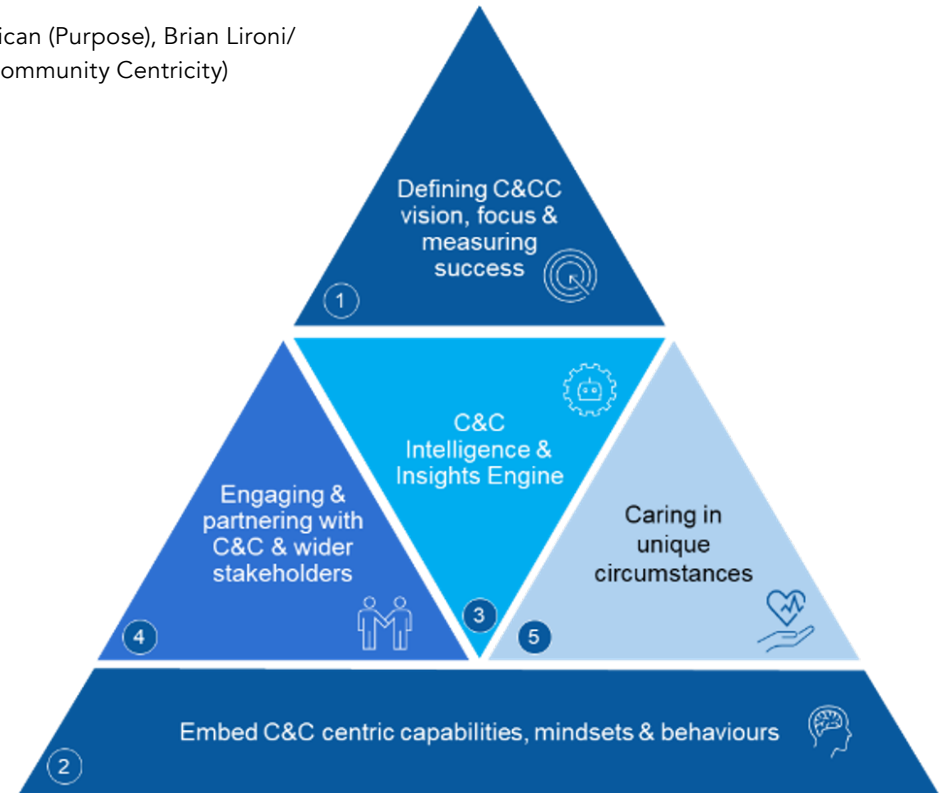


3. What are the high-level timelines for this workstream?

- Design of all initiatives to commence pre- or at launch and move to delivery shortly after.
- Definition and measurements of C&CC vision established and embedded within first 6 months.
- Design and delivery of capabilities, mindsets and behaviours to complete within the first 12 months, then move to business as usual and tracking, and continually iterated as our customers and communities develop.
- Minimum Viable Product (MVP) Insight engine to commence build in June 2022 and complete in June 2023, full product development to commence thereafter.
- Organisational purpose narrative to be finalised and communicated and committed publicly from June 2022.

4. Owners

- Workstream owner: Molly Horsley
- ELT sponsors: Douglas Millican (Purpose), Brian Lironi/ Peter Farrer (Customer & Community Centricity)



2. INVEST STRATEGICALLY FOR SCOTLAND

2.1 Sustainable Investment Decision Making

1. What are the objectives of this workstream?

- To ensure that we translate the purpose and strategies of the business to “maximise the benefits of investment to customers, communities and the environment” and that this is ingrained throughout the organisation. The outcome is to create trust and legitimacy with customers and stakeholders.

2. How will the workstream deliver these objectives?

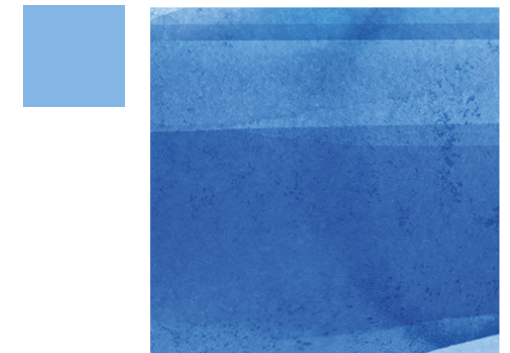
- This workstream will be delivered through 11 interconnected improvement areas to enhance our capabilities in best practice customer focused asset management. These can be broadly grouped into transforming our approaches to better “understand” and “manage” of our risks and opportunities at various levels – from the highest strategic perspective at a national level right down to the decisions at an individual project level.

- We are transforming all aspects of our processes, tools, metrics, methodologies, systems, organisational set up and capabilities. In parallel, we will develop engaging MVPs that signal a progression in our maturity and capability.

3. What are the high-level timelines for this workstream?

- We will continue to deliver our ongoing multi-year programme of improvements laid out in Year 2 of the Asset Management Transformation Routemap (AMTR).
- But there is a realisation that due to the dynamic nature of the new regulatory regime we need a different level of resourcing (quantity and capability), to enable us to operate at the top end of the pyramid continuously, consistently and to a higher standard. We have therefore prioritised 2 spotlight initiatives for immediate urgent acceleration – namely Dynamic Strategic Investment Planning and Near-Term Capital Allocation.

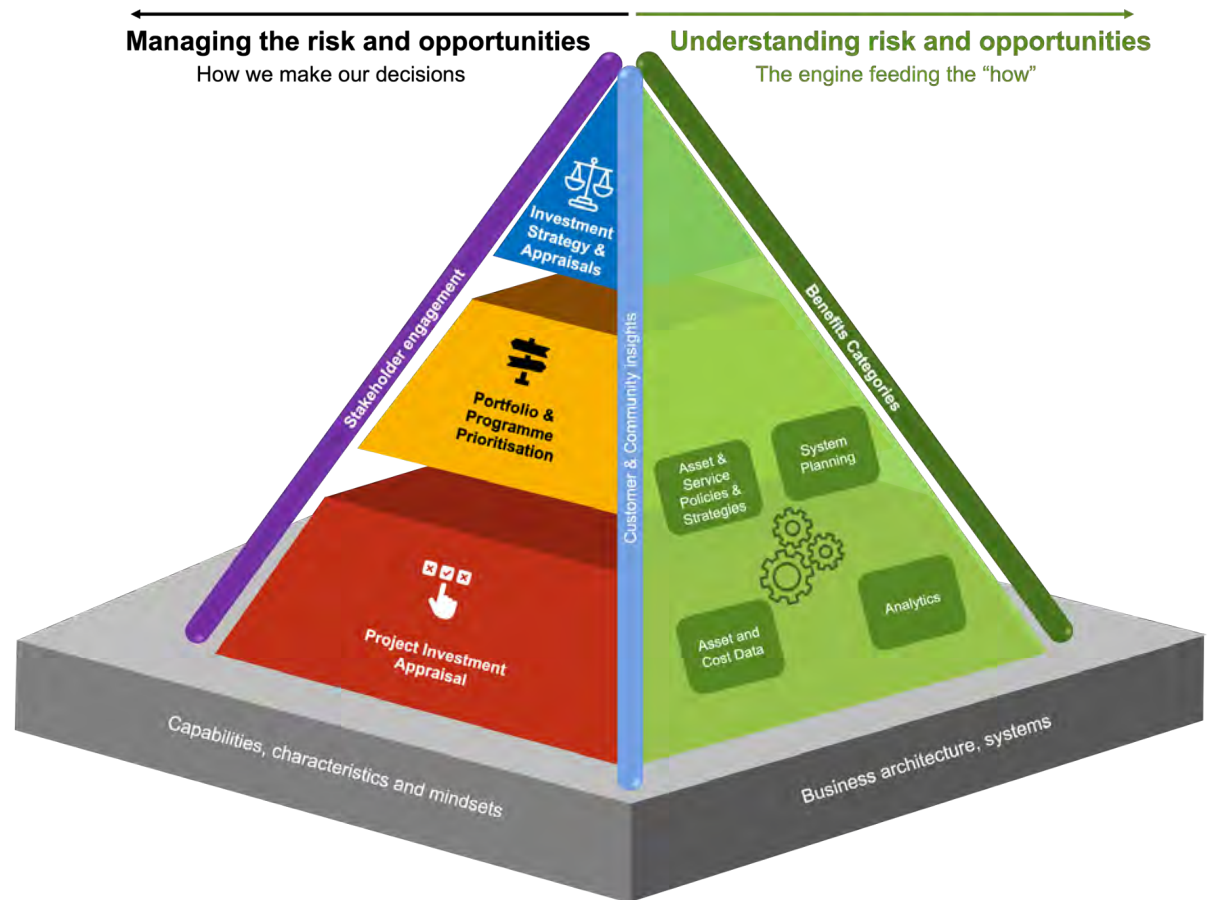
- Substantial activity to commence pre-launch, to create a 2-year plan for detailed design and deployment phases including waypoints to enable clear signposts of progress for the two spotlight initiatives.
- First six months: Detailed design of processes, tools, metrics, methodologies, systems, organisational set up and capabilities for the 2 spotlight initiatives. Creating engaging minimum viable products that encourage stakeholder engagement in ongoing strategy conversations. Capital allocation capabilities stood up. Full integration with C&CC.



- First 12 months: Embedment of the above designs and clear improvement in our capabilities in our investment decision making. First major annual review of strategic needs and opportunities with stakeholders and the Board with alignment to our near-term capital allocation strategy and practices.
- Two years: Scottish Water have a comprehensive overview of strategic risks and opportunities and are actively engaging stakeholders and customers in ongoing conversations about the challenges ahead, how we analyse and prioritise investment in the long term and near-term horizon. Our Project Investment Appraisals are of a consistently high standard and can demonstrate how we are maximising benefits and alignment to our strategies. In doing so, the workstream will have built very strong stakeholder confidence in our ability to deliver prioritised transformation activities and our commitment to the ongoing journey of improvement.

4. Owners

- Workstream owner: Robert Stewart
- ELT sponsor: Alan Scott [Simon Parsons]



3. BECOME FIT FOR THE FUTURE

3.1 Engagement, motivation and place

1. What are the objectives of this workstream?

- To inspire an engaged workforce who feel listened to by leadership, excited about the transformation, and who are proud to work for, and be served by, Scottish Water.
- To deliver the people experience of change that we have defined.

2. How will the workstream deliver these objectives?

- Craft a clear transformation story to propel the transformation. Train leaders to cascade the story, tailoring it for audiences at each level.
- Deliver a positive and inclusive employee experience, embedding change and engagement principles that will extend beyond the transformation.

- Design, build and implement enhanced workplaces and technology that will enable and motivate colleagues to achieve sustained performance and enhance agile practices; Creating a socially, digitally and physically connected working environment which will enhance people's life experience, not just work experience.

3. What are the high-level timelines for this workstream?

- When the changes will be implemented, and when the benefits will be realised.
- Change experience story
 - Develop employee value proposition – September 2021
 - Support the successful delivery of Phase 1 of the transformation narrative (Storytellers) – October 2021

- Identify and design interventions for key transitions – from January 2022
- Set up plan and mechanisms to measure people experience – January 2022
- Deliver solutions to build and embed change capability – December 2022
- Hybrid future
 - Phase 1 – deliver post Covid-19 transition – January 2022
 - Phase 2 – define, design and implement art of the possible – January 2024

4. Owners

- Workstream owner: Julia Stevenson
- ELT sponsor: Shirley Campbell

3.2 Learning and innovation

1. What are the objectives of this workstream?

- To develop a learning-orientated organisation that continuously improves, learns from mistakes and feedback, and celebrates employee-led innovation.

2. How will the workstream deliver these objectives?

- Internal learning and innovation: create a strategy to develop learning mindsets, habits and behaviours (e.g., learning from mistakes with leader's role modelling) in tandem with systematically embedding learning into key processes such as lean, agile and performance.
- External learning and innovation: build upon existing good practice to create a systematic approach to innovation by increasing transparency with and the opportunities to learn from our partners, customers, stakeholders.

3. What are the high-level timelines for this workstream?

- Internal learning and innovation
 - Align on expectation of behaviours and embed into phase 1 competency model – June 2022

- Design and embed continuous improvement processes e.g., lessons learnt practices – August 2022
- Deliver training to change our learning culture and create a psychologically safe learning environment – July 2022
- Monitor and embed the learning environment – From July 2022
- External learning and innovation (starts from Sep 2022)
 - Identify key partners to set up knowledge and resource sharing using a secondment/rotation scheme – May 2024
 - Create mechanisms for employees to identify and incorporate opportunities into SW ways of working, including horizon scanning and benchmarking - 2023
 - Complete feasibility study on internal and external innovation challenges – June 2023
 - Embed new practices in competency model and performance enhancement conversations – April 2023

4. Owners

- Workstream owner: Paul Campbell
- ELT sponsor: Shirley Campbell

3.3 Skills and leadership development

1. What are the objectives of this workstream?

- To develop a future-proofed workforce through strategic skills planning, re-skilling and upskilling, procurement, early talent identification and leadership development.

2. How will the workstream deliver these objectives?

- Develop a strategic skills plan that identifies skills required (now and in the future) and the strategies required to address any shortages. Maintain the integrity of the plan through ongoing feedback and review.
- Design a common competency model which integrates Scottish Water characteristics and leadership behaviours into people processes across all levels, to develop the mindset shifts required for transformation.
- Introduce an organisation wide approach to early talent identification which enables proactive talent development and which supports more effective talent deployment.
- Implement a selection of leadership development

interventions to build the skills leaders require to support transformation (communications, learning, change, performance, decision-making etc.)

3. What are the high-level timelines for this workstream?

- Strategic skills plan
 - Develop strategies to build the skills required to support transformation and continue to conduct strategic skills planning on an annual basis – December 2022
 - Identify supply and demand as they relate to our strategic skills needs, specifying where to buy, build, borrow, release etc – December 2022
 - Decide on the range of skills frameworks required to deliver competence within current role alongside the development of future focused skills and integrate these within performance enhancement processes – Feb 2022
 - Run a rolling programme of skills development initiatives throughout transformation – Ongoing
- Develop competency framework based on SW characteristics and technical competencies, tailored to levels and disciplines – March 2023.

- Identify and develop talent and train leaders on using talent processes – October 2023.
- Design and rollout a leadership development programme – rolling programme - Ongoing.

4. Owners

- Workstream owner: Paul Campbell
- ELT sponsor: Shirley Campbell

3.4 Performance, pay and recognition

1. What are the objectives of this workstream?

- To help maximise performance of Scottish Water's talent base, where people feel supported and challenged to achieve excellence, and rewarded fairly and transparently for their efforts.

2. How will the workstream deliver these objectives?

- Design a performance enhancement approach (framework and coaching of leaders to execute) that (a) Clarifies requirements for acceptable / good performance; (b) helps build a culture of performance, feedback improvement and learning (a learning organisation); (c) creates a holistic approach that incorporates a broader range of things that contribute to an individual's performance (e.g., wellbeing, purpose, career).
- Outline a revised transparent pay architecture that facilitates the transformation and improves the employee experience. This includes definition of a simpler role catalogue with clear read across of work that is similar in purpose and level; new pay structures and ranges incorporating external benchmarking; and a clear strategy and process for pay progression.

- Introduce and systemise new forms of recognition, which maximise the opportunities available from formal and informal thanks, and reward employees who embody and embrace the transformation.
- Diagnosing how transformation initiatives will affect the work that needs to be done and the required working patterns, structuring reward to facilitate this, so that where required the business can run 365 24/7 and people feel they are rewarded fairly, whenever working time is needed.

3. What are the high-level timelines for this workstream?

- Performance enhancement framework developed in collaboration with competency model and leadership training – first iteration rolled out with Agile solutions hubs.
- Desktop version of role catalogue already built and will be developed as new roles emerge from other transformation initiatives. Pay structure and pay progression will be developed and negotiated through first 12 months of transformation – benefits realised depending on trades union agreement to use for future pay awards.

- Design and roll out of recognition catalogue – currently sequenced after the first 12 months of transformation, although opportunities will be sought for early “tactical” use of recognition in advance of main initiative.
- Current sequencing for analysis of working patterns is not within the first 12 months of transformation as it relies in part on new ways of working emerging from other initiatives. Existing work in some parts of Customer Service Delivery (CSD) will be used to test pilot approaches. Pace of development and implementation depends on trades union negotiation.

4. Owners

- Workstream owner: Darren May
- ELT sponsor: Shirley Campbell

3.5 Intelligent asset base

1. What are the objectives of this workstream?

- Build on principles of high quality data and analytics driven decisions combined with best in class knowledge management to drive a strategic shift of how Scottish Water operate, monitor, maintain, automate and remote control assets to support our strategic objectives and wellbeing.

2. How will the workstream deliver these objectives?

- All use cases and work related to the Remote Operating Centre (ROC) will commence as pilots (wave 1) before scaling and maturing (wave 2).
- The Intelligent Asset Base (IAB) workstream will build a foundation of governance, capabilities, enterprise architecture, and asset strategy, upon which the future intelligence can stand. This will be developed in close collaboration with other workstreams.
- The workstream will then build use cases to develop and scale real time monitoring with data analytics capability to better predict and prevent issues.
- The intelligent asset base will be housed under the 'roof' of a ROC, that makes best use of remote

control, production planning and intelligent decisions to assess, predict and direct proactive and swift response.

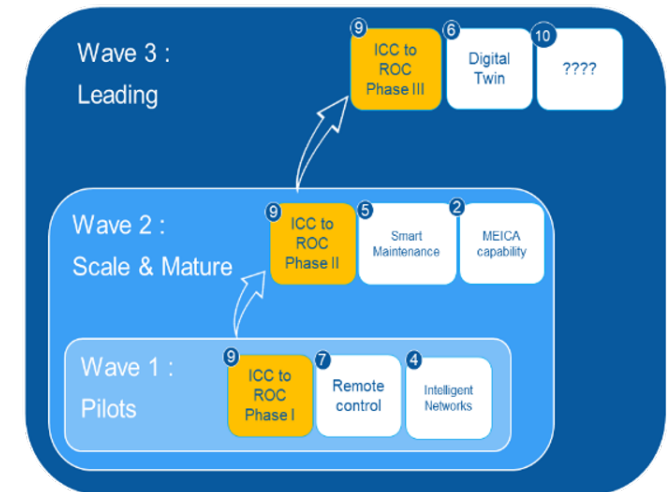
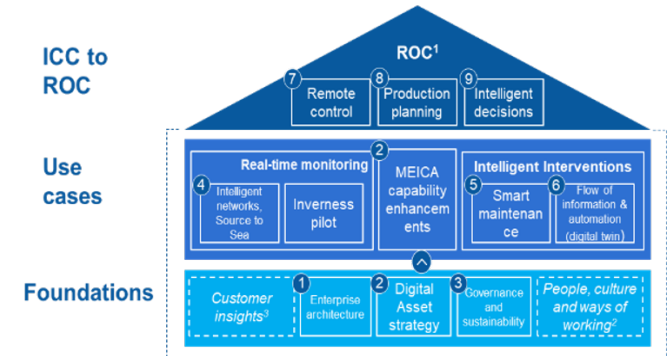
- Evidence from other companies demonstrate that this shift will significantly reduce our current cost of failure (typically 20% of base Opex). This currently impacts our costs, carbon footprint, the service we provide and the wellbeing of our employees.

3. What are the high-level timelines for this workstream?

- Four IAB pilots will commence in September 2021 and continue into 2022:
 - Intelligent Networks – Source to Sea (A Water and a Wastewater pilot)
 - Remote control pilot - tested on several operational sites
 - Remote Operating Centre pilot

4. Owners

- Workstream owner: Chris Toop
- ELT sponsor: Peter Farrer, Exec Co-Sponsor Kes Juskowiak



3.6 Lean & Agile Solutions Delivery

1. What are the objectives of this workstream?

- To fully “lean” enterprise wide; customer journeys, processes and governance, with; all wastage removed, standardisation inherent and routines automated.
- To facilitate a mindset shift to; continual improvement, productivity focus, and exemplar quality across SW, as we strive to transform from good to great.
- To build cross functional agile teams in key business areas, to fully exploit new ways of autonomous working.

2. How will the workstream deliver these objectives?

- We will build; central and functional solutions engines, creating a “design space” for; the optimisation of customer journeys, digital automation & embedment of organisational agility.
- We will create a prioritised programme of work, using front runners to test our approach, develop our learning and gain the support from our people, before scaling.
- We will develop a new lean/agile backbone that supports a transformed Scottish Water way of working everywhere, building our people’s capability as we go.

- We will establish a mechanism for measuring performance across all transformed journeys, to demonstrate continual improvement.
- #### 3. What are the high-level timelines for this workstream?
- The central solutions hub main engine will be started, and the first waves (Developer Connections and Plan Prepare Deliver) commenced, in July 21, ahead of the formal transformation launch date, with an expectation that the first end to end journey optimisations will be completed by (Dec 2021).

A Rolling programme of solution engine work (central and functional) will follow thereafter.

- Structural agility will be established and embedded through a Plan Prepare Deliver front runner within 12 months of start, and fully expanded to all areas of the business (as appropriate) within five years.

4. Owners

- Workstream owner: Mike Will
- ELT sponsor: Mark Dickson [Alan P Scott]



3.7 Partner ecosystem

1. What are the objectives of this workstream?

- To define, deliver and embed a partnership approach that supports delivery of our strategic ambitions and objectives.

2. How will the workstream deliver these objectives?

- We will build the foundations of effective and sustainable partnerships by defining and establishing a culture and supporting behaviours and mindsets within SW that recognise partners as fundamental to our success and that we must also work to support their success.
- We will develop a collaboration framework that recognises our broad partner ecosystem and designs collaboration based on the opportunity for value for both parties from benefit-delivering initiatives.
- We will develop our capabilities and those of our partners in support of our strategic ambitions. This will include leading the partner ecosystem to achieve Scottish Water beyond net zero ambitions, supporting long-term partners to establish themselves as best-in-class and engaging and nurturing existing partners and new entrants to fill capacity and capability gaps we identify.

- We will adopt the joint ethos of 'Design to Value' to the extent that is relevant to Scottish Water, focussed on opportunities such as standardisation and on outcomes that customers value, and seeking to accelerate the pace and scale of innovation within the partner ecosystem to drive value.

3. What are the high-level timelines for this workstream?

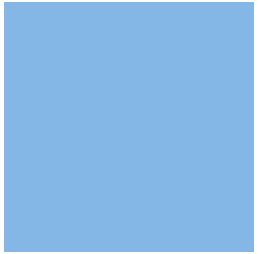
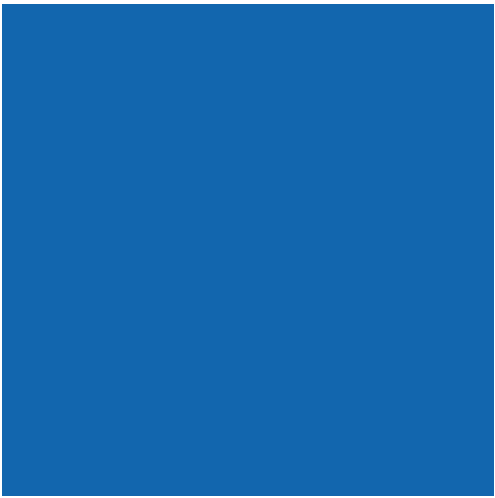
- In the early stages of the transformation plan, the workstream will set the foundations for the partnerships, including a collaboration framework suited to the broader partner ecosystem, and establishing the culture and supporting behaviours and mindsets. After the first six months, Scottish Water will be in a stronger position to commence initiatives that will deliver on the objectives through our partnerships.
- Existing change initiatives that are being progressed under the Transforming Our Future Delivery (TOFD) programme are being reviewed to ensure alignment with proposed initiatives within the Partner Ecosystem workstream and other transformation workstreams. A number of the TOFD initiatives are close to completion and will migrate into BAU, others will continue for some time and new initiatives will be promoted where aligned to transformation.
- All TOFD activities are now presented within the Partner Ecosystem workstream and summarised

against TOFD Delivery Vehicle 1, TOFD Delivery Vehicle 2, and TOFD Enabling.

4. Owners

- Workstream owner: Mark McEwen
- ELT sponsor: Mark Dickson





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