



## **Scottish Water Annual Consultative Meeting 2020 Video - Transcript**

<< start >>

### **Dame Susan Rice, Chair:**

Welcome and thanks for taking time to join me for what is a rather different format than we are used to, for our Annual Consultative Meeting.

Like everyone, I would never have expected the world to be so different from a year ago and for us all to be dealing with the terrible Covid-19 pandemic. I hope you, your families and loved ones are managing to keep safe and adjusting to the new ways of working.

When the lockdown came into force in March, it became even more critical for Scottish Water to stay focused and deliver our vital services. We implemented our business continuity plans with a clear objective: to keep our water and waste water services flowing for all our customers the length and breadth of the country.

This effectively saw us move nearly 3,000 people to work from home with another 1,300 being classed as key workers, to ensure our frontline services continued to be delivered seamlessly 24/7 for all of our customers.

Our people rose to this challenge magnificently and my personal thanks, and that of our Board, go to everyone in the organisation for their commitment, dedication and flexibility during this spell.

Whilst we are sometime away from things returning to whatever the new norm will be, I'm confident that Scottish Water will continue to meet the challenges and provide the high quality services that our customers expect from us.

## **Douglas Millican, Chief Executive:**

### **Section 1:**

I'm pleased to speak to you about Scottish Water's annual performance - and to take the opportunity to outline more about the important work that has been taking place - with regulators, stakeholders and customers - to shape the future of our organisation from 2021 onwards.

Turning specifically to our performance in 2019/20, I'm pleased to say that we have continued to perform well - when looking across all of our key business measures:

Firstly, **drinking water quality** continues to be of a high standard - which our customers rightly expect from us every minute of the day. We never take this for granted - and we recognise that to achieve this continued high performance, we need to implement further operational improvements and invest in new assets.

Our **Customer Service** is measured by two key indicators, firstly by the regulatory Overall Performance Assessment (OPA), which achieved a score of 402; the third year in a row that we achieved a 'best-in-class' performance. And secondly, our Customer Experience Measure - which I'm delighted has reached record levels across household and non-household customers.

We achieved this despite challenges during the year, such as the impact of the extreme weather in July and August 2019 which caused flooding in many parts of Scotland, and some asset failures - which caused an increase in short-term interruptions to customers' water supply. Despite reaching record levels of customer experience overall, there were occasions when we failed to meet particular customers' expectations, and we commit to always learn the lessons from such incidents.

Importantly, our **Capital Investment programme** delivered **£673 million** in water and waste water assets, which makes us one of the biggest infrastructure investors in Scotland. This investment has delivered improvements in drinking water quality and the protection of the environment, as well as enabling growth to accommodate new housing demand. It also supports many thousands of jobs across our supply chain - partners who are active in all areas of Scotland.

One of our more innovative schemes completed last year was at Inverurie - where Scotland's first waste water treatment works to use Nereda technology was opened. With the potential to halve the amount of energy used during the treatment process, this technology enables multiple treatment processes to take place simultaneously, and fast settlement avoids the need for pumps and mixers, thus reducing the operating costs and carbon footprint of the site. This technology also removes the need to chemically treat the effluent. The new works has improved the quality of treated effluent, increasing the protection of the rivers Don and Urie.

Partnering will always be key moving forward for our organisation - and last year saw a great example come to fruition. Europe's first 'smart canal' scheme became operational in north Glasgow, combining the 250-year-old Forth & Clyde Canal with pioneering technology to mitigate flood risk and enable regeneration.

We partnered with Glasgow City Council and Scottish Canals to deliver the scheme. During periods of heavy rain, a network of newly created urban spaces, from Sustainable Urban Drainage ponds to granite channels, will absorb and manage canal water in a controlled way, creating space for surface water run-off. The innovative new digital surface water drainage system - will unlock 110 hectares across the north of the city for new development, opening the way for more than 3,000 new homes.

Lastly, I want to highlight more innovation and partnering - which saw the completion of the Stirling Energy Centre, in collaboration with Stirling Council, to provide power for the local waste water treatment works and heat into a new district heating network - providing heat to adjacent businesses and public buildings.

The small number of performance highlights I have outlined have all been delivered for customers while ensuring the prices they pay continue to be fair. At the end of the year we all experienced the first implications of the Covid-19 pandemic. We are dealing with the operational challenges that result from that well – but like most organisations, we will not escape the financial challenges of Covid-19. Looking forward we anticipate that our income and revenue base, in this and subsequent years, will be lower than previously anticipated.

## Section 2: Turning to the Future

Earlier this year we published our strategic plan *Our Future Together*, which contains three new strategic ambitions: **Service Excellence**; going **Beyond Net Zero Emissions**; and delivering **Great Value and Financial Sustainability**. These ambitions are inter-connected – they are not standalone elements.

This plan was developed over 3 years in conjunction with The Customer Forum, all our regulators and other key industry stakeholders. There was also extensive customer research. Indeed, we reached out to over 25,000 people from a diverse range of our customer base, representative bodies and business organisations for feedback. We are unique, in my view, among large infrastructure sectors, in having such a transparent, joined-up and far-sighted approach to dealing with our long-term challenges and I thank everyone for their positive contribution to this plan.

At its heart, this plan takes a 20 year plus view of future asset investment, the massive challenge of achieving our net zero emissions commitment, together with balancing how we and customers fund this - in a fair and sustainable way.

One of our key challenges will be dealing with the ageing pipes and treatment plants that make up much of our infrastructure when they need to be replaced. We need to increase investment in their replacement and upgrading, a common challenge with other areas of national infrastructure. What is also clear is that many of the assets

are no longer capable of dealing adequately with climate change nor have the necessary resilience needed.

Over the last ten years, we have made strong gains in efficiency which has allowed us to reduce what people pay for water and waste water services by 10% in real terms.

This has allowed us to maintain charges for the average household in Scotland at around £1 a day - while achieving consistent improvements in customer experience, drinking water quality and environmental performance.

Similar to all utilities we are managing the risks to our services every day, to get more years out of our ageing assets and hold off the need for greater investment. But we're reaching the limits of what's possible with good operational management. We cannot escape the fact - that investment will need to double over the next 20 years to make sure our vital infrastructure can deliver the services our customers will expect.

We know that this necessary investment inevitably means we need to increase the funds available to us. I am pleased that this has been recognised in the Determination of Charges published recently by the Water Industry Commission for Scotland. We are confident that the Scottish Government will continue to provide the lending support we need, but we also need to enter a new partnership with our customers to ensure that they share our aspirations and understand why long-term charges need to rise.

Of course, we understand that the current Covid-19 crisis is impacting many of our customers financially and in quite significant ways. Our immediate future charges need to take this into account - and the charging structure is designed to protect those least able to pay. But research with our customers shows that they value our services and support our objectives. They want us to get on - and do what is necessary - to protect their services.

We are fortunate in Scotland, to have the water and waste water services we do. Now we must work together - to ensure they are world class - for current and future generations.

### **Section 3: Our Net Zero Emissions Routemap**

In September we published our Net Zero Emissions Routemap, outlining our commitment to achieving net zero emissions by 2040 - and how we are going to get there.

The impact of climate change in Scotland is already being felt: more summer droughts that make it difficult to keep water flowing to everyone everywhere; changes to the quality of water in our lochs and reservoirs that make it harder to produce the clean, fresh Scottish water we love; and flooding caused by extreme rainfall that continues to break records.

Our water and waste water systems, some of it a legacy of the Victorian engineers who built our public water and sanitation networks, can no longer always cope. Some of our more recent infrastructure wasn't designed to deal with the changing climate either.

Climate change has also brought with it a responsibility to take steps to reduce and eliminate our carbon footprint and slow global heating. That's why we have committed to achieve Net Zero emissions by 2040 - as part of the Scottish Government's overall commitment to achieve net zero emission by 2045.

But nobody should be under any illusions that, as one of Scotland's biggest energy users, with an enormous asset base, the transition to net zero will not be easy. It will also require significant investment across our treatment works, networks, fleet and buildings.

The scale of the challenge will need us to be transformational in all aspects of our business operations and capital programme delivery. Just as the Victorians transformed our industry to improve public health our challenge is to become today's Victorians, to deal with climate change.

## **Summary**

I hope this short video has given you a flavour of our current performance - and also importantly has outlined some of the more wide-ranging challenges ahead for Scottish Water. What is clear is that we will need to be transformational in our thinking and approach - to deliver what current and future generations will expect from us over the next 25 years and beyond.

Finally, I wish to echo Susan's earlier comments about how our people have responded to the challenge of Covid-19. Like any business, the quality of what is delivered is down to the people making it happen. So, my thanks go to the exceptional people of Scottish Water; working right across Scotland from the lowlands to the highlands and islands; for their hard work and dedication during both the challenging circumstances of Covid-19, but also throughout the last financial year.

If having watched this video anyone has any feedback or questions about anything you've heard today or indeed, any more specific matters relating to you or your community, please get in touch with us using the link at the end of this video. Any questions to myself or a member of our Leadership Team will be posted publicly on our website, alongside the answers, in a few weeks' time. In the meantime, thank you for joining us today.

To submit feedback or if you have any questions please go to:  
[www.scottishwater.co.uk/acm](http://www.scottishwater.co.uk/acm)

Thanks for watching

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