

Scottish Water Plan for Transformation

Strategic Environmental Assessment (SEA) Environmental Report Non-Technical Summary

SEA Environmental Report Non-Technical Summary Version A

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1 Introduction

1.1 Background

- 1.1.1 M² has been commissioned by Scottish Water to undertake a Strategic Environmental Assessment (SEA) of Scottish Water's Plan for Transformation in accordance with relevant statutory requirements. The SEA process has been undertaken in tandem with plan development. This report provides a Non-Technical Summary (NTS) of the full SEA Environmental Report ('the ER').

1.2 Purpose and Objectives

- 1.2.1 The purpose of SEA is to identify, assess and evaluate the likely significant environmental effects of a qualifying plan, programme or strategy. A key objective of SEA is to enhance the environmental performance of a plan or programme. This is achieved through identifying any likely significant effects from implementation of the plan or programme as drafted, proposing mitigation measures to address any identified significant adverse environmental effects, and identifying enhancement measures to improve the overall performance of the plan or programme. As such, SEA is an integral part of good policy development. The purpose of this NTS is to provide a summary of the findings of the full SEA carried out in respect of the Plan for Transformation.

1.3 How to Comment on this NTS and Environmental Report

- 1.3.1 This NTS and associated ER will be published for consultation alongside the Draft Plan for Transformation for a 6-week period. Details of how to participate in the consultation are provided on Scottish Water's website and will be published in a local newspaper.

1.4 Structure

- 1.4.1 The remainder of this NTS is structured as follows:
- **Section 2** explains the background to the development of the Plan for Transformation and provides a summary of its proposed content and purpose;
 - **Section 3** provides an analysis of baseline characteristics, the predicted evolution of the baseline in the absence of the Plan for Transformation, and a Review of other Plans and Programmes identifying a set of key environmental challenges for the Plan for Transformation;
 - **Section 4** provides an overview of the SEA process undertaken to date and explains how the SEA has been carried out for the Draft Plan for Transformation;
 - **Section 5** explains how the SEA process has informed the preparation of the Draft Plan for Transformation and improved its environmental performance;
 - **Section 6** presents the key findings of the SEA undertaken for the Draft Plan for Transformation. This is informed by a review of four key workstreams being developed under Scottish Water's longer-term Transformation Programme which have the potential to generate likely significant environmental effects;
 - **Section 7** identifies further mitigation and enhancement recommendations which should be considered post-consultation to enhance the clarity and environmental performance of the Draft Plan for Transformation prior to the finalisation of the plan; and,
 - **Section 8** sets out the next steps in the SEA process and outlines potential monitoring arrangements.

2 Overview of the Plan for Transformation

2.1 Scottish Waters' Plan for Transformation

- 2.1.1 Published in February 2020, Scottish Water's Strategic Plan defined a vision and a suite of long-term outcomes and objectives for the organisation, aligned with achieving Scotland's ambitious Water Sector Vision. To deliver the stated outcomes, vision and objectives, the Strategic Plan identified the need for a holistic and far-reaching transformation of the way Scottish Water works.
- 2.1.2 The Strategic Plan provides a long-term strategic framework and sets a direction of travel, but it does not address operational matters or identify specific actions. Instead, to deliver the stated outcomes and objectives the Strategic Plan identified a need for a holistic and far-reaching transformation of the way Scottish Water works to bring about change in all areas of its business.
- 2.1.3 A fully integrated Plan for Transformation is therefore being prepared to drive a long-term Transformation Programme, and in doing so, implement the vision, outcomes and objectives set within the Strategic Plan. Approved by Scottish Water's Board in Autumn 2021, the Draft Plan for Transformation has been developed through a series of intensive 'sprints' involving senior management within Scottish Water and external advisers.
- 2.1.4 Whilst the Plan for Transformation and longer-term Transformation Programme need to respond to the strategic objectives and commitments set out within the Strategic Plan, particular consideration is required regarding decarbonisation, climate change adaptation, asset management, investment decision making and service delivery. The Plan for Transformation is intended to outline a high-level transformation strategy for Scottish Water and to underpin a longer-term Transformation Programme, as many of the potential specific transformation activities have yet to be fully developed.

2.2 Form and Content of the Draft Plan for Transformation

- 2.2.1 The Draft Plan for Transformation comprises a non-technical summary document, supported by a more detailed appendix which outlines the approach being adopted across nine transformational workstreams. Sections for each workstream include a set of objectives, deliverables, timescales and owners in order to outline the priorities and direction of travel for each workstream.
- 2.2.2 Covering matters of operational performance and business health, the following nine workstreams have been developed to underpin the Plan for Transformation and the associated longer-term Transformation Programme:

Performance Themes

- Customer & Community Centricity;
- Sustainable Investment Decision Making;
- Intelligent Asset Base;
- Lean & Agile Solutions Delivery; and,
- Partner Ecosystem.

Organisational Health Themes

- Engagement, Motivation and Place;
- Learning and Innovation;
- Skills and Leadership Development; and,
- Performance, Pay and Recognition.

- 2.2.3 Of these, the first five relate to performance matters and incorporate aspects which are likely to generate direct and indirect environmental impacts. Substantive content associated with each of these workstreams has therefore been subject to SEA in line with the approach set out within the SEA Scoping Report (April 2021), although as noted above the Draft Plan for Transformation now comprises a high-level strategy rather than setting out individual project-level initiatives. The remaining four organisational health themes will address organisational change issues (e.g. human resources) and are not likely to result in any environmental effects so have been scoped out from further consideration in this SEA.

3 Environmental and Policy

3.1 Key Environmental Challenges

3.1.1 Linked to the stated objectives of Scottish Water's Strategic Plan, the Draft Plan for Transformation includes a clear focus on addressing the following broad environmental challenges through transformational change:

- Responding to the climate emergency – decarbonisation and climate adaptation;
- Developing, managing and replacing infrastructure assets; and,
- Enhancing environmental quality.

3.1.2 The ER accompanying the Draft Plan for Transformation seeks to demonstrate how the SEA process has informed the development of the Plan for Transformation to date and how the plan appropriately responds to these key environmental challenges and other relevant environmental considerations.

3.2 Relationship with Other Relevant Plans

3.2.1 In accordance with statutory requirements, a review of the relationship between the Plan for Transformation and other relevant plans and programmes (including legislation, policies and strategies at all spatial scales) has been carried out, as detailed fully within **Appendix B** of the ER. This review has identified the key requirements, objectives and priorities of relevant plans and their implications for both the Plan for Transformation itself and for this SEA. From this review it is clear the Plan for Transformation should:

- Align with relevant existing and emerging policies and proposals within relevant national, regional and local plans and strategies:
 - At a national level, the emerging Plan for Transformation must support the delivery of Scottish Government's Infrastructure Investment Plan (2021), Climate Change Plan 2018 – 2032 (updated 2020) and emerging National Planning Framework 4 (NPF4). The Draft NPF4 was published in November 2021 and will be taken account of in the final Plan for Transformation post-consultation; and,
 - At regional and local levels, the emerging Plan for Transformation must also support the implementation of adopted and emerging spatial plans including Local Development Plans and future Regional Spatial Strategies.

3.2.2 A detailed list of recommendations for environmental consideration within the emerging Plan for Transformation were provided in **Section 3** of the ER. A detailed review of other relevant plans and programmes has also been undertaken to inform the SEA process and is provided in full within **Section 3** and **Appendix B** of the ER.

4 The SEA Process

4.1 Approach to SEA

SEA Project Team

- 4.1.1 M² has provided drafting and technical support to Scottish Water as required to support the preparation of the Draft Plan for Transformation and regular discussions have been held with senior employees within Scottish Water throughout the process of preparing the Draft Plan for Transformation. This has allowed informal and early feedback of key issues and amendments to take place to strengthen the Plan for Transformation as it develops. Further details of how the SEA process has informed the preparation of the Draft Plan for Transformation are provided in **Section 5**.

Previous SEA Reporting and Responses

- 4.1.2 The only previous stage of SEA undertaken in respect of the emerging Plan for Transformation was the preparation and consultation on an SEA Scoping Report. This was prepared by M² on behalf of Scottish Water and submitted to the Scottish Government's SEA Gateway in April 2021. The SEA Consultation Responses to the Scoping Report were duly received in May 2021.
- 4.1.3 The main purpose of the SEA Scoping Report was to confirm the need to undertake an SEA and identify a proposed SEA Framework to assess in a systematic way the likely environmental effects from all components of the emerging Plan for Transformation. This Framework comprises a series of sustainability objectives and guide questions regarding identified socio-economic and environmental issues of relevance to Scotland which may affect (or be affected by) the emerging Plan for Transformation together with other relevant plans and programmes. The finalised SEA Framework used to assess the likely significant environmental effects of the Draft Plan for Transformation is detailed in **Appendix A**.

4.2 SEA Methodology

Part 1 – Testing & Refinement

- 4.2.1 The SEA process has informed the development of the Draft Plan for Transformation through:
- Workshops led by M² to review the implications of proposed longer-term transformation initiatives which, whilst not individually identified within the plan at this early stage, have the potential to generate environmental impacts;
 - Weekly meetings between parties to review the SEA programme and discuss environmental issues and opportunities arising from development of the Plan for Transformation; and,
 - 'Critical friend' reviews of each iteration of the emerging Draft Plan for Transformation by the SEA project team to address uncertainties and weaknesses and to identify opportunities to enhance the clarity and effectiveness of the document.
- 4.2.2 In consequence, the SEA reported in this ER concludes that the finalised version of the Draft Plan for Transformation is likely to generate multiple significant beneficial environmental effects, with no significant adverse effects considered likely at this stage. As the majority of pre-assessment mitigation recommendations made by the SEA project team have now been incorporated into the Draft Plan for Transformation, only a small number of further recommendations have been identified through the assessment phase.

Part 2 – Preparation of SEA ER

- 4.2.3 The SEA has been undertaken in accordance with the approach and SEA Framework set out in the Plan for Transformation SEA Scoping Report (April 2021). However, since the publication of the SEA Scoping Report, the content of the Draft Plan for Transformation has naturally evolved to encapsulate a longer-term strategy for the transformation of Scottish Water's activities and business. This means the SEA now focuses on testing the compatibility of the Draft Plan for Transformation with the SEA Objectives and on the coverage of key environmental issues, rather than seeking to identify individual likely significant effects.
- 4.2.4 The assessment methodology as set out in the SEA Scoping Report has therefore necessarily been revised and reduced in scale, with the assessment now taking the form of a qualitative narrative as set out in **Section 6**. This assessment of each thematic section within the Draft Plan for Transformation has been conducted with reference to three overarching questions linked to the SEA Framework:
- i. Does the plan / theme set out clear and adequate links to environmental issues, i.e. a sound platform for action?;
 - ii. Is the scope of future transformative initiatives (to be implemented through a longer-term Transformation Programme) clearly defined and do these respond to key environmental challenges?; and,
 - iii. Are there any gaps in the coverage of environmental aspects within the narrative?
- 4.2.5 The assessment also includes a tabular analysis to demonstrate the compatibility of proposed transformation workstreams with the SEA Framework. However, as the Draft Plan for Transformation does not specify individual initiatives or projects, no individual substantive components could be identified which would be suitable for typical SEA matrix-based assessments. Instead, the SEA has focused on examining the coverage of key environmental issues within proposed transformation themes to ensure the Plan for Transformation provides a strong basis for the development of appropriate thematic initiatives (e.g. enhanced investment appraisals and decision making processes, enhanced stakeholder relations and partnerships, etc) which, depending on their characteristics, have the potential to generate likely significant beneficial environmental effects.

Approach to Uncertainties, Assumptions and Mitigation

- 4.2.6 The identification of any assumptions and uncertainties is an important element of SEA, as such all Plan for Transformation Actions need to be unambiguous to ensure they can be implemented as intended. The reviews that have taken place as the emerging Plan for Transformation was drafted allowed ambiguities and other weaknesses to be identified and appropriate mitigation or enhancement recommendations to be devised by the SEA project team to address such issues at an early stage.
- 4.2.7 As detailed in **Section 5**, a limited set of recommendations to enhance the Draft Plan for Transformation were provided by the SEA project team to Scottish Water throughout June - August 2021, taking the form of a series of technical notes and feedback on earlier draft versions of the Plan. Following this, the majority of recommendations were addressed by Scottish Water and incorporated into the 'settled draft' version of the Plan for Transformation. This final ER includes updated assessment conclusions to take account of where changes (i.e. mitigation) has now been incorporated into the Draft Plan for Transformation, in effect meaning that a residual assessment is provided in this ER (see **Section 6**).

4.3 Approach to Reasonable Alternatives

- 4.3.1 The 2005 Act requires the likely significant effects of implementing both a plan or programme (i.e. the emerging Plan for Transformation) and reasonable alternatives to it to be examined, as well as the rationale for identifying reasonable alternatives to be described. The 2005 Act further

states that to be considered as reasonable alternatives, options (e.g. alternative policy criteria or site allocations) must relate to the plan or programmes' corresponding objectives and geographical scope.

- 4.3.2 At the time of preparing the SEA Scoping Report it was envisaged the Plan for Transformation would encapsulate a wide range of specific thematic initiatives to underpin the transformation of Scottish Water's operational and investment activities. Since the publication of the SEA Scoping Report, the content of the Draft Plan for Transformation has evolved to encapsulate a longer-term strategy for the transformation of Scottish Water's activities and business. This means the SEA now focuses on testing the compatibility of the Draft Plan for Transformation with the SEA Objectives and on the coverage of key environmental issues, rather than seeking to identify individual likely significant effects. For the purposes of this SEA, no reasonable alternatives to the high-level strategy outlined in the Draft Plan for Transformation could therefore be identified as requiring assessment within the ER.

5 How Has the SEA Informed the Draft Plan for Transformation?

5.1 Pre-Assessment

5.1.1 SEA is being used by Scottish Water as a planmaking tool in addition to demonstrating statutory compliance. This approach allows the environmental implications of all substantive plan components to be tested at the earliest opportunity and for any uncertainties, issues or mitigation requirements identified during the impact assessment to be addressed during the preparation of the Draft Plan for Transformation. This section details the ways in which the SEA process, to date, has informed and improved the emerging Plan for Transformation.

5.1.2 Following the completion of the SEA Scoping phase, the SEA project team provided ‘critical friend’ support during development of the Plan for Transformation. This firstly involved undertaking SEA focused reviews of four key workstreams linked to the Plan for Transformation which are being developed under Scottish Water’s longer-term Transformation Programme and at this early stage have the potential to generate likely significant environmental effects. The relevant workstreams and those elements included within the SEA focused review are:

- i. Development of Customer & Community Centricity Vision and Strategy: review of Scottish Water’s key environmental stakeholder relationships with SEPA, NatureScot and Scotland’s planning system;
- ii. Development of replacement Environmental Quality System (EQS): review of existing EQS and replacement EQS specification;
- iii. Enhancement of Sustainable Investment Decision Making Capabilities: review of Investment Appraisal Guidance (Version 2) and Draft Benefits Framework; and,
- iv. Beyond net zero emissions; review of emissions reduction strategy as set out within Scottish Water’s Net Zero Emissions Routemap (2020). The Plan for Transformation directly supports the continued implementation of this Routemap.

5.1.3 These technical notes outlining the SEA focused reviews and recommendations of these four key workstreams are provided in **Appendix C** of the ER.

5.2 Assessment

5.2.1 The formal assessment of the settled version of the Draft Plan for Transformation, leading to the preparation of the ER was undertaken by the SEA project team who provided a limited set of recommendations for change. These recommendations, summarised in **Table 5.1** below, represent ‘mitigation’ proposals which have been developed through the SEA to improve the quality of the Draft Plan for Transformation.

Table 5.1: SEA Recommendations

SEA Project Team Feedback	Scottish Water Response
Alteration of wording throughout to reflect the long-term transformation programme and how the Plan for Transformation will underpin the long-term transformation programme which will reflect emerging and future challenges.	Plan amended to reflect planned longer term transformational activities.

Should state the need to recognise the principal importance of meeting the challenge of responding to climate change.	Plan amended.
Amend wording to reflect the ongoing transformation with regard to engagement with stakeholders.	As this is outside the remit of the Plan for Transformation, this recommendation will be addressed in other activities outside of the Plan.
Important to state how the net zero emissions routemap will be monitored and updated as the climate emergency continues to evolve. Amendment requested to direct the reader to read the net zero emissions routemap in tandem with the Plan for Transformation once finalised.	Plan amended.
There is a need to develop new approaches to embed environmental, social and economic impacts and benefits within decision making.	Again, this is outside the direct remit of the Plan for Transformation but will be reflected within the long-term Transformation Programme.

5.3 Summary

- 5.3.1 This section has demonstrated that, through reviewing emerging transformational initiatives and plan content, the SEA process has positively influenced the content of the Draft Plan for Transformation. As a result, the document is now considered to be more robust and effective in terms of addressing relevant environmental issues.
- 5.3.2 Once the SEA ER consultation has concluded and the finalised Plan for Transformation is approved by Scottish Water, a SEA Post Adoption Statement will be prepared in accordance with statutory requirements. This will set out how environmental considerations have been taken account of throughout the preparation of the Plan for Transformation and how likely significant environmental effects will be monitored.

6 SEA of the Plan for Transformation

6.1 SEA Key Findings

6.1.1 This section presents key findings from the SEA of the Draft Plan for Transformation, firstly providing a qualitative assessment of the main body of the Plan before reviewing each performance theme based on the three overarching questions outlined above. An analysis of the compatibility of the Draft Plan for Transformation with the SEA Framework is also set out.

Assessment Findings – Plan for Transformation Main Document

6.1.2 The Plan for Transformation sets out Scottish Water’s ambitions to transform Scotland’s water and waste services to enhance the life and wellbeing of communities, businesses and the environment across Scotland. The Plan aligns with the Strategic Plan (2020), seeking to implement the following ambitions:

- **Service excellence:** adapting to a changing climate, dealing with our ageing assets and meeting our customers’ evolving expectations;
- **Beyond net zero emissions:** showing leadership in mitigating climate change and enhancing Scotland’s natural environment; and,
- **Great value and financial sustainability:** customers will receive great value, now and in the future, and we will be financially sustainable.

6.1.3 The main text of the Plan for Transformation sets out the ambitions, steps and timescales for delivery of Scottish Water’s long-term transformation programme, identifying the benefits of intended transformation activities as:

- Service excellence;
- Beyond net zero emissions;
- Great value & financial stability;
- People experience; and,
- Stakeholder confidence.

6.1.4 To secure these benefits the Draft Plan for Transformation sets out a high-level strategy for Scottish Water to transform operational and investment activities in line with the Strategic Plan. Proposals are grouped around an overall strategic vision and the nine themes which are being taken forward through specific workstreams.

Does the Plan Set Out Clear and Adequate Links to Environmental Issues, I.e. a Sound Platform for Action?

6.1.5 The Draft Plan for Transformation and related longer term transformation programme at Scottish Water has extensive links to environmental considerations via a range of initiatives, including the Asset Management Transformation Routemap (AMTR) and Net Zero Emissions Routemap (NZER). The NZER sets out a range of commitments to reduce emissions across electricity, process emissions, gas & fuel oil, transport & travel, investment and storing carbon. The Plan for Transformation and the NZER will be implemented in tandem, demonstrating how Scottish Water will hold itself accountable on its journey towards achieving net zero emissions.

6.1.6 The Draft Plan for Transformation explicitly recognises the need to adapt to the evolving climate emergency and the key role that Scottish Water’s infrastructure will play in the decarbonisation of the utilities infrastructure industry in Scotland. It also identifies a need to kickstart a long term asset management, renewal and replacement programme, and in doing so to deliver environmental benefits.

6.1.7 The plan sets out that, through implementing a long-term transformation programme, Scottish Water are seeking to achieve an approximate 20% reduction in carbon intensity, a 15 - 20ktCO₂e reduction in operational emissions over the next ten years and enable a 50kt CO₂e reduction in the investment carbon footprint through partnership working, smart networks and lean processes. Additional carbon emission reductions will come from the implementation of workstreams set out within the NZER, which transformational activities will help to deliver more efficiently. Importantly, the Draft Plan for Transformation also identifies for the first time the possibility of reaching net zero emissions prior to the previous 2040 target established by the NZER.

6.1.8 Stakeholder engagement is also highlighted as a key area of transformation, including the development of new approaches to embed environmental, social and economic impacts and benefits within decision making. The Draft Plan for Transformation defines the key “sector stakeholders” for Scottish Water as being those individuals and bodies involved with setting and implementing Ministerial Objectives, WICS’ Final Determination, Customer Forum Memorandum of Agreements and SEPA Sector Plans. However, the plan also identifies the need to build the confidence of wider external stakeholders and communities in Scottish Water.

Is the Scope of Future Transformative Initiatives Clearly Defined and do These Respond to Key Environmental Challenges?

6.1.9 The Draft Plan for Transformation sets out the three phases of transformation over a ten-year period which will continue to evolve based on the changing needs of communities, partners and stakeholders in Scotland. This includes actions to reach net zero emissions from the beginning of the programme and over the ten-year period. The flexibility of the long-term transformation programme provides opportunities for Scottish Water to address the challenges of climate change, ageing assets and how environmental benefits as a result of strategic investment can be recognised.

Are There any Gaps in the Coverage of Environmental Aspects Within the Narrative?

6.1.10 The SEA Scoping Report identified three key environmental challenges for the Plan for Transformation to respond to, namely:

- Responding to the climate emergency – decarbonisation and climate adaptation;
- Developing, managing and replacing infrastructure assets; and,
- Enhancing environmental quality.

6.1.11 The Draft Plan for Transformation outlines a high-level strategy regarding asset management and climate adaption. However, as drafted the enhancement of environmental quality narrative section simply outlines additional benefits beyond decarbonisation such as increased biodiversity, promotion of outdoor recreation and health benefits for local communities, without setting out implementation measures or explaining what projects could be undertaken to improve physical environmental quality. Further SEA recommendations to address this are detailed in **Section 7**.

Assessment Findings – Plan for Transformation Appendix

6.1.12 The second stage of the assessment reviewed the SEA implications of the five ‘performance’ themes detailed within the Plan for Transformation Appendix, each of which incorporate aspects which are likely to generate direct and indirect environmental impacts. Each theme is introduced below before being assessed under the same three subheadings.

Purpose, Customer & Community Centricity

6.1.13 This theme is focused on how to embed customer & community centricity into all Scottish Water activities and transition to prioritise customers and communities.

Does the Theme Set Out Clear and Adequate Links to Environmental Issues, I.e. a Sound Platform for Action?

- 6.1.14 While the wording of the theme does not have direct environmental considerations, it recognises the need to have wider engagement with communities and stakeholders. This in turn will have wider socioeconomic benefits for communities by delivering the services they need to adapt as we feel the effects of climate change in Scotland.

Is the Scope of Future Transformative Initiatives Clearly Defined and do These Respond to Key Environmental Challenges?

- 6.1.15 The theme identifies proactive targets across the next three years. The nature of this theme (and the need for continuous engagement with stakeholders and communities) indicates a long term and evolving engagement programme which is flexible enough to meet existing and future needs.

Are There any Gaps in the Coverage of Environmental Aspects Within the Theme Narrative?

- 6.1.16 The theme provides high level objectives for the transition of Scottish Water's practises to be more focused towards customers, community and wider stakeholders. Recognising the key driver of enhancing environmental quality identified at Scoping stage, this theme could include specific initiatives focused on providing a better quality of life for communities with regards to improving appearance of assets or potentially providing or enhancing recreational access to Scottish Water owned land where appropriate.

Sustainable Investment Decision Making

- 6.1.17 This theme seeks to maximise the benefits of investment to customers, communities and the environment throughout the entirety of Scottish Water activities.

Does the Theme Set Out Clear and Adequate Links to Environmental Issues, I.e. a Sound Platform for Action?

- 6.1.18 At the time of preparing the Strategic Plan (2019 – 2020) it was envisaged that a six capitals approach may be adopted to strengthen investment planning, prioritisation and delivery. Significant further work has now been undertaken to update and refine Scottish Water's investment decision making processes and capabilities. This identified key limitations of pursuing the six capitals approach, not least being able to consistently apply six high level reporting categories across a wide range of situations in a way which meaningfully informs decisions rather than simply 'aggregating up' to report outcomes. Under the Sustainable Investment Decision Making theme, the approach to decision making has, therefore, intentionally shifted away from a six capitals approach to instead adopt a more detailed structure framed around the Scottish Government's National Performance Framework. This provides greater transparency in linking individual investment decisions to the Ministerial Objectives and to fulfilling Scottish Water's range of statutory duties.

- 6.1.19 To implement a more robust approach to investment decision making and prioritisation, work is currently being progressed under this theme by Scottish Water, including recent development of a draft 'Benefits Framework' and updated project investment appraisal guidance (as reviewed in **Appendix C**). For the avoidance of doubt, the term 'benefits' has been defined by Scottish Water in accordance with standard economic practice to include both positive benefits and negative disbenefits. The draft Benefits Framework therefore provides a consistent mechanism for likely impacts (positive and negative) of projects, options and interventions to be captured within decision making.

- 6.1.20 For the purposes of this SEA it is assumed that updates to Scottish Water's investment appraisal guidance and development of the Benefits Framework falls within the 11 interconnected improvement areas which are indirectly mentioned as forming part of this theme. However as drafted, the plan does not specify what the improvement areas are and therefore also whether

these relate to environmental issues. Recommendations to maximise social, environmental and economic benefits from more robust investment decision making at project and programme levels have been identified through the SEA review of Scottish Water's investment appraisal guidance and draft Benefits Framework presented in **Appendix C**.

Is the Scope of Future Transformative Initiatives Clearly Defined and do These Respond to Key Environmental Challenges?

- 6.1.21 This theme aligns with Scottish Water's Asset Management Transformation Routemap over the next two years but identifies a need for additional resourcing requirements to prioritise two initial spotlight initiatives; Dynamic Strategic Investment Planning and Near-Term Capital Allocation. However, the Draft Plan for Transformation does not provide details of specific transformation activities beyond the initial two years of theme development.

Are There any Gaps in the Coverage of Environmental Aspects Within the Theme Narrative?

- 6.1.22 As drafted, no detail is provided regarding the 11 interconnected improvement areas which the plan states are included in this theme. Notwithstanding the potential development of relevant and beneficial initiatives through the longer-term Transformation Programme, as drafted SEA project team are therefore unable to fully confirm the potential coverage of environmental elements within this theme.

Intelligent Asset Base

- 6.1.23 This theme aims to incorporate high quality data and analytics driven decisions into current practice in combination with 'best in class' knowledge management to operate, monitor, maintain, automate and remote-control assets to support Scottish Water's strategic objectives and wellbeing.

Does the Theme Set Out Clear and Adequate Links to Environmental Issues, I.e. a Sound Platform for Action?

- 6.1.24 As drafted, this theme relates to data and knowledge management in general and therefore does not address specific environmental considerations, e.g. how environmental information could be or should be factored into enhanced data analytics capabilities to be delivered through the Intelligent Asset Base (IAB) workstream. It is however assumed that data recording environmental impacts/benefits will be factored into decision making regarding the renewal or replacement of assets and that the IAB will provide enhanced abilities to analyse environmental data.

Is the Scope of Future Transformative Initiatives Clearly Defined and do These Respond to Key Environmental Challenges?

- 6.1.25 The theme identified four IAB pilot schemes which will commence from October 2021 into October 2022. Pending successful completion, these pilots will be scaled up. As drafted, there are no indications of how IAB is expected to evolve past 2022.

Are There any Gaps in the Coverage of Environmental Aspects Within the Theme Narrative?

- 6.1.26 As drafted, no details are provided regarding any environment data proposals which may be developed through the longer-term Plan for Transformation for inclusion within the Intelligent Asset Base. As detailed further below, the findings of the SEA review undertaken of the emerging Replacement Environmental Quality System (EQS) should be considered when identifying how environmental information and data of relevance to asset management may be factored into the IAB.

Lean & Agile Solutions Delivery

- 6.1.27 The objectives of this theme are to streamline customer journeys, processes and governance, facilitate a mindset shift to continual improvement, productivity focus, and exemplar quality across Scottish Water and to create cross functional and agile teams in key business areas to enhance autonomous working. Of note, this theme focuses on business practices and employees so only has an indirect relationship with environmental issues.

Does the Theme Set Out Clear and Adequate Links to Environmental Issues, I.e. a Sound Platform for Action?

- 6.1.28 As drafted, there are presently no indications within the plan of how environmental issues will be measured across the relevant teams within Scottish Water. However, the theme refers to a prioritised programme of work to test out new approaches. This should ensure any changes in processes are not to the detriment of environmental monitoring or potential for improvements to environmental quality in decision making within and between technical teams.

Is the Scope of Future Transformative Initiatives Clearly Defined and do These Respond to Key Environmental Challenges?

- 6.1.29 The theme provides a five-year timescale, including a range of testing initiatives within the first wave which commenced in July 2021. On successful completion of the first wave, positive outcomes will be scaled up and expanded to all areas of the business within a five-year period.

Are There any Gaps in the Coverage of Environmental Aspects Within the Theme Narrative?

- 6.1.30 As drafted, this thematic section of the Draft Plan for Transformation does not reference Scottish Water's emerging Replacement EQS or other potential proposals which may be developed in future under the Lean & Agile Solutions Delivery theme to respond to environmental challenges. The SEA focused review of the Replacement EQS provided in **Appendix C** indicates that the Replacement EQS is an early example of transformational activity and links directly to environmental issues. To be effective, the Replacement EQS should be designed to maximise the integration and efficiency benefits from all workflows being driven from a single platform. This will allow all parts of the EQS to be used by all employees across Scottish Water and should enable more efficient information sharing between teams and with stakeholders. The replacement EQS should be designed to underpin a holistic approach to environmental monitoring and management, rather than individual indicators being tracked separately.

Partner Ecosystem

- 6.1.31 This theme seeks to define, deliver and embed a partnership approach to deliver Scottish Water's strategic ambitions and objectives.

Does the Theme Set Out Clear and Adequate Links to Environmental Issues, I.e. a Sound Platform for Action?

- 6.1.32 The Partner Ecosystem thematic section sets out a collaborative approach which Scottish Water will adopt to foster collaboration and innovation between partners in support of achieving their strategic ambitions. As drafted, the theme notes that the partner ecosystem way of working will help achieve Scottish Water's beyond net zero emissions target as set out within the NZER, but the role of partnership working to address other environmental challenges is not addressed. The thematic section also does not specify either the general types of organisations or specific stakeholders who will be identified as 'partners'. As such it is not fully clear whether this includes environmental stakeholders (e.g. building upon Scottish Water's existing Sustainable Growth Agreement with SEPA).

Is the Scope of Future Transformative Initiatives Clearly Defined and do These Respond to Key Environmental Challenges?

- 6.1.33 Initially, this theme will work to set the foundations of collaborative working within a six-month period, including the establishment of a collaboration framework aligned with the broader partner ecosystem, after which a set of initiatives will commence. It is not currently clear which actions will follow after this six-month period, suggesting the programme is still flexible at this early stage in its development.

Are There any Gaps in the Coverage of Environmental Aspects Within the Theme Narrative?

- 6.1.34 As drafted, the Partner Ecosystem thematic section does not specifically identify or address environmental stakeholder relationships, including how such relationships should be improved through partnering and other structural or governance enhancements. The high-level nature of the text means that no clear links to environmental issues are presently set out.

6.2 Compatibility of Draft Plan for Transformation with SEA Framework

- 6.2.1 Drawing together the assessment findings discussed above, a high-level assessment of the compatibility of the Draft Plan for Transformation with the SEA Objectives defined within the SEA Framework is presented in **Table 6.1** below. As discussed in **Section 4.4** of the ER, this focuses on the coverage of key environmental issues and whether the plan has the potential to support future action to address environmental challenges, rather than seeking to identify individual likely significant effects at this stage.

Table 6.1: Compatibility of Draft Plan for Transformation with SEA Objectives

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
Air and Climate	1. Climate Change: Respond to the climate emergency by decarbonising infrastructure, achieving net zero operational emissions by 2040, facilitating a low carbon economy and adapting to accommodate the effects of climate change.	+	<p>Relevant plan components which contribute to the achievement of this SEA Objective include:</p> <ul style="list-style-type: none"> ■ Recognition of need for organisational, governance and structural changes to achieve beyond net zero target – business as usual projects and systems will not be sufficient; ■ Recognition of need to develop partnerships to respond to the climate emergency and adapt to the effects of climate change, and of the need to avoid silo working; and, ■ Identifies the need for transformational initiatives to support the continued implementation of Scottish Water’s Net Zero Emissions Routemap. <p>To ensure the Plan for Transformation and associated longer-term Transformation Programme contribute effectively to this SEA Objective, the development and implementation of thematic initiatives should include:</p> <ul style="list-style-type: none"> ■ Stakeholder mapping to define specific partners for climate action, land management and peatland restoration. This should be reflected within the Customer & Community Centricity Strategy; ■ Alignment of all transformation initiatives with continued delivery of the NZER. All initiatives should be designed to support climate mitigation and adaptation action (directly or indirectly); ■ Clear definition and consistent application of climate benefits and disbenefits (i.e. impacts) through the Benefits Framework in investment decision making at programme and project levels; and, ■ Implementation of a climate risk and vulnerability¹ assessment to assess climate risks to the future delivery of services and assets. The findings

¹ The effects of climate change (climate risk) are not experienced equally as the probability of a climate related event occurring (such as flooding or temperature rise) is dependent on several factors. The impact of an event occurring is also affected by vulnerability (the degree to which assets, buildings or communities will be affected by hazards due to their exposure, sensitivity, and adaptive capacity). The probability of specific hazards occurring, and the level of vulnerability (as well as capacity to act) are

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
			<p>should inform future transformation initiatives as well as asset management and replacement programmes.</p>
	<p>2. Air Quality and Amenity: Tackle poor air quality, reduce concentrations of harmful atmospheric pollutants and minimise exposure to noise and vibration.</p>	+	<p>Relevant plan components which contribute to the achievement of this SEA Objective include:</p> <ul style="list-style-type: none"> ■ Recognition of the need to protect and enhance community wellbeing; ■ Development and implementation of pro-active management approaches to resolve operational problems before they impact on communities and the environment; and, ■ Development of Customer & Community Centricity Strategy and Insight Engine to place communities at the heart of Scottish Water’s operations and plans. This would indirectly include avoiding or reducing adverse amenity impacts. <p>To ensure the Plan for Transformation and associated longer-term Transformation Programme contribute effectively to this SEA Objective, the development and implementation of thematic initiatives should include:</p> <ul style="list-style-type: none"> ■ Stakeholder mapping to define specific partners to address local environmental and amenity issues. This should be reflected within the Customer & Community Centricity Strategy.
Physical Environment	<p>3. Biodiversity, Geodiversity and Soil: Conserve, protect and enhance biodiversity and geodiversity interests, including through safeguarding important sites, species and soil resources and by protecting green infrastructure.</p>	+	<p>Relevant plan components which contribute to the achievement of this SEA Objective include:</p> <ul style="list-style-type: none"> ■ Recognition of the need to maximise the benefits of investment to customers, communities and the environment, by following a new approach to be implemented through initiatives being developed under the Sustainable Investment Decision Making theme. In particular, the Benefits

important factors when considering the risks which climate change poses to Scottish Water, including specifically risks to the future delivery of the services and asset management.

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
			<p>Framework includes relevant categories to capture ecological benefits and disbenefits in decision making.</p> <p>To ensure the Plan for Transformation and associated longer-term Transformation Programme contribute effectively to this SEA Objective, the development and implementation of thematic initiatives should include:</p> <ul style="list-style-type: none"> ■ Stakeholder mapping to define specific partners to address biodiversity and peatland restoration issues. This should be reflected within the Customer & Community Centricity Strategy; ■ Strengthening of relationships with key environmental stakeholders including (but not limited to) NatureScot, SEPA and Scotland's planning authorities at leadership and operational levels; ■ Inclusion of environmental data within Intelligent Asset Base, including in relation to the environmental condition, sensitivities and value of Scottish Water assets and land (e.g. monitoring and management of reservoirs in proximity to designated sites); and, ■ Clear definition and consistent application of ecological benefits and disbenefits (i.e. impacts) through the Benefits Framework in investment decision making at programme and project levels.
	<p>4. Water, Flood Risk and Resilience: Conserve, protect and enhance water environments, water quality and water resources, whilst reducing flood risks.</p>	+	<p>Relevant plan components which contribute to the achievement of this SEA Objective include:</p> <ul style="list-style-type: none"> ■ Fundamentally, the transformation strategy outlined within the plan seeks to enable Scottish Water to manage the water environment and water resources in a sustainable manner; ■ Development of Intelligent Asset Base and replacement EQS (if delivered under the Lean Delivery theme) would enhance Scottish Water's ability to manage water and wastewater systems efficiently. This would be expected to generate benefits including enhanced resilience and reduced flood risks; and,

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
			<ul style="list-style-type: none"> ■ Recognition of the need to maximise the benefits of investment to customers, communities and the environment, by following a new approach to be implemented through initiatives being developed under the Sustainable Investment Decision Making theme. In particular, the Benefits Framework includes relevant categories to capture flooding, water quality and WFD status benefits and disbenefits in decision making. <p>To ensure the Plan for Transformation and associated longer-term Transformation Programme contribute effectively to this SEA Objective, the development and implementation of thematic initiatives should include:</p> <ul style="list-style-type: none"> ■ Stakeholder mapping to define specific partners to address water environment issues. This should be reflected within the Customer & Community Centricity Strategy; ■ Strengthening of relationships with key water environmental stakeholders including (but not limited to) SEPA, Flood Risk Management Plan Partnerships and local authorities at leadership and operational levels. This could include renewal of the existing Sustainable Growth Agreement between Scottish Water and SEPA; ■ Consideration of how transformational initiatives will interact with partnership and regulatory relationships with SEPA, including in terms of the potential renewal of the existing Sustainable Growth Agreement; ■ Clear definition and consistent application of water environment benefits and disbenefits (i.e. impacts) through the Benefits Framework in investment decision making at programme and project levels; and, ■ The climate risk and vulnerability assessment recommended in relation to SEA Objective 1 should include a particular focus on changes to water resources, supply networks, storage and flood risks due to climate change. This would enable Scottish Water to 'climate-proof' future investment strategies and programmes.

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
	5. Cultural Heritage: Conserve, protect and enhance the historic environment and cultural assets.	+	<p>Relevant plan components which contribute to the achievement of this SEA Objective include:</p> <ul style="list-style-type: none"> ■ Recognition of the need to maximise the benefits of investment to customers, communities and the environment, by following a new approach to be implemented through initiatives being developed under the Sustainable Investment Decision Making theme. <p>To ensure the Plan for Transformation and associated longer-term Transformation Programme contribute effectively to this SEA Objective, the development and implementation of thematic initiatives should include:</p> <ul style="list-style-type: none"> ■ Stakeholder mapping to define specific partners to address heritage issues. This should be reflected within the Customer & Community Centricity Strategy; and, ■ Clear definition and consistent application of benefits and disbenefits (i.e. impacts) related to the historic environment through the Benefits Framework in investment decision making at programme and project levels. In particular, the new approach to investment appraisals and decision making should recognise the intrinsic and amenity values of heritage assets within Scottish Water's estate.
	6. Landscape: Protect and enhance landscape character, townscape character and visual amenity.	+	<p>Relevant plan components which contribute to the achievement of this SEA Objective include:</p> <ul style="list-style-type: none"> ■ Recognition of the need to maximise the benefits of investment to customers, communities and the environment, by following a new approach to be implemented through initiatives being developed under the Sustainable Investment Decision Making theme. In particular, the Benefits Framework includes relevant categories to capture landscape and visual benefits and disbenefits in decision making; and, ■ Development of Customer & Community Centricity Strategy and Insight Engine to place communities at the heart of Scottish Water's operations and plans. This would indirectly include avoiding or reducing adverse landscape and visual impacts.

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
			<p>To ensure the Plan for Transformation and associated longer-term Transformation Programme contribute effectively to this SEA Objective, the development and implementation of thematic initiatives should include:</p> <ul style="list-style-type: none"> ■ Stakeholder mapping to define specific partners to protect and enhance landscapes, e.g. through land management practices. This should be reflected within the Customer & Community Centricity Strategy; ■ Clear definition and consistent application of landscape and visual benefits and disbenefits (i.e. impacts) through the Benefits Framework in investment decision making at programme and project levels; and, ■ Strengthening of relationships with key environmental stakeholders including (but not limited to) NatureScot and Scotland’s planning authorities at leadership and operational levels.
Socio-economic	7. Inclusive Growth: Meet the needs of a growing population and improve social and economic prosperity for all, including through reducing societal inequalities.	+	<p>Relevant plan components which contribute to the achievement of this SEA Objective include:</p> <ul style="list-style-type: none"> ■ Recognition of the need to protect and enhance community wellbeing; ■ Recognition of need to develop partnerships and of the need to avoid silo working. Depending on the partners involved, this could include collaborative projects to improve water environment and social conditions in tandem; ■ Development and implementation of pro-active management approaches to resolve operational problems before they impact on communities and customers, including households and businesses; ■ Development of Customer & Community Centricity Strategy and Insight Engine to place communities at the heart of Scottish Water’s operations and plans. This would indirectly include avoiding or reducing adverse impacts on communities and customers (inc. households and businesses); and, ■ Recognition of the need to maximise the benefits of investment to customers, communities and the environment, by following a new approach to be implemented through initiatives being developed under the Sustainable

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
			<p>Investment Decision Making theme. In particular, the Benefits Framework includes relevant categories to capture social and economic benefits and disbenefits to customers and communities in decision making.</p> <p>To ensure the Plan for Transformation and associated longer-term Transformation Programme contribute effectively to this SEA Objective, the development and implementation of thematic initiatives should include:</p> <ul style="list-style-type: none"> ■ Stakeholder mapping to define specific partners to address specific social and economic challenges of relevance to Scottish Water. This should be reflected within the Customer & Community Centricity Strategy; ■ Clear definition and consistent application of social and economic benefits and disbenefits (i.e. impacts) to customers and communities through the Benefits Framework in investment decision making at programme and project levels; ■ Strengthening of relationships with key stakeholders including (but not limited to) local authorities and economic development agencies at leadership and operational levels. This should enhance Scottish Water's role in the delivery of existing and emerging spatial and economic strategies at national, regional and local levels; ■ Inclusion of relevant socio-economic data within the Intelligent Asset Base, including dependencies between Scottish Water assets and community facilities, public services and key amenities; and, ■ Clear definition and consistent application of social and economic benefits and disbenefits (i.e. impacts) to customers and communities through the Benefits Framework in investment decision making at programme and project levels.
	<p>8. Health: Improve the health of the population (resident, workplace and visitor), including with respect to physical and mental health and social wellbeing.</p>	+	<p>Relevant plan components which contribute to the achievement of this SEA Objective include:</p> <ul style="list-style-type: none"> ■ Recognition of the need to protect and enhance community wellbeing;

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
			<ul style="list-style-type: none"> ■ Development and implementation of pro-active management approaches to resolve operational problems before they impact on communities and the environment; and, ■ Recognition of the need to maximise the benefits of investment to customers, communities and the environment, by following a new approach to be implemented through initiatives being developed under the Sustainable Investment Decision Making theme. In particular, the Benefits Framework includes relevant categories to capture health benefits and disbenefits in decision making. <p>To ensure the Plan for Transformation and associated longer-term Transformation Programme contribute effectively to this SEA Objective, the development and implementation of thematic initiatives should include:</p> <ul style="list-style-type: none"> ■ Stakeholder mapping to define specific partners to improve health outcomes. This should be reflected within the Customer & Community Centricity Strategy; and, ■ Clear definition and consistent application of health benefits and disbenefits (i.e. impacts) through the Benefits Framework in investment decision making at programme and project levels.
	<p>9. Land, Infrastructure & Resources: Manage, maintain and where possible improve the efficient and effective use of natural resources, land and infrastructure to meet identified needs.</p>	+	<p>Relevant plan components which contribute to the achievement of this SEA Objective include:</p> <ul style="list-style-type: none"> ■ Recognition of the need to drive a strategic shift in how Scottish Water operate, monitor, maintain, automate and remote control assets; ■ Adopt a systems-thinking approach to asset management and investment prioritisation, rather than the asset-by-asset approach deployed historically; ■ Commitment to deliver an ongoing multi-year programme of asset management improvements laid out in Year 2 of Scottish Water's Asset Management Transformation Routemap (AMTR);

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
			<ul style="list-style-type: none"> ■ Recognition of need to develop partnerships and of the need to avoid silo working. Following from commitments made within the Strategic Plan, this could include the development of land management and drainage partnerships; ■ Development and implementation of pro-active management approaches to resolve operational problems before they impact on communities and customers; ■ Development of Customer & Community Centricity Strategy and Insight Engine to place communities at the heart of Scottish Water's operations and plans. This would help to optimise the use of Scottish Water's infrastructure assets; and, ■ Recognition of the need to maximise the benefits of investment to customers, communities and the environment, by following a new approach to be implemented through initiatives being developed under the Sustainable Investment Decision Making theme. In particular, the Benefits Framework includes relevant categories to capture social and economic benefits and disbenefits to customers and communities in decision making. <p>To ensure the Plan for Transformation and associated longer-term Transformation Programme contribute effectively to this SEA Objective, the development and implementation of thematic initiatives should include:</p> <ul style="list-style-type: none"> ■ Stakeholder mapping to define specific partners to address specific infrastructure and land management challenges of relevance to Scottish Water. This should be reflected within the Customer & Community Centricity Strategy; ■ Clear definition and consistent application of land, network resilience and other infrastructure related benefits and disbenefits (i.e. impacts) through the Benefits Framework in investment decision making at programme and project levels;

Environmental Aspects	SEA Objectives	Compatible? + / -	Commentary
			<ul style="list-style-type: none"> ■ Inclusion of environmental data within Intelligent Asset Base, including in relation to the environmental condition, sensitivities and value of Scottish Water infrastructure assets and land (e.g. monitoring and management of reservoirs in proximity to designated sites); ■ Strengthening of relationships with key stakeholders including (but not limited to) planning authorities at leadership and operational levels. This should enhance Scottish Water’s role in the delivery of existing and emerging spatial and economic strategies at national, regional and local levels; and, ■ Capitalise on ongoing planning reforms as a timely opportunity to transform Scottish Water’s relationship with Scotland’s planning authorities (and the wider development sector). This should include proposals to enhance: <ul style="list-style-type: none"> - Integration between investment strategy, environmental assessment, design, consenting and appraisal processes for water and wastewater infrastructure; - Co-ordination; - Consistency; - Holistic environmental management; and, - Pro-active involvement by Scottish Water in development planning and infrastructure delivery.

- 6.2.2 The high-level assessment provided in **Table 6.1** demonstrates that, in general, the Draft Plan for Transformation provides an appropriate high-level platform from which to develop specific transformational initiatives through the longer-term Transformation Programme in a way which can positively address key environmental challenges. Further consideration should however be given to ensuring the scope of individual thematic initiatives is sufficiently broad to encompass all relevant environmental considerations, even where initiatives primarily relate to general organisational or information flow processes, and that implementation mechanisms include collaborative working with all relevant environmental stakeholders. This will help Scottish Water to appropriately respond to the climate emergency, manage and replace assets in a sustainable manner, and enhance the quality of Scotland's physical environment.

7 Further Mitigation and Enhancement Measures

7.1 Overview

- 7.1.1 The settled draft version of the Draft Plan for Transformation was provided to M² in Autumn 2021 to allow a formal SEA of its substantive content to be undertaken. The findings detailed in **Section 6** indicate that a number of further clarifications and additional elements could usefully be added to the Plan for Transformation (main document and appendix) to enhance its clarity, coverage of key environmental issues and alignment with the SEA Framework:
- i. Clearer identification of the pathways (or types of projects) envisaged to deliver improvements in physical environmental quality and how these will be supported by transformational initiatives. Expanded narrative should extend beyond outlining the net zero emissions strategy to explain, for example, *how* improvements to biodiversity, opportunities for safe recreational access for communities in close proximity to Scottish Water land, mitigation of flooding impacts and other ecological improvements are envisaged to be unlocked;
 - i. Inclusion of a description regarding the development of a Benefits Framework to capture external benefits and disbenefits (i.e., including adverse environmental impacts) within investment decision making. It is understood Scottish Water will implement investment planning commitments set out within the Strategic Plan and in doing so the Benefits Framework will evolve to consistently take account of external impacts and risks (alongside positive benefits). This should include some detail regarding how environmental improvements and adverse impacts likely to result from an investment choice are identified and then evaluated or otherwise considered within decision making as a 'benefit';
 - ii. Clearer introduction of the 9 workstreams within the Plan for Transformation – main document. This would provide clear hooks for the future development of specific initiatives under the long-term Transformation Programme;
 - iii. Include details of the replacement Environmental Quality System (EQS) which is already under development as part of the Lean & Agile Solutions theme. The replacement EQS aims to support a transition to a more holistic and efficient approach to environmental monitoring and management. This will enable reliable, robust and efficient environmental reporting to evidence how Scottish Water is addressing key challenges, demonstrate regulatory compliance and support enhanced stakeholder engagement, whilst incorporating flexibility to adapt to future monitoring needs;
 - iv. Confirm arrangements for employee training to enable environmental benefits and impacts (disbenefits) to be properly account for in investment appraisals and decision making at project and programme levels;
 - v. Identify candidate or target organisations for Scottish Water to partner with and provide further details regarding the types of partnership working which are presently envisaged; and,
 - vi. Implementation of detailed recommendations identified in **Appendix C** of the ER when implementing each workstream or initiative as part of the longer-term Transformation Programme.

8 Conclusion

8.1 Summary of Environmental Report

- 8.1.1 This Non-Technical Summary (NTS) of the Strategic Environmental Assessment (SEA) Environmental Report (ER) has provided a summary of the findings of a SEA carried out in respect of the Draft Plan for Transformation. The high-level assessment provided in **Section 6** has demonstrated that, in general, the Draft Plan for Transformation provides an appropriate high-level platform from which to develop specific transformational initiatives through the longer-term Transformation Programme in a way which can positively address key environmental challenges.

8.2 Next Stages of Draft Plan for Transformation Preparation and SEA

- 8.2.1 All comments received during the six-week consultation period will be analysed by Scottish Water and taken account of when preparing the finalised Plan for Transformation. Any need for updates to the plan to address any relevant policy changes or other factors which may have changed in the interim will also be considered. The assessment team will then determine whether:
- Major modifications need to be made to the Draft Plan for Transformation, potentially resulting in the need to re-consult on substantive actions and an associated SEA ER (in the context of this high level Plan for Transformation this eventuality is considered unlikely but cannot be ruled out pre-consultation); or,
 - Only minor modifications need to be made to the Draft Plan for Transformation prior to approval (i.e. no further consultation necessary).
- 8.2.2 Once any post-consultation modifications have been incorporated into the Plan for Transformation and the document has been finalised, it will be published on Scottish Water's website. At this time, in line with statutory requirements a SEA Post Adoption Statement will be prepared to explain how the SEA process has closely informed the development of the Plan for Transformation and to provide an appropriate SEA monitoring framework.

8.3 Monitoring

- 8.3.1 In accordance with statutory requirements a monitoring framework will be prepared as part of the SEA process to provide a mechanism to confirm the effectiveness of delivering individual actions and to identify associated environmental effects. The monitoring framework will also further specify delivery mechanisms associated with individual actions and to review the overall implementation of the Plan for Transformation.
- 8.3.2 To allow the development of a monitoring framework to take account of all comments received regarding the scope and delivery of proposed themes as set out in the Plan for Transformation, the monitoring framework will be prepared following consultation. The SEA Framework (**Appendix A**) will be used as the basis of developing a proportionate monitoring framework and the suite of metrics and mechanisms identified to monitor any likely significant effects on the environment of implementing the Plan for Transformation and the longer-term Transformation Programme will be confirmed within a SEA Post Adoption Statement.

Appendix A Plan for Transformation SEA Framework

Grouping of Environmental Aspects	of SEA Objectives	Assessment Criteria – Relevant Themes & Initiatives	Assessment Criteria – Community Development & Environmental Management and Infrastructure Related Themes and Initiatives <i>Will the Initiative...?</i>
Air and Climate	1. Climate Change: Respond to the climate emergency by decarbonising infrastructure, achieving net zero operational emissions by 2040, facilitating a low carbon economy and adapting to accommodate the effects of climate change.	Review and identify opportunities to enhance the coverage of relevant environmental issues, metrics and monitoring arrangements.	<ul style="list-style-type: none"> ▪ Support the achievement of Scottish Government climate change mitigation targets?; ▪ Appropriately contribute to the achievement of targets set out in Scottish Water’s Net Zero Emissions Routemap?; ▪ Maximise potential reductions in greenhouse gas (GHG) emissions?; ▪ Support the minimisation of energy use? ▪ Support the delivery of renewable and low carbon energy and reduce dependency on non-renewable sources?; ▪ Facilitate investment in and promote the use of low carbon and sustainable infrastructure?; ▪ Implement adaptation measures to address the likely effects of climate change, including increased flood risks?; ▪ Promote sustainable design that minimises GHG emissions and is adaptable to the effects of climate change?; and,

Grouping of Environmental Aspects	SEA Objectives	Assessment Criteria – Relevant Themes & Initiatives	Assessment Criteria – Community Development & Environmental Management and Infrastructure Related Themes and Initiatives <i>Will the Initiative...?</i>
	2. Air Quality and Amenity: Tackle poor air quality, reduce concentrations of harmful atmospheric pollutants and minimise exposure to noise and vibration.		<ul style="list-style-type: none"> ▪ Enhance resilience to adverse weather and the effects of climate change? ▪ Maintain or improve air quality?; ▪ Reduce exposure to poor air quality?; ▪ Prevent and reduce emissions of harmful pollutants?; amd, ▪ Impact on the management or environmental conditions of Air Quality Management Areas?
Physical Environment	3. Biodiversity, Geodiversity and Soil: Conserve, protect and enhance biodiversity and geodiversity interests, including through safeguarding important sites, species and soil resources and by protecting green infrastructure.	Review and identify opportunities to enhance the coverage of relevant environmental issues, metrics and monitoring arrangements.	<ul style="list-style-type: none"> ▪ Ensure appropriate safeguards for the integrity and conservation objectives of sites designated at international, national or local levels for reasons of biodiversity or geodiversity value or species protection?; ▪ Protect and enhance valued species and habitats?; ▪ Safeguard against habitat loss or fragmentation?; ▪ Protect or enhance protected trees or important woodland areas?; ▪ Improve access to nature?;

Grouping of Environmental Aspects	SEA Objectives	Assessment Criteria – Relevant Themes & Initiatives	Assessment Criteria – Community Development & Environmental Management and Infrastructure Related Themes and Initiatives <i>Will the Initiative...?</i>
			<ul style="list-style-type: none"> ▪ Remediate known contamination of land and groundwater?; ▪ Safeguard best quality and locally important agricultural land?; ▪ Protect and enhance important soil resources?; ▪ Protect and enhance ecological connectivity and resilience?; ▪ Protect and improve multi-functional attributes of the green infrastructure network?; and, ▪ Support delivery of biodiversity net gain?
	<p>4. Water, Flood Risk and Resilience: Conserve, protect and enhance water environments, water quality and water resources, whilst reducing flood risks.</p>		<ul style="list-style-type: none"> ▪ Improve the quality and WFD status (overall, chemical and ecological) of waterbodies?; ▪ Affect the volume of surface water runoff into or abstraction from water bodies?; ▪ Support improvements to water infrastructure (water supply and sewerage)?; ▪ Enhance resilience to and minimise the risk of flooding from all sources of flooding to all people, property, infrastructure and environmental assets?;

Grouping of Environmental Aspects	SEA Objectives	Assessment Criteria – Relevant Themes & Initiatives	Assessment Criteria – Community Development & Environmental Management and Infrastructure Related Themes and Initiatives <i>Will the Initiative...?</i>
			<ul style="list-style-type: none"> ▪ Reduce flood risks to Scottish Water assets?; ▪ Reduce flood risk resulting from Scottish Water assets to communities?; ▪ Manage residual flood risks appropriately and avoid new flood risks?; and, ▪ Promote the deployment of sustainable urban drainage systems?
	<p>5. Cultural Heritage: Conserve, protect and enhance the historic environment and cultural assets.</p>		<ul style="list-style-type: none"> ▪ Protect and increase access to cultural, leisure and recreation opportunities?; ▪ Conserve, protect and enhance historic environment assets of national, regional and local importance and their settings?; ▪ Protect and enhance the qualities of areas of cultural significance, including where the natural environment has been shaped by land management practices?; and, ▪ Promote sensitive re-use and regeneration of historic buildings and historic townscapes?
	<p>6. Landscape: Protect and enhance landscape character, townscape character and visual amenity.</p>		<ul style="list-style-type: none"> ▪ Protect and enhance landscape character?; ▪ Safeguard important landscape and townscape features?; and,

Grouping of Environmental Aspects	SEA Objectives	Assessment Criteria – Relevant Themes & Initiatives	Assessment Criteria – Community Development & Environmental Management and Infrastructure Related Themes and Initiatives <i>Will the Initiative...?</i>
			<ul style="list-style-type: none"> ▪ Protect visual amenity and valued views?
Socio-economic	7. Inclusive Growth: Meet the needs of a growing population and improve social and economic prosperity for all, including through reducing societal inequalities.	Review and identify opportunities to enhance the coverage of relevant environmental and socio-economic issues, metrics and monitoring arrangements.	<ul style="list-style-type: none"> ▪ Promote a culture of equality, fairness and respect for people and the environment?; ▪ Tackle poverty and social exclusion?; ▪ Promote social cohesion and integration?; ▪ Promote equity between population groups?; ▪ Reduce fuel poverty?; ▪ Protect and enhance access to high quality community facilities, public services and key amenities?; ▪ Support better integration of land-use/spatial planning, transport planning and economic development decisions?; ▪ Support the delivery of existing and emerging spatial strategies at national, regional and local levels?; and, ▪ Address infrastructure needs resulting from existing and changing socio-economic characteristics?

Grouping of Environmental Aspects	SEA Objectives	Assessment Criteria – Relevant Themes & Initiatives	Assessment Criteria – Community Development & Environmental Management and Infrastructure Related Themes and Initiatives <i>Will the Initiative...?</i>
	<p>8. Health: Improve the health of the population (resident, workplace and visitor), including with respect to physical and mental health and social wellbeing.</p>		<ul style="list-style-type: none"> ▪ Ensuring high-quality drinking water and adequate wastewater treatment for all?; ▪ Reduce health inequalities and improve the physical and mental health and wellbeing of communities?; ▪ Facilitate or encourage active travel or physical recreation?; and, ▪ Enhance access to open spaces and nature?
	<p>9. Land, Infrastructure & Resources: Manage, maintain and where possible improve the efficient and effective use of natural resources, land and infrastructure to meet identified needs.</p>		<ul style="list-style-type: none"> ▪ Unlock the delivery of housing to meet identified needs?; ▪ Prioritise the re-development of previously developed land?; ▪ Support the provision of adequate water infrastructure and services to meet identified population needs and support economic growth?; ▪ Minimise the production of waste?; ▪ Promote the principles of circular economy?; and, ▪ Treat and process waste with minimal environmental impact?