

Scottish Water

LEADING SCOTLAND'S
H₂O EVOLUTION





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RESEARCH BY *Abi Abagun*



In the build up to Scotland's Independence Referendum in 2014, one thing that the pro-independence side were keen to emphasize was the strength of Scotland's institutions. These institutions, they argued, would allow Scotland to thrive outside of a Union. One such institution is Scottish Water.

Scottish Water is a statutory corporation (100% owned by the Scottish Government) which was founded in 2002 by a merger of the East of Scotland Water Authority, the West of Scotland Water Authority and the North of Scotland Water Authority under the Water Industry (Scotland) Act of 2002.

The company provides vital water and waste water services to around 2.5 million Scottish households and over 150,000 businesses across the country. Among other important tasks, this involves removing close to 1 billion litres of waste water from the system on a daily basis, which it treats before returning it to the environment.

In 2015/16, the vast majority (73%) of Scottish Water's £1.12 billion turnover came from households, with the remaining income coming from wholesale (24%) and other segments (3%). With a surplus of £84.8 million this year alone, the company is able

to continuously reinvest and improve the water network, maintaining the company's outstanding quality of service.

Performance Environment

What becomes clear when reading the Annual Report of Scottish Water is the sheer importance that it attaches to water in every regard. Although this may come across as an obvious statement, it is the extent to which it is true which is so impressive. For example, in 2015, the company carried out more than 311,000 quality checks on Scotland's water – more than 850 checks a day.

In the same year, reported leakages were reduced by over 44 million litres of water. Since its foundation in 2002, the company has invested over £1 billion in environmental quality measures, and intends to invest a further £340 million in the coming five years. It's a significant investment which should bring the company's infrastructure to an unprecedented level, improving the services offered for customers.

As company CEO Douglas Millican says: "Scottish Water is investing £340 million in this regulatory period (2015-21) to improve drinking water quality. We want to ensure that



MORRIS SOMERVILLE
Founding MD

Dustacco is a mechanical design, fabrication and installation business based in the west coast of Scotland. Established in 1966 by Morris Somerville, the original focus of the business was dust control and air conditioning, hence the name Dustacco.

Since 1971 the business has operated from our head office and workshop facility in Newmilns, East Ayrshire with the addition of a design office in Glasgow. Over the years the business has adapted to market changes, moving from dust and fume control in factories ('70s-80s) to the semi-conductor market (2000s). The millennium saw Dustacco diversify into the water, energy and pharmaceuticals markets.

"In 2003, we were a sub-contractor to Scottish Water contractors, aspiring to develop and grow sustainably. Today, we have many routes into Scottish Water: we continue to take pride in our role as a collaborative sub-contractor and we are delighted to have been awarded a position on the 'Scottish Water Rural Framework'. We have also secured a Tier 1 position on the 'Non-Infrastructure Framework' - as part of our joint venture with EICA business ID Systems. As 'IDDUS' we can offer Scottish Water and its alliance partners a combined MEICA solution, reducing risk and adding value."

"This year Dustacco celebrates 50 years of trading, and as we look forward to continuing our relationship with Scottish Water and Alliance partners, we are as committed as ever, to employing people in the community of Newmilns. As an ambassador of STEM and Developing the Young Workforce, we will provide opportunities, training and development for our young people, including those hard to reach. And, as a supporter of 'Women into Engineering', I take particular pride in the fact that our leadership team has strong female representation, something I will continue to promote."

*Alison Somerville,
MD Dustacco since 2005.*



ALISON SOMERVILLE
Managing Director

Dustacco

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Community relations



CEO Douglas Millican

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all our customers enjoy the look and taste of their tap water. We also want to build resilience and better reliability into our service.”

Stellar CSR Performance

Monopolies are sometimes perceived as being bad for society, but as we’ve seen in the past, as long as a company has good governance, there’s every reason to believe that a monopoly can be of greater benefit to society than the sum of its parts. Scottish Water’s status as a statutory company means that this very much the case, with Scotland’s people reaping the rewards of the company’s strength.

In 2015, Scottish Water was named as the Best Large Employer in Scotland at the Business Insider awards, a testament to the satisfaction of all of its 3,800 employees based in Scotland, Australia, Qatar and Canada. These employees benefit from an employee package which the company is always looking to improve, and recently included the GREAT scheme, a leadership program for employees

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which helped them develop their leadership and management skills.

Outside of the company’s internal structures, Scottish Water also looks to engage the community at large. Its H2O Program works with football clubs and the schools in their areas (number over 1,000 in total) to educate and inform children about the importance of water and its conservation. The company has also teamed up with Triathlon Scotland to inform everyone about the importance of water safety.

Elsewhere, the company’s volunteering program goes from strength to strength. Since

launching in 2011, more than 3,000 employees have devoted in excess of 20,000 hours to worthy causes. The company gives each employee 2 paid days a year for voluntary works focused on education, the environment and local communities. In 2015, it introduced skills-based volunteering, whereby employees are encouraged to leverage their commercial skills to benefit good causes.

Finally, Scottish Water is also the main contributor to WaterAid Scotland – its “charity of choice.” WaterAid Scotland works with some of the poorest communities in Africa, Asia and the Pacific Region to deliver clean



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water and toilets, promote good hygiene and campaign for change. The importance of these efforts cannot be understated at a time when more children in the world die from diarrhea brought on by dirty water than any other cause.

Partners and Contracts

Although the management of a country's water infrastructure creates conditions ideal for a natural monopoly, Scottish Water can draw on the resources of several partners to generate greater efficiencies of scale. On

the £3.5bn rural framework plan, it signed contracts with 58 separate companies to deliver the project on time and under budget.

Each and every one of these companies was a Scottish SME, in turn generating employment in the country. As Geoff Aitkenhead of Scottish Water explained: “The vast majority of these small- to medium-sized firms have bases or locations in and around communities. This will provide us with vital local knowledge with skills honed and retained in the community.”

It's not just SMEs which help Scottish Water in successfully delivering its mandate, either.

Larger firms like Morrison Construction, Fastflow Pipeline Services Ltd, Dustacco Engineering, Id Systems UK Ltd and Coffey Construction Ltd typically help Scottish Water on a range of technical, engineering and maintenance projects.

For example, of these firms, Morrison Construction, Coffey Construction and Fastflow Pipeline Services Ltd were involved in the quality and standards IV (Q&SIV) programme, upgrading the drinking water network assets, for the regulatory period 2015-2021 in the centre and North East of Scotland. Other contractors play a part too as new project arise.

A sustainable future

Few companies could claim to have made the progress that Scottish Water has in less than fifteen years. However, rising sea levels and the reality of climate change will continue to force the company to change. It's a journey

that the company is well-positioned to make.

As CEO Douglas Millican states: “Our success depends totally on knowing what matters to our customers...It is good news that water quality is at its highest level but we will continue to look at how we can improve our service even further and ensure every one of our customers enjoys the highest quality drinking water available in Scotland.”

Whether inside or outside the United Kingdom, Scotland's people can be assured of at least one thing: their water is in good hands. **BE**

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