

Minute of the Water Industry Investment Group

Held in Moray House, Stirling on 16 September 2026

Attendance

Organisation	Attendee
WICS	David Satti (chair)
WICS	Colin McNaughton
WICS	Tom Hall
WICS	Leo Tymianski
WICS	Duncan Kremer
Scottish Water	Aileen Mackenzie
Scottish Water	Rob Mustard
Scottish Water	Wendy Kimpton
Scottish Water	Karen Dee (Item 8 only)
Consumer Scotland	Gail Walker
DWQR	Andrew Kennedy
SEPA	Nathan Critchlow-Watton
SEPA	Sharon Forrester
Scottish Government	Darren Knox
Scottish Government	Paul Boyle
Scottish Government	Jo Blewett
Apologies: Alex Plant (SW), David Reynolds (DWQR), Rosemary Greenhill (DWQR), Kirsty-Louise Campbell (SEPA), Rachel Harding-Hill (SEPA)	

Items and Actions

1. Welcome and introductions

WICS opened the meeting, welcoming the attendees.

2. Minutes and previous actions

Minutes from the previous meeting were approved with no comments.

Action Summary:

Action	Description	Update	Status
IG 28.01	WICS to revise the ToR to address the comments, referencing that ToR will likely change in SRC27.	On the agenda for this meeting	Closed

IG 28.02	Scottish Water SW to confirm the date the Rockcliffe G90 is expected	SW updated that the current forecast is February 2027 with a cost estimate of £20m	Closed
IG 28.03	Scottish Water will look into improving the presentation of IPOD Portfolio and Sub-portfolio breakdown.	SW updated that it has updated the text to make the commentary clearer, but will consider further work on clarifying the distinction between text commentary and RAG status.	In progress
IG 28.04	Scottish Water will check and confirm the reasons for difference in costs of Glenlatterach compared to Business Plan.	SW explained that the cost reduction is because the project is still in early development and SW believes it can deliver the outcome required by DWQR without investment for ion exchange at this stage	Closed
IG 28.05	Scottish Water to confirm whether any of the 31 output categories are of concern to the SW leadership team.	SW updated that its concern lies more with output profiles than individual category lines, and that it is hoping to carry out a data cleanse which should be done before the next WIIG	Closed
IG 28.06	Clarify the governance for the route-map if WIIG is not approving it.	SG updated that there has been no meeting on this yet. WICS noted this is to be addressed at WILG, along with general SRC27 governance.	In progress
IG 28.07	Scottish Water and SEPA will work on agreeing the number of UIDs delivered by the end of 2027 by 1 September 2026.	Complete	Closed

3. Updated terms of reference

WICS presented a revised Terms of Reference (ToR) reflecting comments received from stakeholders following the previous meeting.

The group discussed:

- Clarification that the ToR apply only for the remainder of SRC21 and do not pre-empt governance arrangements for SRC27 Delivery Plans.
- The need to recognise SEPA's wider regulatory role beyond wastewater.
- Future review of the ToR following implementation of SRC27 arrangements.

The group approved the updated ToR subject to final amendments proposed by SEPA on their role.

Action IG29.01: SEPA to send role amendment wording to WICS; WICS to update the ToR accordingly.

4. Updates from JDGs

Stakeholders provided updates on recent Joint Development Group (JDG) meetings and associated working groups.

Discussion covered:

- **DWQR's** support for proposed SRC27 investment and the need for continued flexibility to accommodate emerging risks associated with future disinfection strategies. It was noted that for future enforcement practices, significant risk reporting will replace letters of commitment in the coming months.
- **SEPA** has progressed engagement with Scottish Water around SRC21 closeout activities and preparation for SRC27 delivery planning.
- **Consumer Scotland's** engagement covered the Draft Determination and proposed data-sharing agreement on customer research. Discussions also considered the pressures created by data centres and other water-intensive developments, particularly community concerns about water use, scale and location.
- **WICS'** JDG has focussed on development of SRC27 Delivery Plans, to be issued with the Final Determination, and associated annual reporting arrangements to be published by the end of the year.
- Outputs from the **WIIG Working Group** included an updated ToR, review of reporting improvements to include the 'why' and future meeting agendas.

The group also discussed the strategic role of JDGs and potential opportunities to align discussions more closely with long-term outcomes and delivery objectives.

5. Performance against the Committed List

Scottish Water presented the Progress Report on Performance Against the Committed List for Quarter 1 2026-27. Scottish Water noted:

- Investment over the quarter was approximately £290m, slightly below forecast, with overall delivery remaining on-track, although performance varies between sub-programs.
- Concerning specific projects, Scottish Water noted that Lower Largo went into service mid-August, 3 of the SR15 Completion projects will complete in SRC27 and dialogue is ongoing with the local community for proposed CSO works at Nairn.
- Lower forecast IFAC performance was driven by a small number of major projects completing significantly below forecast cost.

The group discussed:

- Interpretation and implications of the IFAC metric including the timing of reporting forecast inaccuracies,
- Community concerns around specific projects; traffic management at Nairn and the efficacy of the new works at Lower Largo,
- Scottish Water advised that lower Q1 investment levels reflected a combination of factors including affordability pressures in Year 5, reduced cash flexibility, delays to major projects such as Black Esk and other programme delivery challenges. Cash availability, rather than delivery capacity, remains the primary constraint on investment delivery,
- Whether affordability and cash balance issues had received sufficient visibility through WIIG with a query raised on engagement regarding declining revenue recovery from local authorities,
- Trends in project completion times and Gate 100 acceptance.

Action IG29.02: Scottish Water to provide Scottish Government with a document outlining the Nairn CSO challenges.

Action IG29.03: Scottish Water to provide further information on affordability, cash balance considerations and consider the potential for a future deep dive discussion.

Action IG29.04: Scottish Water to provide a detailed assessment of factors influencing trends in Gate 100 project completion performance.

Output delivery update

Scottish Water presented the update on Delivery Outputs against the IPS24 baseline, noting forecast slippage in some areas, including UIDs and Water Security. SRC27 reporting will be improved as it will be available from the start of the period giving better visibility of forecast delivery.

Members questioned Scottish Water on the report detail and its presentation, in particular the following areas:

- Methodology and interpretation of Output metrics.
- Changes in forecast performance since previous quarters.

- Opportunities to improve stakeholder understanding of reported performance.

Action IG29.05: Scottish Water to investigate changes to the wastewater strategic growth forecasts.

Action IG29.06: Scottish Water to present at WIIG working group on output reporting methodology and improving future output reports.

6. Development and Committed List

Scottish Water presented updates on investment activities within the Development List and transfers to the Committed List. The revised planned investment in SRC21 is £1.168bn, and the SRC27 forecast now accurately reflects the Final Business Plan profile.

Scottish Water highlighted a number of early-stage projects and programmes including Robertson WTW – Centre Parcs and Lockerbie WwTW growth.

Quarter 1 saw 17 projects totalling £84m and programmes totalling £43m added to the Committed List. Scottish Water highlighted activity at Montrose, Stanley WwTW and Newhills Road in Glasgow.

The group discussed:

- If the Development List report should provide earlier visibility of affordability and investment delivery pressures. Members agreed that future reporting should act as an early-warning system for emerging trends and risks.
- Scottish Water explained Year 5 affordability pressures reflected both Committed List and maintenance activity progressing simultaneously. It noted that investment demand should exceed delivery capacity to allow prioritisation of the most efficient interventions.
- Planning for the SRC21 to SRC27 transition. Scottish Water advised that work is underway to understand project movements across periods and that it is seeking to ensure a smooth transition, with planning already progressing for the early years of SRC27.
- Scottish Government requested more information on the Newhills Road projects and Blue-Green infrastructure (BGI) projects nearing completion, in relation to reducing spills and overflows.
- Treatment of construction price inflation assumptions and the need for clearer explanations of key metrics and terminology

Action IG29.07: Scottish Water to review whether reporting provides a complete view of live investment activity including Tier 1a to feed into T&FG future reporting arrangements.

Action IG29.08: Scottish Water to confirm the completion details for the Newhills Road project and other BGI projects nearing completion.

Action IG29.09: Scottish Water to clarify what CPI stands for in the report.

7. Interim IPS Update and IPS26.2 Proposal

Scottish Water presented an update on Investment Planning Scenarios (IPS) and emerging pressures withing the final year of SRC21. In summary:

- Scottish Water is preparing an interim IPS26.2 refresh to balance emerging pressures and demand in Year 6, targeting end of September board submission.
- Around £3–5 million may be moved from wastewater to water to fund essential water repairs.
- Tier 1a responsive investment is expected to increase by £15 million to £265 million, within a final-year IPS of £1.62 billion.
- Water distribution and gravity sewers are experiencing pressure, including significant repairs in Glasgow.

The group discussed:

- The drivers behind investment categories that are "running hot", with Scottish Water explaining that pressures reflect a combination of increased demand and higher unit costs. It noted that some activities, particularly gravity sewers, can experience significant variation in costs compared with original planning assumptions,
- Members sought greater visibility of the consequences of investment reallocations, including the impact on risks, outputs and outcomes. Scottish Water explained that reallocations follow a structured prioritisation process, but agreed there is scope to better articulate the implications of funding reductions elsewhere in the programme,
- The importance of understanding and reporting risk, both in terms of investment delivery and achievement of outcomes. The group discussed how future reporting could better capture these risks and support discussions through JDGs, bringing a high-level consolidated view to WIIG.

Action IG29-10: Scottish Water to give a more detailed update on IPS once the ongoing analysis is complete. This should provide clearer explanation of what drives changes (cost/ volume) and the impacts on risk, outputs and customer outcomes.

8. Improving Urban Waters

Scottish Water provided an update on the Improving Urban Waters area. They confirmed an improved outlook with 61 delivered by the end of SCR27 and 100 UIDs are forecast be delivered by December 2027, an increase of 3 from last quarter. There are continued risks affecting a small number of Water Quality UIDs, particularly Lockerbie and Fauldhouse/ Harthill.

Discussions Included:

- Delivery Risks associated with the remaining water quality UIDs not delivered in-line with the RBMP,

- Clarity on the difference between the 14 WQ UIDs currently forecast for delivery and the original requirement for 24. Scottish Water explained that modelling has refined the understanding of needs at some sites, while newly identified WQ UIDs may require longer delivery timescales.
- Concerns that some Ministerial Objectives could remain undelivered at the start of SRC27 and requested clearer visibility of which UIDs remain at risk, what is expected to be delivered and any replacement activities being undertaken

Action IG29-11: Scottish Water to develop a detailed table showing progress against the original list of water quality UIDs, including forecast delivery status and associated risks.

9. SRC27 Task & Finish Group

WICS provided an update on the SRC27 Development Task and Finish Group (T&FG). The group has focused on:

- Development of a risk-based reporting framework with RAG status,
- Enhancing investment delivery metrics and performance reporting, including sub-programme monitoring
- Improving stakeholder reporting arrangements as the above are developed,
- Development of a customer facing dashboard with a separate focused group to detail.

A more in-depth update will be provided at next quarter's WIIG.

Discussions covered:

- Inclusion of external factors within the risk-based reporting,
- Integration and alignment with JDG reporting needs,
- The need to be proportionate in the level of details and using feedback from here to drive improvements.

Action IG29-12: WICS to give an in-depth update on SRC27 T&FG progress at the next meeting.

10. AOB

There was no other business.

Next meeting: 9th December 2026, Moray House, Stirling.