



**Scottish  
Water**

Trusted to serve Scotland

**SCOTTISH WATER**

**PROCUREMENT & SUPPLY CHAIN STRATEGY**

**2022-2023**

***“Through digitally enabled supply chain integration, we collaborate to create an efficient, sustainable and agile supply chain that delivers great value for Scottish Water and our customers, supporting a flourishing Scotland.”***

## Foreword

Over the last 12 months Scottish Water has seen the continuance of significant risks within the supply chain following the pandemic. Scottish Water has worked with our supply chain to manage and mitigate risks effectively and ensuring we have continuity of supply and effective contingency plans in place. Scottish Water have effectively managed risk around market volatility that has been compounded with the current situation of the invasion of Ukraine by Russia. This has increased pressure on commodities, energy markets, increasing lead times along with material availability. We have engaged closely with our supply chain to manage the risks to ensure availability and managing impacts as required.



Scottish Water has a crucial purpose – to support a flourishing Scotland through being trusted to care for the water on which Scotland depends. We are proud to provide water and wastewater services that are essential to everyday life for households and businesses across Scotland. We make a critical contribution to Scotland's health, well-being and prosperity, the sustainability of our natural environment, and our country's long-term economic success.

Our Strategic Plan – A Sustainable Future Together – sets out our future strategy and we have set out our ambitions to go beyond net zero emissions, deliver service excellence and provide great value and financial stability. We're facing some huge challenges and making some big commitments. Getting this done requires a transformation of Scottish Water but we cannot do this alone, we need our supply chain partners to come on this transformation journey with us. Scottish Water Procurement will explore Supply Chain Transformations further this year focusing on Carbon understanding and reductions, Circular Economy opportunities, Ethical Supply Chain approaches and Innovation from the Supply Chain to support A Sustainable Future Together.

Scottish Water spends around £865m a year buying goods, services and works. This means that our Procurement and Integrated Supply Chain Management activity has the potential to deliver significant benefit and value-for-money improvements for our customers and help achieve our ambitions.

Increasingly, buyers are working creatively to deliver broader ethical, environmental, and economic benefits by making sure sustainability is firmly established in their work. Unlocking these potential benefits from procurement can help us foster jobs and growth, encourage innovation, and boost training and apprenticeship opportunities. Good procurement practice can and should play a key role in helping small and medium-sized enterprises (SMEs), third-sector organisations and supported businesses compete effectively for contracts.

Our procurement procedures were described as world-class by the Chartered Institute of Procurement and Supply (CIPS), who awarded us with platinum accreditation status in January 2015 and re-accredited in December 2021. Scottish Water continually demonstrates how an effectively managed, CIPS Platinum accredited professional procurement service, with responsibility across all spend categories, can achieve value for money across these categories and provide substantial savings.

This strategy document sets out how we will use Procurement and Integrated Supply Chain Management to support our commitment to increasing sustainable economic growth, and to deliver significant benefits for the people and communities we serve. Throughout the life of this strategy, we will review and improve upon it and benchmark where appropriate.

**Joe Rowan General Manager – Procurement & Supply Chain**

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## **1. Introduction**

Scottish Water is a public sector body, classified as a corporation of a trading nature, and is answerable to the Scottish Parliament through Scottish Ministers. The Members of Scottish Water's Board are accountable to the Scottish Government and the Board currently includes 8 Non-executive Members.

Scottish Water provides vital water and wastewater services, essential to daily life, to 2.61 million households and more than 150,000 business premises across Scotland. Every day we provide 1.52 billion litres of clear, fresh drinking water and take away 1.10 billion litres of wastewater, which we treat, recover resources from and return safely to the environment.

Our customer charges go towards maintaining and improving 30,400 miles of water pipes, 33,300 miles of sewer pipes, 231 water treatment works and 1,834 wastewater treatment works.

In 2021/22, we commenced a 6-year investment programme in maintenance and further improvements to drinking water quality, protecting the environment, and supporting the Scottish economy. In 2021/22 we invested £799 million, with plans to invest in the region of £858 million in 2022/23 – which would be our biggest annual investment to date.

A substantial proportion of Scottish Water's resources are spent on goods, services and works procured externally from third parties. An effective and efficient procurement and integrated supply chain management process is critical to meeting our overall objectives.

Obtaining best value for money from procurement and integrated supply chain management ensures that we optimise our resources to achieve our aims. We must also ensure that our actions are fully compliant with legal requirements and ethical standards and promote a culture of accountability, transparency, sound governance, and non-discrimination. We owe nothing less to citizens, taxpayers, and those with whom we do business.

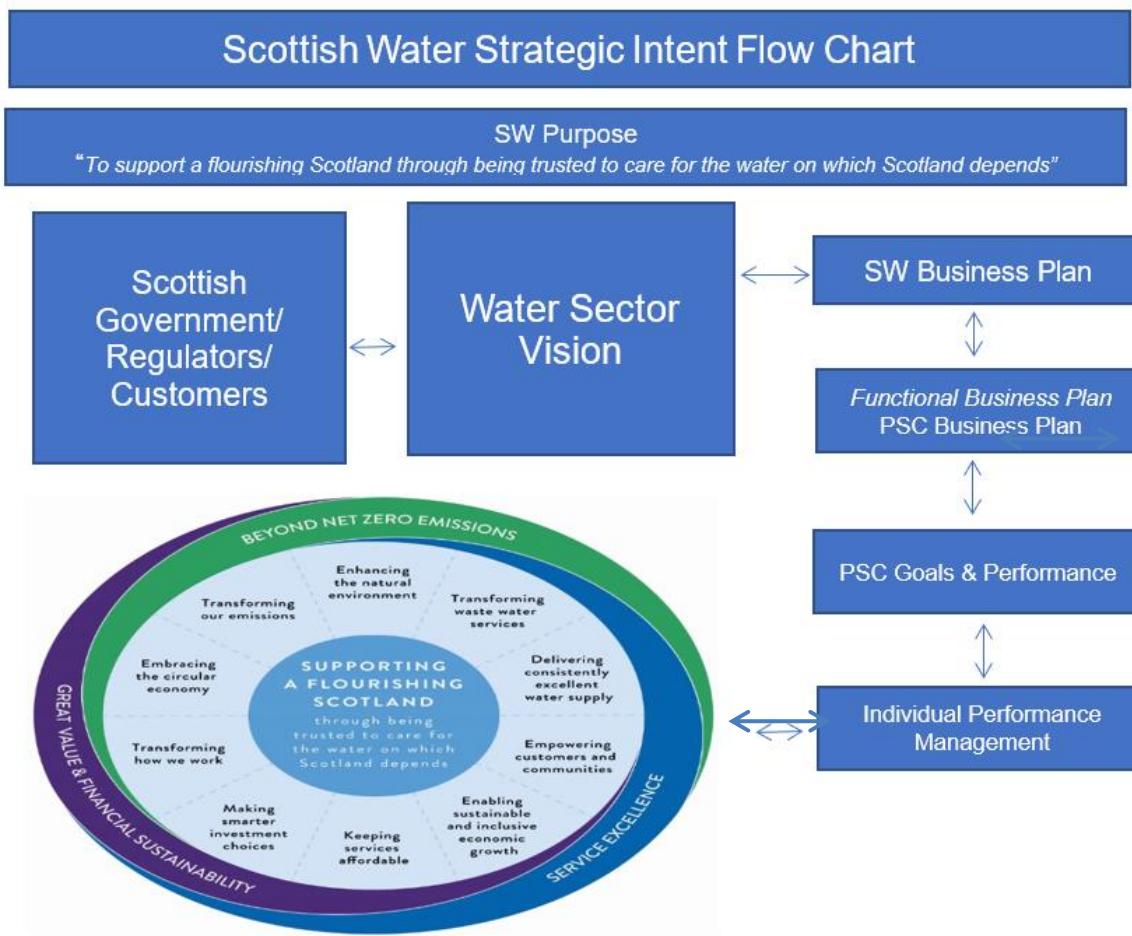
The Procurement & Supply Chain (PSC) team's mission is "Through digitally enabled supply chain integration, we collaborate to create an efficient, sustainable and agile supply chain that delivers great value for Scottish Water and our customers, supporting a flourishing Scotland."

This document sets out the Procurement Strategy for Scottish Water for FY2022/23 and will show how Procurement & Supply Chain in Scottish Water plays a fundamental role in supporting the delivery of Scottish Water's strategic objectives and the value it delivers in supporting Scottish Water's wider environmental, social, and economic objectives.

## 2. Procurement & Supply Chain in Scottish Water - Strategic Intent

Figure 1 below shows Procurement & Supply Chain's Strategic Intent Flowchart showing clear line of sight between the Scottish Water Purpose and strategic objectives to the Procurement & Supply Chain team member's performance objectives. The current regulatory period is SR21 (2021-2027). This is then broken down into annual functional plans for each directorate. In Figure 1 the PSC Business Plan is then used to create an annual Balanced Scorecard for the team which then flows down into each individual's objectives, measured through the performance review process.

**Figure 1: Procurement & Supply Chain Strategic Intent Flowchart**



### 2.1 Procurement & Supply Chain Governance

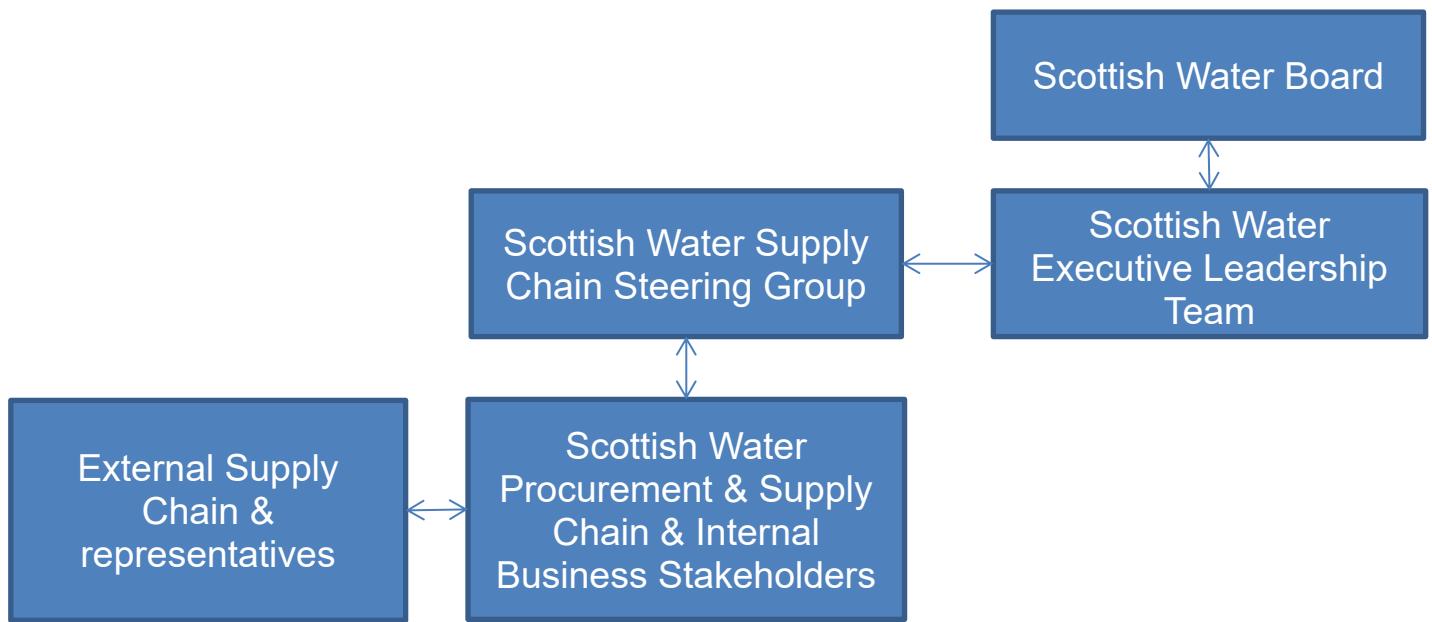
Approval of Procurement and Supply Chain strategies and awards of contracts and framework agreements (an agreement with suppliers to establish terms governing contracts that may be awarded) has strong governance structures in place.

Approval of all frameworks and contracts must receive the correct level of approval and sign-off in line with the Scottish Water Procurement Policy Manual and the Scottish Water Designated Level of Approval (DLA) structure.

Approval of all key Procurement and Supply Chain strategies and contract/framework award approvals above the accumulated value of £10m are reviewed and approved by the Supply Chain Steering Group (SCSG).

Figure 2 below details the governance structure in place for Procurement & Supply Chain.

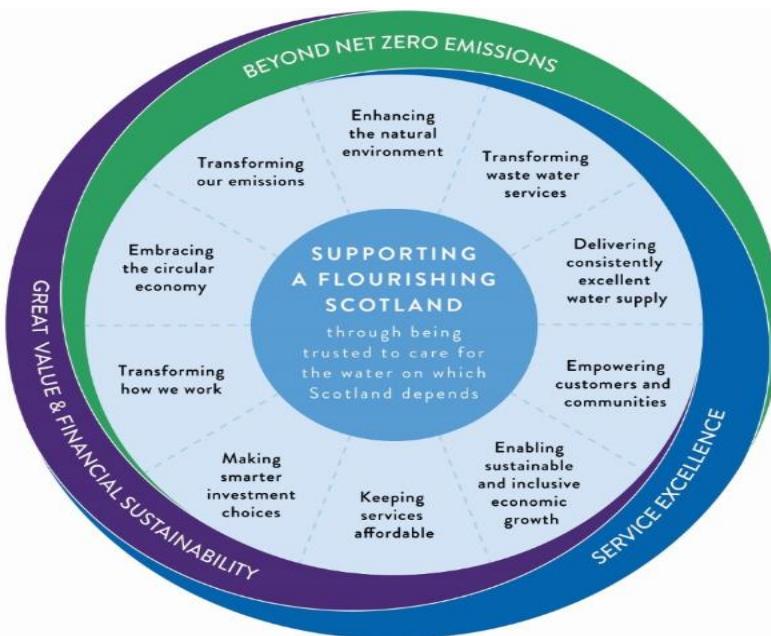
**Figure 2: Procurement & Supply Chain Governance**



## 2.2 Scottish Water Purpose

Our purpose is supporting a flourishing Scotland through being trusted to care for the water on which Scotland depends. We will fulfil our purpose of supporting a flourishing Scotland by pursuing ten strategic objectives which will enable us to achieve our three strategic ambitions, all of which will ensure that we play our leading role in achieving Scotland's ambitious Water Sector Vision. Figure 3 below shows our three strategic ambitions: Service Excellent, Great Value and Financial Sustainability and Beyond Net Zero Emissions and the ten strategic objectives that will deliver these.

**Figure 3: Scottish Water Strategic Ambitions and Objectives**



## 2.3 Scottish Water Horizons

The activities of Scottish Water Horizons are aligned to support Scottish Water's core objectives, with particular emphasis on supporting its innovation agenda, carbon reduction targets and renewable energy ambitions. The main objectives of the business activities within Scottish Water Horizons are to harness the skills and expertise of our people and use innovative ideas, knowledge, and Scottish Water assets to encourage economic growth across Scotland, develop the use of sustainable technologies and provide water and wastewater consultancy to utilities and governments.

### **3. Procurement & Supply Chain business plan objectives for SR21**

To support the Scottish Water Purpose and strategic objectives, the Procurement & Supply Chain team have an important role to play in providing a world class professional procurement service.

We have developed a business plan for SR21 with our mission being:

“Through digitally enabled supply chain integration, we collaborate to create an efficient, sustainable and agile supply chain that delivers great value for Scottish Water and our customers, supporting a flourishing Scotland”

The team will:

- Provide strategic guidance and leadership on all Procurement & Supply Chain matters.
- Ensure it continues to achieve value for money from its c£865m annual spend on goods, services and works.
- Ensure Scottish Water explores all opportunities to use its procurement activities to promote its wider objectives, including its ethical, economic, and environmental objectives.
- Continue to ensure world class procurement processes and support their effective adoption across the business.
- Engage effectively with stakeholders, including budget holders, end users, alliance partners and suppliers to encourage partnering ecosystems.
- Support the development and growth of local SME's and supported business where appropriate.

We will support Scottish Waters 3 Strategic Ambitions through delivering improvements through 6 key goals 2023:

**Table 1: Procurement and Supply Chain Key Goals 2022/2023**

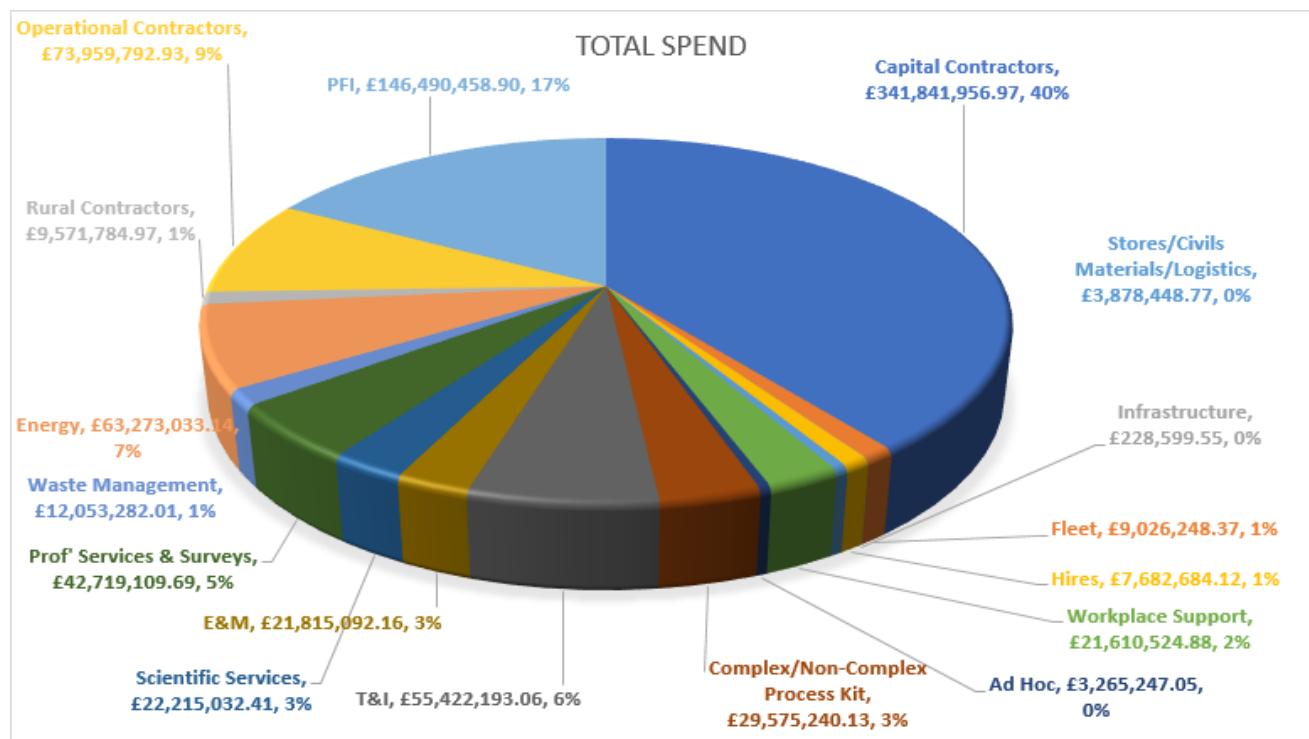
Strategic Ambition	Goal	Activities
<b>Beyond Net Zero</b>	Optimise the level of carbon in the supply chain	<ul style="list-style-type: none"> <li>Appropriate parts of SC will have a carbon management plan by 2023.</li> <li>Improve understanding of embodied carbon &amp; connect this to SW asset choices.</li> <li>Drive Circular economy approaches in 1 category</li> </ul>
<b>Service Excellence</b>	Support the supply chain to create wider social value	<ul style="list-style-type: none"> <li>Ensure and track levels of community benefit (MAs, Graduates; supported businesses).</li> <li>Support SME &amp; Scottish based Suppliers with opportunities to work with SW.</li> <li>Explore opportunities to onshore supply chains.</li> </ul>
	Optimising B2B Relationships through the digital integration of SW & its supply chain	<ul style="list-style-type: none"> <li>Develop and implement e-marketplace, e-portal &amp; trial e-quotes.</li> <li>Increase the use of performance specifications</li> <li>Develop Standardisation &amp; Innovation</li> </ul>
	Develop a sustainable world class procurement & supply chain team	<ul style="list-style-type: none"> <li>Maintain CIPS Platinum status.</li> <li>Broaden &amp; deepen team capabilities through nurturing talent, training &amp; development.</li> <li>Improve productivity increasing time on value-add activity.</li> </ul>
<b>Great Value &amp; Financial Sustainability</b>	Assuring & enhancing supply chain performance & value	<ul style="list-style-type: none"> <li>Assure value delivered from procurements supporting CI VFM measurement.</li> <li>ISCM Performance Management.</li> <li>Develop S/C Eco Systems approach</li> </ul>
	Understand & mitigate supply chain risk and opportunity	<ul style="list-style-type: none"> <li>Monitor SC risk via supplier profiles &amp; contingency plans.</li> <li>Monitor &amp; develop SC capacity, skill &amp; capability &amp; report on market trends.</li> <li>Manage risk of compliance to GDPR, Modern Slavery and Cyber Security.</li> <li>Secure contractual arrangements with essential supply chain.</li> <li>Develop &amp; embed Ethical S/C approach for SW</li> </ul>

## 4. Spend data

SW spends c£865m per year with its supply chain, split c£574m capital and c£290m operational and the goods and services we receive for this are a critical enabler in supporting our ability to deliver our services to customers.

Figure 4 below details the categories and percentage of spend that makes up the £865m. Refer to appendix 4 for our SR21 Supply Chain Model.

**Figure 4: SW spend profile**



Around 76% of this supply chain are businesses with locations in Scotland and approximately 71% of this supply chain is classified as SME's.

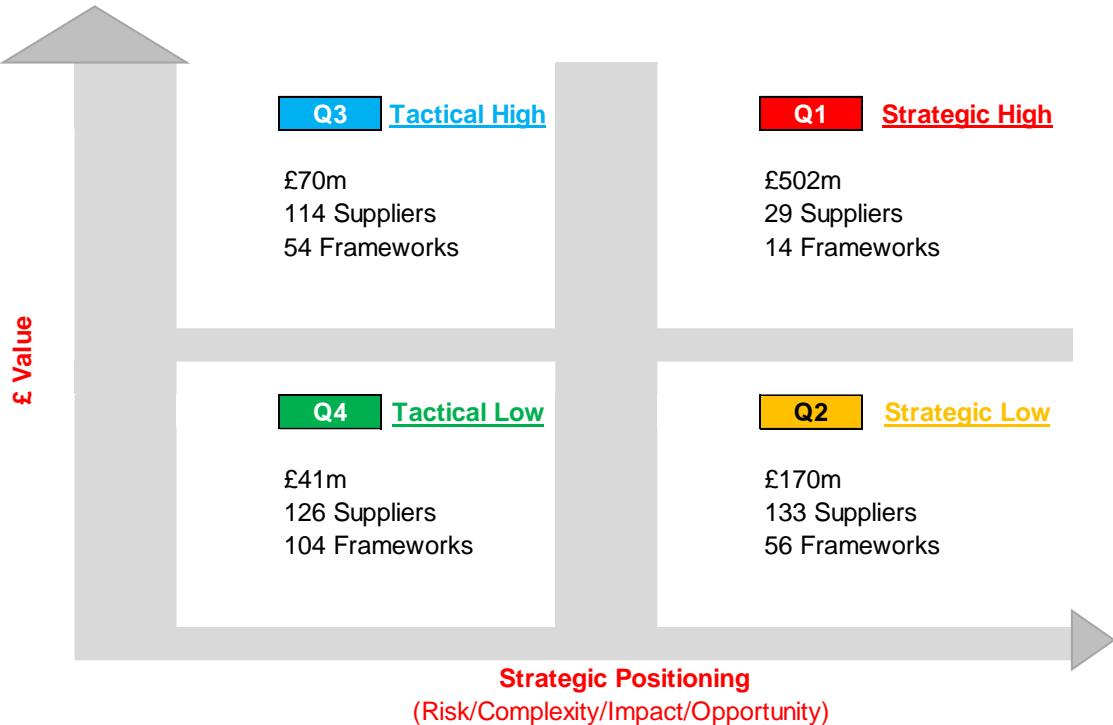
### 4.1 Supply Chain Segmentation

Scottish Water uses Supply Chain Segmentation as a method of classifying categories to develop a tailored approach to managing its supply chain. The strategy is to segment categories and frameworks within these based on spend, risk, importance, and complexity. The supply chain has been segmented into four quadrants as detailed in Figure 5 below.

This matrix shows the value of spend, number of framework and suppliers in each of the four quadrants. It demonstrates that the majority of SW's spend (c£674m) is with strategic & high value suppliers which is where we may be exposed to varying degrees of risk but also have the most opportunity.

Specific rules of engagement and governance have been developed per quadrant, to allow us to effectively purchase, tailor contractual terms, measure, and manage our supply chain and grow the appropriate relationships at the right levels.

**Figure 5: SW Supply Chain Segmentation matrix**



### Supply Chain Segmentation - movements / changes

Chemicals – Strategic Low moving to Strategic High. This is due to consolidation within the market and increased costs. Scottish Water have been working with Water UK and we are now exploring other sourcing methodologies to mitigate these increasing risks.

## 5. Sourcing activity, Stakeholder engagement & Sustainable Procurement

Scottish Water operates under the Utilities Contract (Scotland) Regulations 2016 and will ensure that all regulated procurements are carried in the strictest accordance with these regulations. The following sections demonstrate Scottish Water's approach to satisfy the requirements of Section 15 of the Procurement Reform (Scotland) Act 2014.

As a CIPS Platinum accredited procurement team, Scottish Water is deemed to have world class procurement and supply chain management policies and procedures and commits to maintain this accreditation and continually seek to improve.

### 5.1 Stakeholder engagement

For all regulated procurements, a project sourcing team is formed, led by the Procurement Representative. Many colleagues throughout Scottish Water are involved in the procurement process e.g., budget holders who may commission the buying of goods and services, end users who define and refine specifications of what is required; purchasers who manage the procurement process; project sponsors; payment authorisers; and a range of specialist advisory/support and administrative functions. The Project Sourcing Team approach involves engaging all stakeholders in the procurement process, where appropriate, to ensure that the optimum benefits are realised and sustainable.

On a monthly basis, the list of which suppliers are involved in our tendering processes is published on our intranet to ensure that business users have this awareness prior to any engagement.

## **5.2 Sourcing activity**

Currently, all regulated procurement requirements are published via Delta E-Sourcing, provided by BiP Solutions Ltd. All regulated procurement requirements will be advertised on this platform and the tender process will be conducted online e.g., suppliers will enter their submissions directly into this system and Scottish Water will evaluate online.

All requirements will be sufficiently well described to ensure that potential suppliers recognise them without difficulty and understand what Scottish Water's requirements are. Incumbent suppliers will be made aware of Scottish Water's intention to procure, that the advert has/is being published and be provided with information on where to find the advert and how to submit a tender.

For some categories, 'bidders' days' are held to communicate to interested tenderers further details on what Scottish Water is looking for and tips for success. We will continue to hold such events where it is deemed appropriate.

Scottish Water will always carry out its sourcing activities transparently and to the highest ethical standards ensuring that tenderers are treated equally and without discrimination.

## **5.3 Sustainable procurement duty**

Scottish Water takes its responsibility seriously to ensure that the goods and services procured deliver best value for money for its customers and ensuring sustainability is included as a key consideration.

For all regulated procurements, suppliers are required to complete a 'Value Delivery' questionnaire which is a scored element of their tender submission. This questionnaire covers 6 areas:

- 1) Safety & well-being
- 2) Innovation
- 3) Community benefit
- 4) Low carbon
- 5) Efficiency
- 6) Ethical Approach / Fair Work First

## **5.4 Safety, Health & well-being**

SW places the Safety, Health & Well-being of its employees and people working in its supply chain as a key priority. SW will only contract with businesses who comply with the Health and Safety at Work Act and any provision made under that Act as a **minimum** standard. For all regulated procurements, Health & Safety is assessed at Pre-Qualification stage and only those who pass this section will be deemed suitable to contract with. All framework contractors must hold Achilles Verify accreditation and meet the minimum standard of 85% pass rate. For ad-hoc contractor requirements, safety is assessed through internal vetting and accreditation with Achilles, CHAS, Safe Contractor or Constructionline.

At tender stage, suppliers are required to demonstrate the initiatives that are underway regarding improving safety and well-being for their employees, reducing levels of work-related illness, and improving their safety culture.

Scottish Water will continue to place ultimate importance on safety and well-being as a key area of evaluation in its sourcing activities.

## **5.5 Supply Chain Innovation**

SW understands the value innovation can bring to an organisation whether it is in the form of achieving costs savings, process changes or continual improvement. It recognises that innovation from the supply chain can be a key source to tap into and explores this opportunity during the sourcing process.

Tenderers are requested to provide details of current or planned innovations that SW could adopt and the benefits these could deliver. These are considered, scored and if successful are explored once the framework commences.

Scottish Water will continue to explore innovation opportunities through its sourcing and integrated supply chain management processes.

## **5.6 Community benefit**

Tenderers are required to detail their commitment to the delivery of community benefits. This could include the appointment of MAs/Graduates, employment of people who have been long term unemployed, engagement with supported businesses or support to local communities. These commitments are included as part of the contractual agreement and monitored to ensure delivery.

Scottish Water will continue to include this as part of its sourcing and integrated supply chain management activities.

## **5.7 Reduced Emissions**

Scottish Water will play a part in achieving the Scottish Government's climate change commitments through an ambitious plan to secure net zero emissions by 2040 and going beyond thereafter. This will be an immense but necessary challenge and we will need the support of our supply chain to help us in achieving this ambition. Scottish Water has a route map, setting out how we will lead our industry to achieve net zero emissions: involving radical action, transformative change, and additional investment.

The importance of carbon management is interwoven into the procurement process with Scottish Water requiring all tenderers to agree to measure their carbon emissions and have a carbon plan in place. A carbon plan template has been released to the current supply chain.

Procurement and Supply Chain are currently looking at ways to reduce carbon in construction. The top carbon intensive materials have been identified with the function actively looking at alternatives. A HVO procurement is underway, due to be completed by 2023, and will serve as a low carbon alternative to diesel, enabling the decarbonisation of plant equipment and fleet vehicles. Low carbon concrete, which has currently been trialled within the business, is now a consideration for projects moving forward. The function is actively investigating other opportunities for alternative materials all with the aim of finding a sustainable solution to decarbonisation within construction.

A key component of achieving net zero is the circular economy. Procurement and Supply Chain are exploring a circular economy model for bridge scrapers which will look to reduce waste and the impact of carbon. This is by no means easy and changing a supply chains model brings with it many challenges, however, the value in trying new methods cannot be understated, and the learnings gathered from this experience will inform future sourcing decisions.

## **5.8 Efficiency**

As part of demonstrating our commitment to delivering value for money, Scottish Water requires its tenderers to provide details of how costs are built up and detail which initiatives they plan to implement to improve efficiency during the lifetime of the framework.

These could be opportunities for improving efficiency by working collaboration with Scottish Water or its supply chain partners.

Scottish Water will continue to include this as part of its sourcing and integrated supply chain management activities.

## **5.9 Ethical Approach/Fair Work First**

Scottish Water is committed to the principles of Fair Work First, as set out by the Scottish Government, and these are built into supplier selection and contract management processes. All bidders are required to outline how they will demonstrate their commitment to the engagement and empowerment of workers, rewarding workers at a level that can help tackle poverty (e.g. through a commitment to paying the real Living Wage), adopting fair employment practices, providing skills and training which help workers fulfil their potential and not exploiting workers (e.g. in relation to matters such as the inappropriate use of zero hours contracts or the use of fire and rehire practices). Selection criteria will also include a requirement for bidders to confirm payment of the real Living Wage for employees, agency workers and subcontractors based in the UK who will spend more than 50% of their working time engaged on the framework.

Scottish Water requires its supply chain to comply with the requirements of the Modern Slavery Act, the Human Trafficking and Exploitation (Scotland) Act and equivalent legislation. For suppliers with a turnover of >£36m, their annually published statement is collected. For suppliers with a turnover of <£36m, suppliers are requested to sign an annual declaration, developed by Scottish Water, to confirm their compliance with the legislation. Supplier selection processes in respect of supplier commitments to mitigate the risks of modern slavery will be expanded during FY22/23.

In addition to the above activities, Scottish Water undertakes an annual analysis of the ethical risks within its supply chain, taking into account considerations such as the country of origin

of raw materials, the number of tiers within the supply chain and the commodity being purchased. Higher risk categories are prioritised for supply chain mapping, and potential external audits. Random audits are also undertaken on lower risk areas by the Procurement and Supply Chain function to ensure appropriate controls are in place.

Our ethical requirements are included within the Scottish Water Supplier Code of Conduct which is linked to our standard Terms and Conditions.

Scottish Water has an Anti-Slavery Policy and publishes a Modern Slavery Statement on an annual basis which is approved by the Board of Directors and can be found on our website.

## **5.10 General Data Protection Regulations**

Scottish Water is committed to complying with the General Data Protection Regulations that were introduced in May 2018. From a supply chain perspective Scottish Water have updated all supplier contractual agreements to ensure compliance.

Scottish Water will continue to include this as part of its sourcing and integrated supply chain management activities.

## **5.11 Procurement Skills Accord**

Scottish Water maintained the Procurement Skills Accord during financial year 2021-2022. The Procurement Skills Accord which has been developed by the Energy & Utilities Skills Partnership to address skills challenges in the sectors' supply chain. The Accord is designed to promote and lock-in sustained investment in the technical and operational skills that the sector needs most via procurement practices. It has robust and challenging commitments that require signatory companies to ensure that responsible procurement practices are used to drive investment in skills through the delivery of contracts and to cascade them down to their own suppliers. Scottish Water achieved the award for FY21-22, demonstrating Scottish Water's strong commitment to investing in training and skills development for our own employees while using our procurement processes to drive this within our supply chain. Scottish Water has signed up to maintain this for FY22-23.

## **5.12 Transformation**

To ensure alignment with Scottish Water's strategic ambitions and to help support a flourishing Scotland there is a need to assess, review and adapt (as needed) the role played by the Procurement & Supply Chain (PSC) function.

The SW Transformation team exists across the wider business; however, a dedicated PSC Transformation has now been created undertake activities across a number of PSC-specific workstreams. This will allow for investigation, experimentation, and implementation of various initiatives to help both diversify and align PSC's strategic direction in response to changing business needs and the external market environment as part of this the team will be exploring leading methodologies in supply chain engagements such as Partner Ecosystems. The workstreams include the following areas:

### **E-Integration**

Covers improvements to how Scottish Water engages with its supply chain as well as streamlining the on-boarding process.

### **Supply Chain Maturity**

Includes both tactical and strategic supply chain areas in terms of skills development and wider partnering requirements. This will also cover supply chain risk management, essential to navigating the current market climate. Further emphasis will also be placed on Ethical risks in order to better understand Scottish Water's sub-tier supply chains and adapting sourcing strategies where appropriate.

### **Innovation**

New emphasis will be placed on innovation in the following areas:

- Carbon optimisation strategies and supply chain action
- Wide-reaching standardisation / standard product opportunities
- Exploration of circular economy opportunities

### **Future Supply Chain Design**

PSC will begin to look ahead to the SR27 supply chain design needed to optimally deliver the capital and operational requirements.

## **6. Integrated Supply Chain Management**

Scottish Water has implemented a business wide Integrated Supply Chain Management (ISCM) approach that enables effective behaviours, processes, and relationships to ensure the right outcome in support of the Scottish Water Purpose. The definition is "Internal and External stakeholders working in a spirit of mutual trust and collaboration to support all party's business objectives – working to deliver for our customers & communities". We will continue to monitor and enhance performance management for SR21, ensuring contracts are robust and fit for purpose to support Scottish Waters Vision and Strategic Ambitions.

The objectives of ISCM are to:

- Optimise B2B Relationships
- Be Customer Responsive & Sustainable
- Assure & Enhance Performance & Value Together
- Effectively Manage Risk & Opportunity Together

Figure 6 below shows the environment and the key business processes, relationships, and engagement interfaces that we will work and improve upon. Many of these have shared responsibility across the business reinforcing the necessity for business wide engagement in the development of the ISCM approach.

**Figure 6: ISCM Overview**



We believe that if we have robust business processes in place this will allow us build and maintain the right business-to-business relationships. This will allow us to help achieve our key objectives, supporting the Scottish Water Purpose.

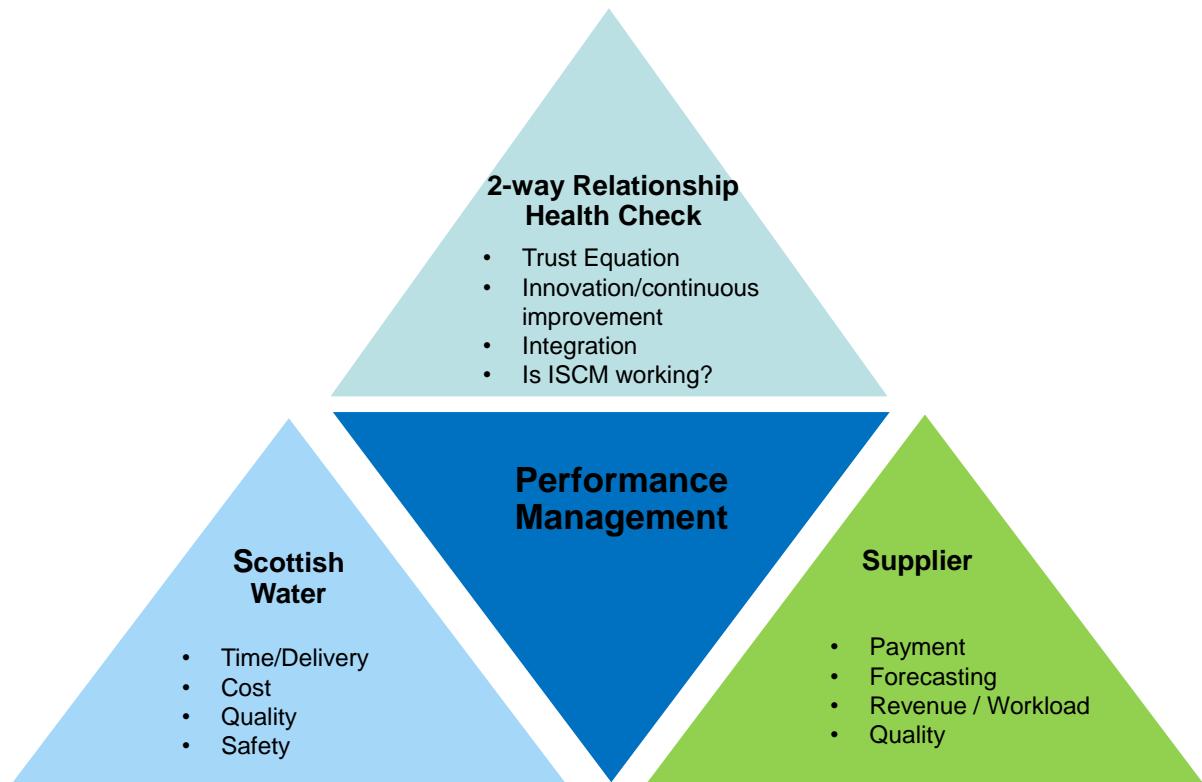
## 6.1 Performance Management

A 2-way Performance Management approach has been implemented, detailed in Figure 6 below, which focuses on embedding the right behaviours, mechanisms, and outputs to measure suppliers and Scottish Water's performance, including the health of the relationship. The outputs are evidence led, with clear roles and responsibilities identified, and each supply category is assigned a clear 'business owner' or 'community' of owners. This requires engagement and collaboration across Scottish Water and the supply chain.

The outputs provide improved market understanding to inform business decision making in terms of allocating work, maximising opportunities for performance and efficiency and helping mitigate risk to both Scottish Water and the supply chain.

To identify the level of ISCM required for each supplier, the supply chain segmentation matrix is referenced and the quadrant a supplier is placed in will determine the level of ISCM required.

**Figure 7: Scottish Water Performance Management approach**



## **6.2 Capacity management**

Scottish Water is aware of the impact it has on the supply chain and wider economy with respect to forward planning and workload allocation.

To ensure effective forward planning and workload allocation, it is vitally important that this is planned and managed. This will ensure that the scope and work type is allocated to the supplier/contractor with the capacity and capability to undertake the works within the required timescales.

To facilitate optimum allocation, both for Scottish Water and the supply chain, it is important that current and future capacity is tracked and visible to the key stakeholders who are allocating the work.

A capacity tracker has been developed with our key contracting partners (Delivery Vehicles 1 and 2)

We will continue to use and develop the capacity tracker in the contracting arena and consider the opportunity to gather this type of information across the wider supply chain.

## **6.3 Payment to suppliers**

Scottish Water is fully committed to ensuring its suppliers are paid in a timely manner.

Standard Supplier payment terms were 30 days following receipt of invoice with which Scottish Water has no dispute. Scottish Water has adopted accelerated payment practices and is committed to ensuring prompt resolution of any invoice issues to ensure timely payment.

Within our framework agreements with contractors and sub-contractors, there is a requirement to pay sub-contractors within 30 days of an agreed invoice date. There are contractual consequences for contractors and sub-contractors who fail to adhere to this.

On a 6-monthly basis Scottish Water issues an 'Aged debt survey' to its supply chain to identify the value of aged debt and assist with resolution of the issue where required.

Scottish Water is fully committed to ensuring its supply chain is paid in a timely manner and issues are resolved as a priority.

#### **6.4 Project Bank Accounts**

Following the new thresholds, detailed in CPN 01/2019, concerning Project Bank Accounts, Scottish Water will use Project Bank Accounts for certain types of projects, as set out below. This has been agreed with the Scottish Government and approved by the Supply Chain Steering Group:

- SW will use PBAs for any new procured building projects (as defined as office buildings) over the value of £2m and for any new civil engineering projects over the value of £30m regardless of delivery vehicles.
- For projects between the ranges of £5m-£30m:
  - If delivered by current delivery partners, then the default shall be that PBA will not apply unless Scottish Water decide otherwise on a project specific basis.
  - If delivered by an alternative route, such as a procured competitive market position, Scottish Water will consider PBAs as part of a suite of payment approaches for each project within this value range as part of the procurement strategy review and decide on the most appropriate option at that time based on the supply chain design and project complexity.

## **7. Strategy ownership & Contact details**

The owner of this strategy on behalf of the Scottish Government is Joe Rowan, our general Manager of Procurement and Supply Chain.

The strategy covers the period FY21-22 and will be reviewed at least once a year by the Scottish Water Supply Chain Steering Group. We will publish any new versions on our website.

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## **Appendix 1 – Annual procurement plan**

### **1. Contract/framework awards over the last 12-months**

Table 1 below details all new Contract/framework awards and extensions over the last 12-months.

Each of these contracts/frameworks were identified by Procurement and Supply Chain alongside key business stakeholders as key requirements to help support delivery of either operational or capital business requirements (or both in some instances). All our procurements were compliant. This list of procurement doesn't include digital procurements, this is currently being reviewed.

**Table 1: Contract/framework awarded in FY21-22**

Frameworks/contracts awarded			
No	Contract Number	Contract Title	No Suppliers awarded
1	SW19/ENY/1192	Maintenance of Photovoltaic Equipment	1
2	SW19/ENY/1193	Wind Servicing and Maintenance	1
3	SW19/CHE/1211	The Supply and Delivery of Hydrated and Quick Lime	1
4	SW19/INF/1213	Provision of Reinstatements - North Region	4
5	SW19/INF/1214	Provision of Traffic Management Service	4
6	SW19/POD/1215	Provision of Training Courses	1
7	SW19/SME/1225	Regional Contractor Services	67
8	SW19/DV/1228	Delivery Vehicle 2 - Civils & MEICA Maintenance & Repair	7
9	SW19/INF/1245	Provision for Access Covers (Non-Security)	3
10	SW19/S&W/1261	The Provision of Skips, Recycling Bins and Scrap Metal	2
11	SW19/S&W/1262	Provision of Sludge Tankering Services:	2
12	SW19/S&W/1265	Bio Resource (Sludge) Transport	2
13	SW19/LAB/1274	The Supply and Installation of 3x Flow Cytometer	1
14	SW19/CI/1276	Modular Pumping Stations	1
15	SW19/CI/1277	Chemical Dosing Equipment	3
16	SW19/CI/1278	Motor Control Centre & Systems Integration	8
17	SW20/HIR/1280	Hire of Pumps and Generators	3
18	SW20/CI/1281	Commercial Services	8
19	SW20/CI/1284	Supply of Combined Sewer Overflow (CSO) Screens	1
20	SW20/CI/1285	Supply of Remote Telemetry Units (RTUs)	1
21	SW20/CI/1286	Telemetry Engineering Support Services	2
22	SW20/LAB/1289	The Supply and Installation of 2x Inductively Coupled Plasma Optical Emission Spectrometer (ICPOES)	1
23	SW20/LAB/1290	The Supply and Installation of 2x Inductively Coupled Plasma-Mass Spectrometer (ICPMS)	1
24	SW20/INF/1291	Supply of ductile iron pipe and fittings	1
25	SW20/HIR/1292	Hire of Fusion Equipment	1
26	SW20/CSD/1293	The Provision of a Materials Distribution Service	1
27	SW20/ME/1301	Statutory Inspection of Pressure Systems and Local Exhaust Ventilation	1
28	SW20/CSD/1302	The Provision of Fuel Cards and Associated Services	1
29	SW20/LAB/1306	The supply and installation of 1x Geosim Instrument	1
30	SW20/HOR/1307	The Provision of Renewable Energy Schemes	4
31	SW20/CSD/1309	CHP Maintenance (Cleaning)	1
32	SW20/CHE/1311	The Supply and Delivery of Carbon Dioxide	1
33	SW20/S&W/1318	Bio Resource (Sludge) Treatment Framework	1

34	SW20/LAB/1320	Multi-parameter Onsite Wastewater Quality Final Effluent Monitoring System	1
35	SW20/POD/1329	Workplace Adjustments	1
36	SW20/CSD/1330	Temporary Chemical Dosing	2
37	SW20/WP/1331	Repair and Replacement of Security Fencing and Metal Doors	1
38	SW21/WP/1344	Property Maintenance - Lightning Protection	1
39	SW21/WP/1345	Demolition Services - Burnfield Demolition	1
40	SW21/WP/1346	Building Repair Services	1
41	SW21/CI/1358	The Design, Construction or Maintenance of a Reed Bed (Constructed Wetland)	1
42	SW21/VF/1361	The Supply of Forklifts, Quadbikes, Telehandlers, Tractors and Trailers	4
43	SW21/ACP/1370	Transformation Strategic Consultancy	2
44	SW21/WP/1371	Water Tank Cleaning	1
45	SW21/WP/1373	Building Repairs - North of Scotland	1
46	SW21/WP/1377	Roller Shutter Door Maintenance and Repair	1
47	SW22/CI/1396	Removal and Re-Planting of Trees	1
48	SW22/CSD/1397	Supply of Standpipes	1

**Table 2: Contract/framework extended in FY21-22**

Frameworks/Contracts Extended			
No	Contract Number	Contract Title	No of Suppliers Extended
1.	SW09/CAP/588	Motor Control Centre (MCC)	4
2.	SW09/CAP/595	Remote Telemetry Unit	2
3.	SW10/CAP/610	Power Upgrades	2
4.	SW09/CAP/643	Instrumentation	2
5.	SW11/CAP/799	CSO Screens - Lots 1 & 2	1
6.	SW11/INF/815	Permanent Reinstatement Services	1
7.	SW13/EM/828	GRP Enclosures & Kiosks	1
8.	SW12/CAP/842	Water Alliance Infrastructure	1
9.	SW13/CAP/864	Chemical Dosing Equipment	2
10.	SW13/EM/866	Drinking Water Inspectorate Storage Tanks and Chemical Storage Tanks (High Density Poly Ethylene, GRP, (uPVC) Lined GRP and (PP) Lined GRP)	2
11.	SW13/CAP/872	Provision of Flow Gauging	1
12.	SW13/VFP/873	Company cars and light commercial vehicles	4
13.	SW14/CAP/897	Q&S IV Capital Investment Programme - Non-Infrastructure	1
14.	SW14/EM/900	Treated Water Storage Point Cleaning and Minor Repairs	1
15.	SW14/CAP/902	Ground Investigations	1
16.	SW14/PE/908	Hire of Modular & Portable Accommodation	2
17.	SW14/CAP/909	Supply of Civil Materials	14
18.	SW14/CAP/910	Supply of Precast Concrete	2
19.	SW14/CAP/914	The Supply and Delivery of Blowers and Compressors	3
20.	SW14/CAP/915/2	The Supply and Delivery of Electric Actuators (All New Equip. & Rotork spares)	1
21.	SW14/CAP/917	The Supply of Pumps	1
22.	SW14/PE/920	Hire of Operated Plant	24
23.	SW14/CAP/927	SR15 Technical Consultancy	2
24.	SW14/CAP/932	The Supply of Bridge Scrapers	2
25.	SW14/CAP/933	Supply of Lifting Chains	1
26.	SW14/CAP/935	Grit Removal	3
27.	SW14/CAP/936	Odour Treatment & Control	1
28.	SW14/CAP/944	Asset Inspection and Testing	4
29.	SW14/CAP/947	Valves & Penstocks	3
30.	SW14/PRS/948	Management of Rural Land	1
31.	SW14/CAP/950	Short Term Flow Surveys	1
32.	SW14/PRS/957	Property Acquisitions/Surface Damage Claims	2
33.	SW14/CAP/965	Supply and/ or installation of media and filters	3
34.	SW15/PRS/973	The Provision of Conveyancing Legal Services	2
35.	SW15/PRS/974	The Provision of Commercial Legal Services	2
36.	SW15/PRS/975	The Provision of Litigation Services	2
37.	SW15/VFP/977	The Provision of Fuel Card Services	2
38.	SW15/AP/985	Security Systems Maintenance	1
39.	SW15/CAP/990	Wastewater Packaged Plant	3
40.	SW15/S&W/993	Waste Management Services - Lot 4 Supplementary and Ad-hoc Tankering	3
41.	SW15/FPA/999	Removal of Asbestos and Clean-Up Services	1
42.	SW15/FPA/1000	The Provision of Office Stationery	1
43.	SW15/ACP/1013	Specialist Support Services - pressure management	1
44.	SW16/VF/1023	The provision of vehicle conversion services	1
45.	SW16/VF/1024	The Provision of Vehicle Telematics	1
46.	SW16/PPE/1028	PPE, Janitorial and Tools	1
47.	SW16/CSD/1030	Emergency Potable Water Tankering	6

48.	SW16/ACP/1039	The Provision of Property Auctions & Redundant Asset Program Services	2
49.	SW16/ME/1040	The Supply & Delivery of E&M Consumables	18
50.	SW16/PRS/1057	The provision of Plant & CPC training	1
51.	SW16/LAB/1058	The Provision of Laboratory Consumables	4
52.	SW17/PE/1073	The Supply of Signs, Cones and Barriers	1
53.	SW17/CSD/1076	EPDM Gaskets & Bolt Sets	1
54.	SW17/LAB/1077	Road Coring Services	1
55.	SW17/HOR/1084	SW Horizons 3rd Party Sludge Tankering Services	3
56.	SW17/S&W/1085	Sludge Transport (Highlands, Islands, Fife, Tayside, Argyll & Greater Glasgow) Lot 1 – Shieldhall & Dalmuir	1
57.	SW17/S&W/1085	Sludge Transport - Lot 1	1
58.	SW17/ACP/1090	Rating Consultancy	1
59.	SW17/WP/1093	Provision of Business Travel	1
60.	SW17/INF/1094	Supply of Manhole Covers and Frames - Lot 1	3
61.	SW17/INF/1102	The Supply and Testing of Water Meters	2
62.	SW18/HIR/1128	Hire of Cars & Commercial Vehicles	5
63.	SW18/ME/1148	Portable and Fixed Gas Detection	1
64.	SW18/TI&T/1163	Transformation Consultancy Framework	3
65.	SW19/ME/1168	The Maintenance, Servicing and Replacement of Uninterruptible Power Supplies	1
66.	SW19/CSD/1175	The Provision of Plant Servicing and Maintenance	1
67.	SW19/CI/1185	Hydrographical Surveys & Data Collection	1
68.	SW19/CSD/1200	Plumbing & Groundworks for Customer Side Leakage	3
69.	SW13/NM/884/2	Topography Surveys	3
70.	SW19/S&W/1207	Waste Management - Septic Tank Emptying	2
71.	SW19/S&W/1251	Provision of Sludge Transport & Recycling Services	7
72.	SW19/ENY/1252	The Supply of Liquid Fuels	1
73.	SW19/S&W/1259	The Provision of Sludge Transport Services	5
74.	SW19/CSD/1279	Bottled Water Alternative Supply	1
75.	SW20/CSD/1303	Glass Fused Steel Tanks (with or without roofs) for Water and Wastewater Applications	1
76.	SW20/ENY/1316	The Supply of Natural Gas	1
77.	SW20/CSD/1319	The Provision of Commercial Diving Services	1

## **Appendix 2 – Community Benefits**

As part of our procurement activity for SR21 (2021-2027), our supply chain has committed to delivering a significant amount of community benefit.

Table 3 below details the number of Modern Apprentices (MAs) and Graduates that have been committed and delivered by our supply chain during SR21. These are contractual commitments which were generally met.

**Table 3 – Community Benefit**

<b>Period</b>	<b>MAs Committed</b>	<b>MAs Employed to date</b>	<b>Graduates Committed</b>	<b>Graduates Employed to date</b>
SR21	741	347	608	177

## Appendix 3 – Forward Procurement Plan

Table 4 below is a list of the procurement activity that will be launched within the next 12-months.

**Table 4 - Contract/frameworks to be procured in FY22-23**

No	Contract Title	Target start date for activity
1	Supply of a Liquid Chromatograph-Mass Spectrometer System	Sep-22
2	Management of Rural Land	Jun-22
3	Specialist Support Services - Pressure Management	Mar-23
4	Security System Maintenance	Mar-23
5	Supply & Delivery of BOD & COD Analyser	Mar-23
6	PH & Alkalinity Analyser	Oct-22
7	Pressure Reducing Valves	Sep-22
8	The Provision of Property Auctions & Redundant Asset Program Services	Jan-22
9	The Supply & Delivery of E&M Consumables - All Lots	Feb-22
10	The provision of Plant & CPC training	Nov-22
11	IT Field Services Software	Feb-23
12	Digital Directorate Partner	Feb-23
13	EPDM Gaskets & Bolt Sets	Jul-22
14	SW Horizons 3rd Party Sludge Tankering Services	Apr-22
15	The Supply and Testing of Water Meters - Lot 2 (Testing)	Dec-22
16	Supply of HR, Payroll and Learning System	Mar-23
17	Digital Directorate Security Partner	Mar-23
18	The Provision of Jetting Hoses and Consumables	tbc
19	Planned Grounds Maintenance	Aug-22
20	The Provision of Leased Vehicles	Jan-23
21	Provision of Print Services	Mar-23
22	Provision of adhoc Grounds Maintenance Services	Jun-22
23	Insurance Broker	Apr-22
24	Repair and Maintenance of Biogas Compressors	May-22
25	Operated Plant	Nov-22
26	P&S - Pressure Reducing Valves	Jun-22
27	Health and Safety Information Systems	Jul-22
28	Supply of Remote Telemetry Units (RTUs)	Feb-23
29	Transformation Strategic Consultancy	Mar-23
30	Flowmeter verification programme	Apr-22
31	Roller Shutter Door Maintenance and Repair	Apr-22
32	Supply and fit of tyres	Sep-22
33	Breakdown and recoveries	Sep-22
34	Wastewater Packaged Plant	Apr-22
35	Multi-Lot Tanks	Jan-22
36	Bio Resource (Sludge) Transport - South	Apr-22
37	The Supply and Delivery of Powdered Activated Carbon	Jul-22
38	Supply and Delivery of Ion Exchange Resin & Service Support	Apr-22
39	Amazon Cartridge Filters	Mar-22
40	Supply of Water Sampling Kiosks	Mar-22
41	Flow Meters	Mar-22
42	Flowmeter verification programme	Mar-22
43	Bridge Scrapers: Circular Economy	Sep-22

## Appendix 4 – SR21 Supply Chain

### SR21 Dynamic & Agile Supply Chain Model

