



**Scottish
Water**

Trusted to serve Scotland

2023/24 PROCUREMENT AND SUPPLY CHAIN ANNUAL REPORT



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FOREWORD JOE ROWAN FCIPS



Joe Rowan

Scottish Water has a crucial purpose – to support a flourishing Scotland through being trusted to care for the water on which our customers depend. We are proud to provide water and waste water 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.

In 2023/24 construction market conditions continued to be challenging for us, as with many organisations across Scotland and beyond. We have seen price volatility over the last year, albeit not to the same extent as the previous two years. The price of materials continues to be significantly higher than prior to Covid-19 and the political unrest in both the Middle East and Russia/Ukraine have had significant impacts on certain commodities. Our framework contractual arrangements continue to give us a level of protection from cost shocks. We have seen a stabilising of position across plant and materials as inflation has reduced. However with wage inflation still high, labour costs are still challenging.

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 are 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 starting to look ahead to the supply chain design needed to optimally deliver the capital and operational requirements for the next regulatory period of 2027 to 2033.

We will continue this coming year to embed 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 £1.3 billion 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), and we have maintained platinum accreditation status since 2015. Scottish Water continually demonstrates how an effectively managed, CIPS Platinum accredited professional procurement service can achieve value for money across all spend categories, whilst providing substantial savings.

This report sets out how Scottish Water Procurement performed in 2023/24 across Procurement & Sourcing, Risk Management and Supply Chain Development to support our commitment to increasing sustainable economic growth and to deliver significant benefits for the people and communities we serve.

Joe Rowan FCIPS
General Manager – Procurement & Supply Chain



Our Piped by Us, Owned by You campaign highlights how we are a publicly owned organisation. A number of our employees, including the three people on the cover of this report, appear in it.

PROCUREMENT & SUPPLY CHAIN 2023/24: 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 seven Non-executive Members.

Further information can be found in [Scottish Water's Annual Report 2023/24](#).

In 2021/22, we commenced a six year investment programme in maintenance and further improvements to drinking water quality, protecting the environment and supporting the Scottish economy. In 2023/24, the third year of that investment programme, we invested £1.02 billion in our assets. We expect our total annual investment level for 2024/25 to be in the region of £1.04 billion to £1.10 billion.

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.

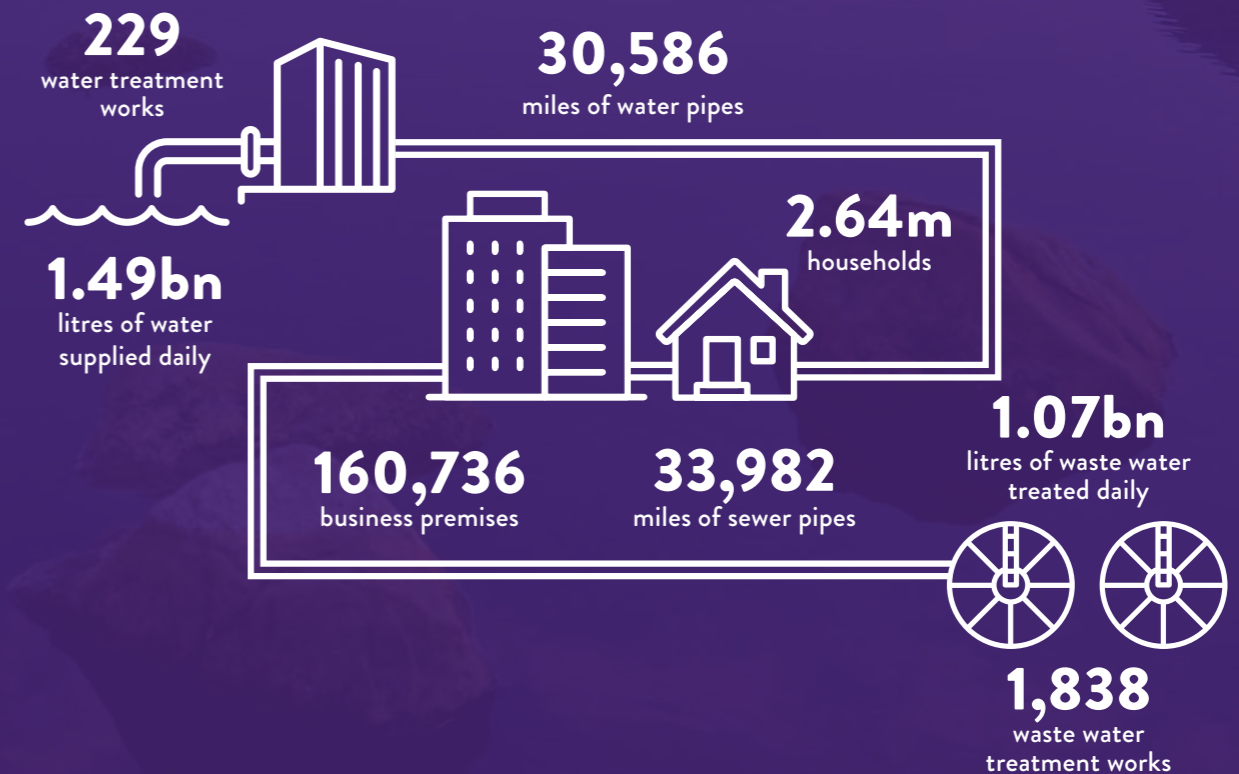
Scottish Water's Procurement & Supply Chain team's mission is:

“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.”

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.

This document sets out how Scottish Water Procurement performed in 2023/24 and will show how Procurement & Supply Chain (PSC) 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.

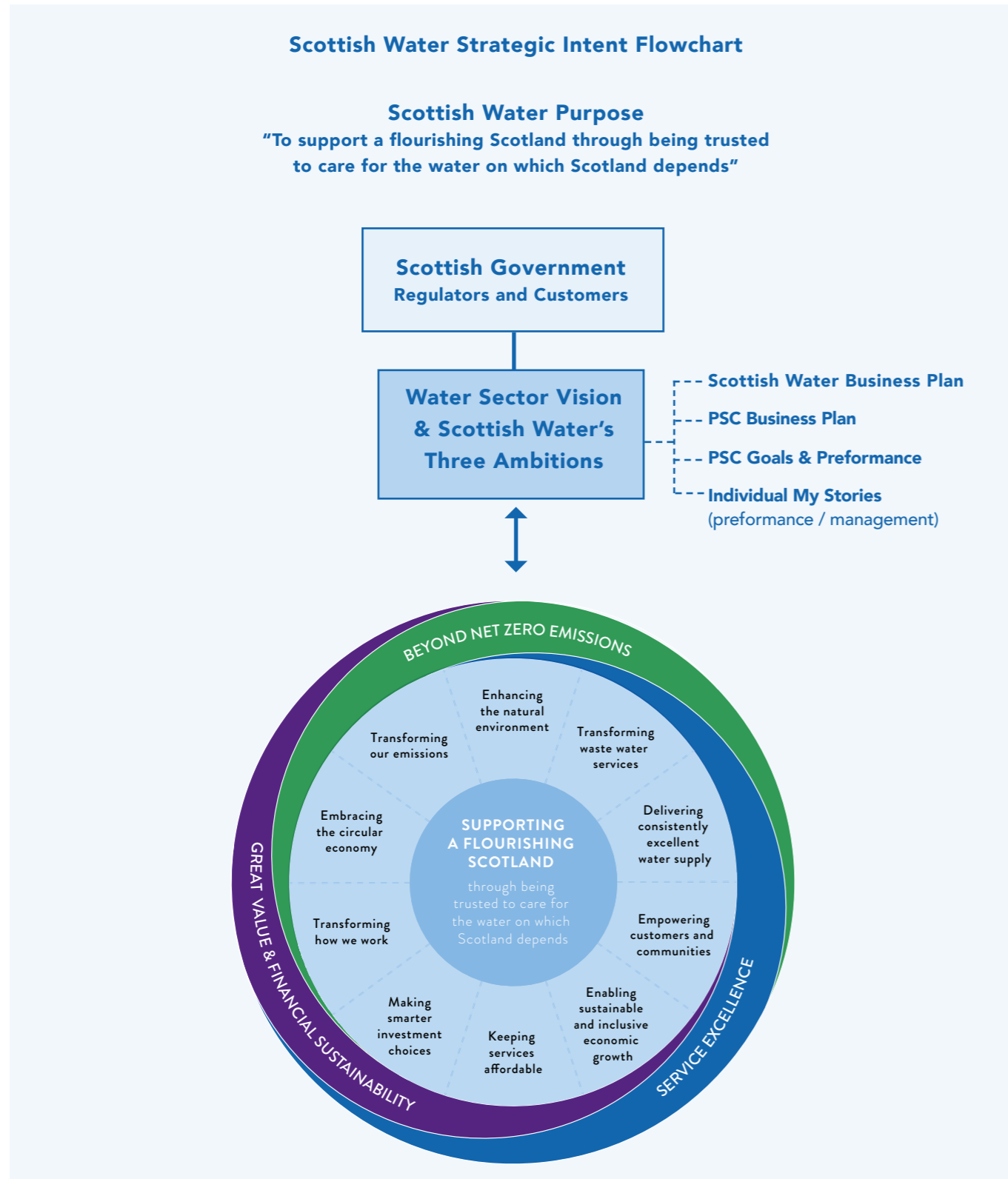
Our vital role covers:



STRATEGIC INTENT PROCUREMENT & SUPPLY CHAIN

Figure 1 below shows PSC Strategic Intent Flowchart showing clear line of sight between the Scottish Water Purpose and strategic objectives to the PSC 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: PSC Strategic Intent Flowchart



Procurement & Supply Chain Governance

Approval of PSC 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 £10 million are reviewed and approved by the Supply Chain Steering Group (SCSG). Figure 2 below details the governance structure in place for PSC.

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 on the following page shows our three strategic ambitions: Service Excellence, Great Value and Financial Sustainability and Beyond Net Zero Emissions and the ten strategic objectives that will deliver these.

Figure 2: PSC Governance

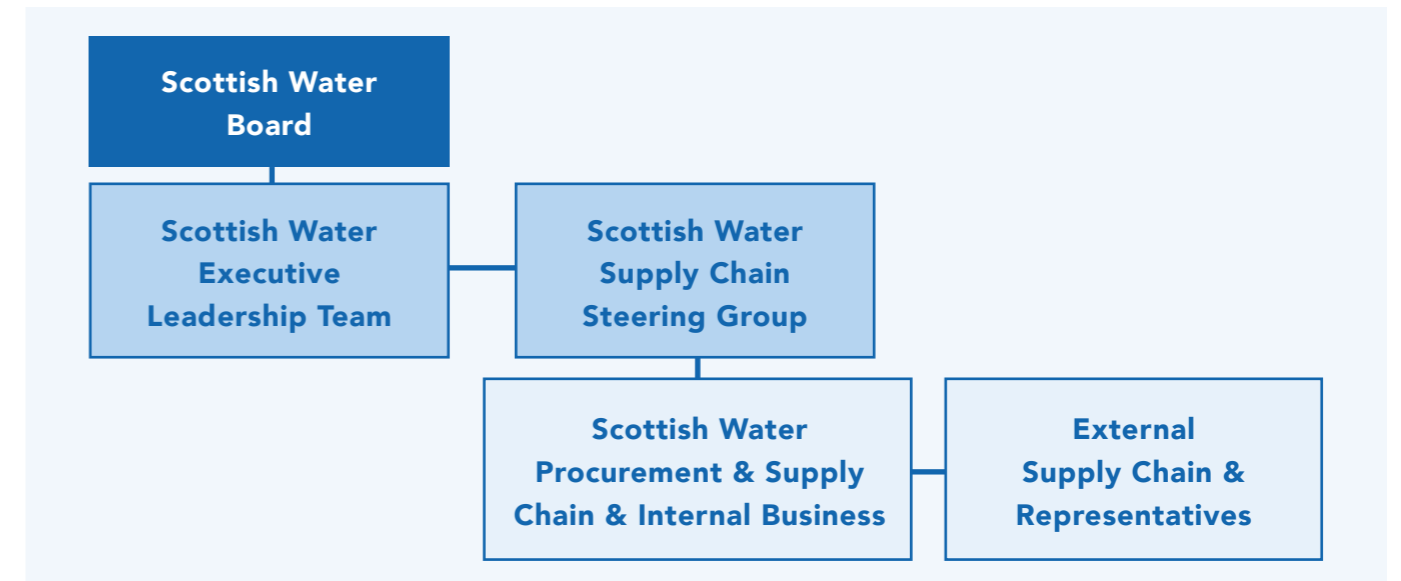


Figure 3: Scottish Water Strategic Ambitions and Objectives

Our Strategic Ambitions		
Our Strategic Plan is ultimately designed to help us meet our three strategic ambitions. Meeting our ambitions will mean that we're doing the right thing, at the right time to help Scotland flourish and help us meet our Purpose.		
		
<p>Service Excellence Adapting to a challenging climate, dealing with our ageing assets and meeting customers evolving expectations.</p> <p>We support a flourishing Scotland by providing a reliable supply of high quality, great tasting drinking water, safely collecting, treating and recycling waste water, enabling sustainable and inclusive economic growth and empowering customers and communities.</p> <ul style="list-style-type: none"> Delivering consistently excellent water Transforming waste water services Enabling sustainable and inclusive growth Empowering customers and communities 	<p>Great Value & Financial Sustainability Customers will receive great value, now and in the future, and we will be financially sustainable.</p> <p>We will support a flourishing Scotland by ensuring that our services are affordable for customers while we are financially sustainable and support a prosperous economy.</p> <ul style="list-style-type: none"> Keeping services affordable Making smarter investment choices Transforming how we work 	<p>Going Beyond Net Zero Showing leadership in mitigating climate change and enhancing Scotland's natural environment.</p> <p>We will support a flourishing Scotland by going beyond net zero emissions, embracing the circular economy and enhancing Scotland's natural environment.</p> <ul style="list-style-type: none"> Transforming our emissions Embracing the circular economy Enhancing the natural environment

PROCUREMENT & SUPPLY CHAIN BUSINESS PLAN OBJECTIVES FOR SR21




To support the Scottish Water purpose and strategic objectives, the PSC team has a vital 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".

We will support Scottish Water's three Strategic Ambitions through delivering improvements through three key areas:

- Procurement & Sourcing:** Ensuring Scottish Water has access to the goods and services it needs at the right time, to the right standard, representing value for money; delivered efficiently by a world-class procurement team.
- Risk Management:** Ensuring structural, ethical, local, and global supply chain risks, including value for money, are effectively monitored, managed, and made visible to Scottish Water to enable a sustainable and agile supply chain.
- Supply Chain Development:** Ensuring the Supply Chain remains fit for purpose through long term strategic alignment between Scottish Water & its supply chain partners.

Table 1: Procurement and Supply Chain Key Goals & Activities 2021-2027

 Service Excellence  Great Value  Beyond Net Zero

Procurement and Supply Chain (PSC) Strategy			
	Focus (1-2 years) (2021-2023)	Impact (2-3 years) (2024 -2026)	Realise (3-5years) (2027 onwards)
<p>Procurement & Sourcing Ensuring Scottish Water has access to the goods and services it needs at the right time, to the right standard, representing value for money; delivered efficiently by a world-class procurement team</p>	<ul style="list-style-type: none">  Procurement process leaned and optimised  Step change in Training & Development and Succession Planning  Maintain world class PSC recognition through CIPS Platinum  Re-engagement with supply chain through SC Conference 	<ul style="list-style-type: none">  SR27 Supply Chain Strategy developed, and key elements procured  New E-Tender system in place and embedded through team development  Enhanced management of Procurement process through launch of performance dashboard  Increase in Social Value delivered 	<ul style="list-style-type: none">  Recognised as award-winning, progressive, world leading sourcing approach and capabilities  Full integration of ISCM outcomes into sourcing process  Business & stakeholder confidence that procured value achieved & validated
<p>Risk & Value Management Ensuring structural, ethical, local, and global supply risks, including value for money, are effectively monitored, managed and made visible to Scottish Water to enable a sustainable and agile supply chain</p>	<ul style="list-style-type: none">  Improved collaborative engagement with supply chain through digital enablement  Create new Ethical Risk Management approach  Greater understanding of DV1/DV2 risk through development of commercial health tracker 	<ul style="list-style-type: none">  Revolutionise ISCM approach to optimise value creation  Development of Risk Management Approach through consolidated risk reporting structure  Mature digital tools to support ISCM/Risk Management  Enhanced risk reduction through onboarding and vetting of supply chain 	<ul style="list-style-type: none">  Embedded a world leading, digitally integrated, sustainable and ethical SR27 Supply Chain  Maximise the value realisation of procurements  Agile and digitally enabled Supply Chain provides flexibility to meet Scottish Water's changing requirements
<p>Supply Chain Development Ensuring the supply chain remains fit for purpose through long term strategic alignment between Scottish Water and its supply chain partners</p>	<ul style="list-style-type: none">  Refocus of approach to Standard Products  First tranche of Partner Ecosystems identified  Supply Chain Carbon Reduction Strategy created 	<ul style="list-style-type: none">  Demonstrable efficiencies through enhanced delivery of standard products and innovation  Prioritised partner ecosystems matured and launched  Demonstrable carbon reduction and circular economy initiatives in place 	<ul style="list-style-type: none">  High value, visible and impactful innovation in supply chain as standard  Effective supply chain ecosystems operational and delivering benefits  Low emission & circular procurement outcomes considered as standard  Partnering behaviours demonstrated between Scottish Water and key contractors

STRATEGIC INTENT PROCUREMENT & SUPPLY CHAIN

Ensuring Scottish Water has access to the goods and services it needs at the right time, to the right standard, representing value for money; delivered efficiently by a world-class procurement team is one of the three key areas for Procurement and Supply Chain.

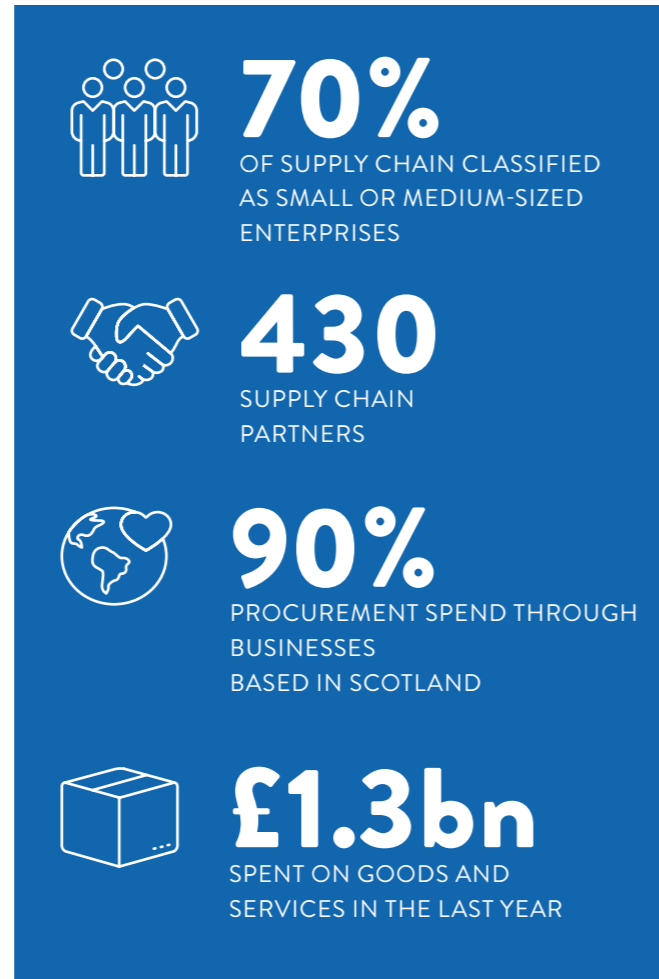
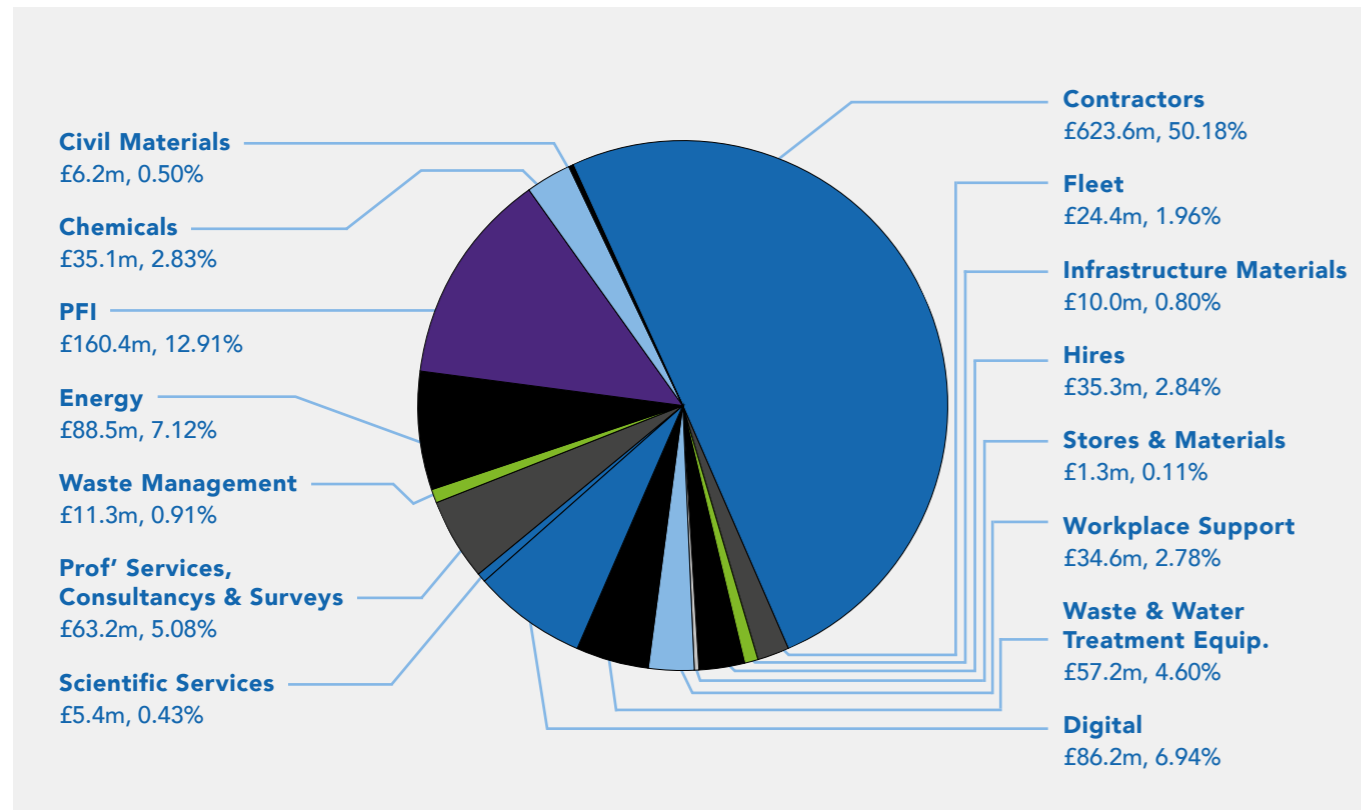
Scottish Water operates under the Utilities Contract (Scotland) Regulations 2016 and will ensure that all regulated procurements are carried in the strictest manner, in accordance with these regulations.

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. The following sections provide an overview of the last year's key areas for Procurement and Sourcing.

Spend Data

Scottish Water spends c£1.3 billion per year with its supply chain, across capital and operational activities 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 make up c£1.3 billion that goes through frameworks. Refer to Appendix 3 for our SR21 Supply Chain Model.

Figure 4: Scottish Water spend profile



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, Scottish Water's supply chain segmentation matrix.

The matrix below shows the forecasted value of spend, number of frameworks and suppliers in each of the four quadrants. It demonstrates that the majority of Scottish Water's spend is with strategic and 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.

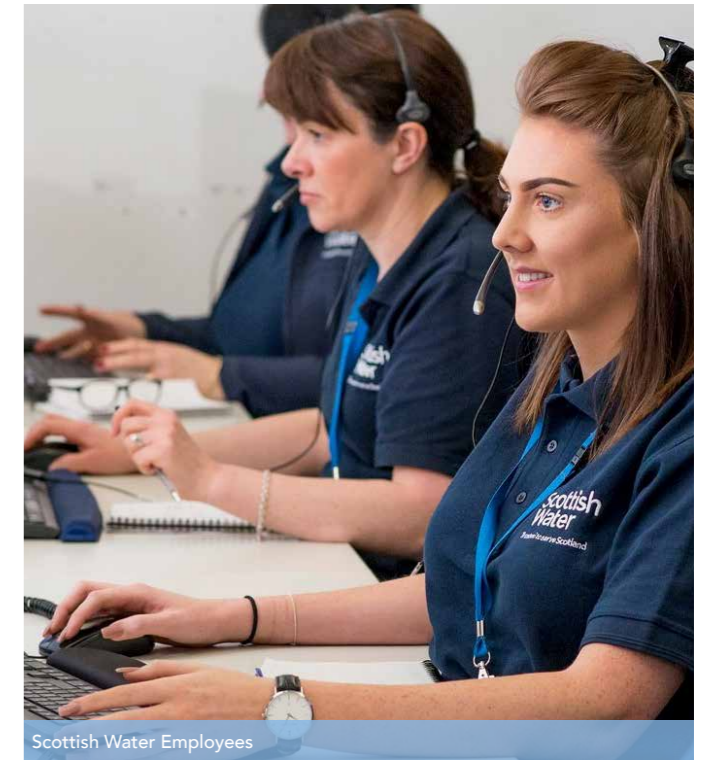
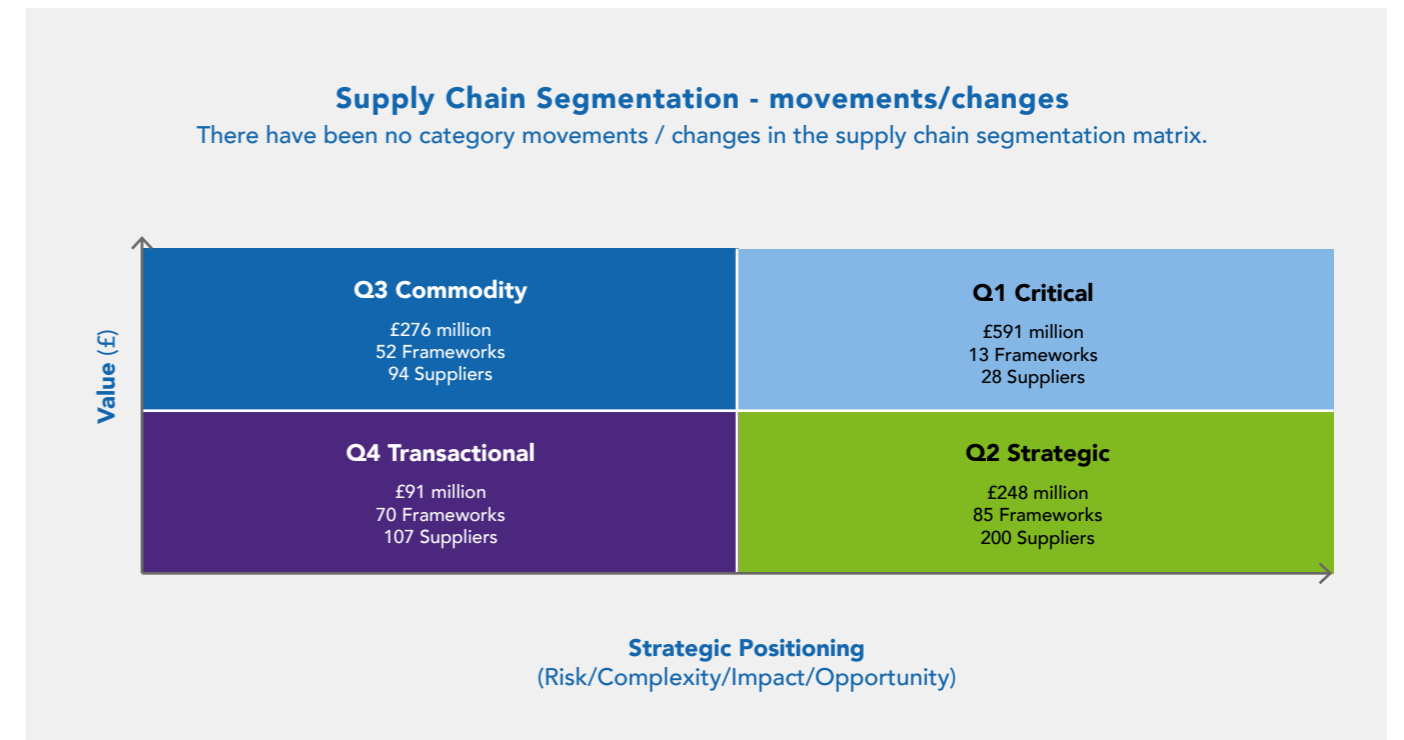


Figure 5: Scottish Water's Supply Chain Segmentation matrix



Key Procurement & Sourcing Data

Scottish Water has 220 frameworks supported by 430 suppliers; key statistics are shown below. All the awards made last year complied with Utilities Contract (Scotland) Regulations 2016.

During the reporting period there were no regulated procurements awarded to supported businesses. The reason for this is that the goods, services or works associated with these procurements are not provided by existing supported businesses.


There is expected to be 81 new procurements as part of the forward procurement plan, however this list is subject to change.

Please refer to Appendix 1 and Appendix 2 for details of last year's frameworks awarded and expected procurements.




Supplier Event


220 Frameworks



90
Individual framework agreements awarded in 2022/23
Value c£345 million




55
(71%) Individual agreements awarded to SMEs in 2022/23
Value c£104 million (30%)




51
(65%) With a Scottish base awarded in 2022/23
Value c£289 million (84%)

Key Values



c90%
of spend with suppliers with a Scottish Base
Value c£1083 million



c30%
of spend with suppliers that are SMEs
Value c£365 million

RISK MANAGEMENT

Ensuring structural, ethical, local, and global supply chain risks, including value for money, are effectively monitored, managed and made visible to Scottish Water to enable a sustainable and agile supply chain. The following sections will cover the key activities across risk and performance from last year.

Ethical Risk

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. 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 greater than £36 million, their annually published statement is collected. For suppliers with a turnover of less than £36 million, suppliers are requested to sign an annual declaration, developed by Scottish Water, to confirm their compliance with the legislation.

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.

Relevant employees are required to undertake training on modern slavery. A revised Modern Slavery training e-module was rolled out to all employees in leadership roles and those in our Procurement, People, Legal and Finance teams. Recently we have created an ethics hub on our supplier e-portal to share best practice with our suppliers.

Scottish Water is also a member of Scotland Against Modern Slavery, Utilities Against Slavery and is a founding partner for Action Sustainability's Responsible Sourcing of Solar Panels Due Diligence Guidance.

ETHICAL RISKS ACTIVITY



10
ETHICAL AUDITS - NO MATERIAL ISSUES FOUND



7
SUPPLY CHAIN MAPPING EXERCISES WITH 3 FINALISED THAT WILL INFORM FUTURE PROCUREMENT STRATEGIES AND RISK MITIGATION ACTIVITIES

KEY STATISTICS



100%
ORGANISATIONS WITH A TURNOVER GREATER THAN £36 MILLION PUBLISHED ANNUAL MODERN SLAVERY STATEMENTS



100%
ORGANISATIONS WITH A TURNOVER LESS THAN £36 MILLION HAVE SIGNED ANNUAL MODERN SLAVERY DECLARATIONS

Structural Risk

Scottish Water undertakes an annual review of structural risks within our supply chain, taking into account supply chains which have no or extremely limited alternatives or competition, which could be further negatively impacted by mergers and acquisitions and / or which could be affected by geopolitical events. Risk velocity is also built into this analysis and these risks feed into our contingency planning.

Performance

Supply Chain Performance in Scottish Water is assessed across 5 dimensions for Supplier and Client, as can be seen below, providing a 360 degree review.



Scottish Water conducted performance reviews across 287 of the suppliers, any suppliers where they have either just been awarded or agreements are about to expire are excluded. Performance is classed as Acceptable, Poor or Unacceptable across each of these areas and the overall outcome is below.



Payment to suppliers

One of the areas for the Supply Chain to score Scottish Water is on payment. Scottish Water is fully committed to ensuring its suppliers are paid in a timely manner.

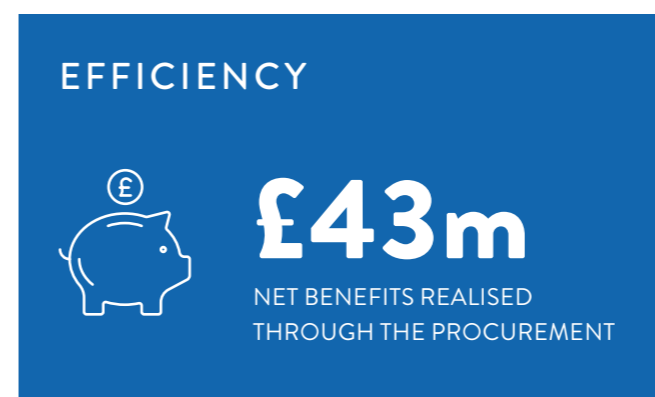
Standard Supplier payment terms were 30 days following receipt of invoice with which Scottish Water had no dispute. Scottish Water has adopted accelerated payment practices and is committed to ensuring prompt resolution of any invoice issues to ensure timely payment.

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 six 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.

Efficiency

Scottish Water measures the annual impact of our frameworks covering areas such as price increases, savings, cost avoidance and volumetric discounts as part of demonstrating our commitment to delivering value for money for Scottish Water.



SUPPLY CHAIN DEVELOPMENT

Ensuring the supply chain remains fit for purpose through long term strategic alignment between Scottish Water and its supply chain partners. The PSC Team undertakes a range of activities across several PSC-specific workstreams. This allows for investigation, experimentation, and implementation of initiatives to help both diversify and align PSC's strategic direction in response to changing business needs and the external market environment. The following sections cover some highlights through last year.

Transformation

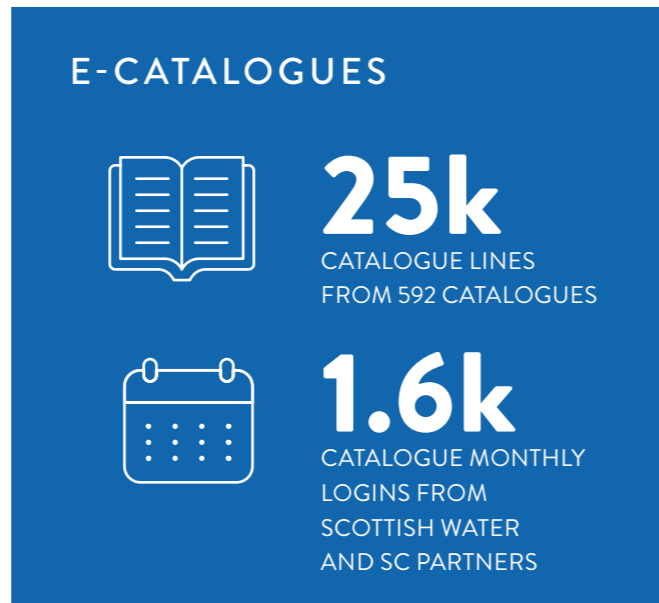
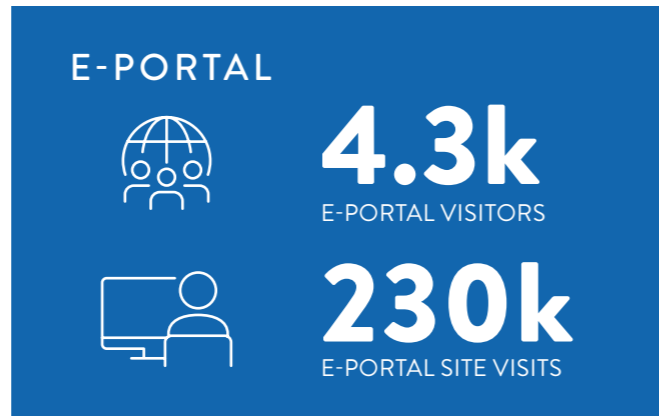
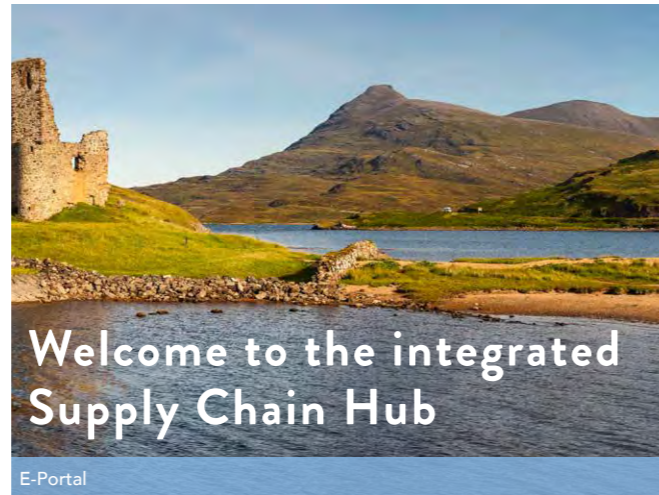
To ensure alignment with Scottish Water's strategic ambitions and to help support a flourishing Scotland there is a need to continue to adapt and enhance the role played by the PSC function.

The workstreams include the following areas:

E-Integration - Covers improvements on how Scottish Water engages with its supply chain, utilising an E-Portal that acts as our Integrated Supply Chain Hub. This is where we share information and news along with being able to exchange information and provide access to E-Catalogues for the supply chain as well as streamlining the on-boarding process for suppliers.

Innovation - Scottish Water recognises that to meet business targets, finding, developing and implementing innovations will be key. It is Scottish Water's belief that the Supply Chain has a major role to play in assisting Scottish Water deliver those targets through valuable innovations. Creating more efficient processes, achieving cost savings, continuous improvement of service or lowering carbon footprint are all key benefits of embedding innovative solutions.

Scottish Water is committed to working with our Supply Chain Partners to realise these benefits for both parties. To improve how this is done, the PSC Team launched a new innovation environment with the aim of simplifying how the Supply Chain engages with Scottish Water and provide a clear and transparent pathway to adoption. This environment consists of two processes which work together to deliver a holistic approach.



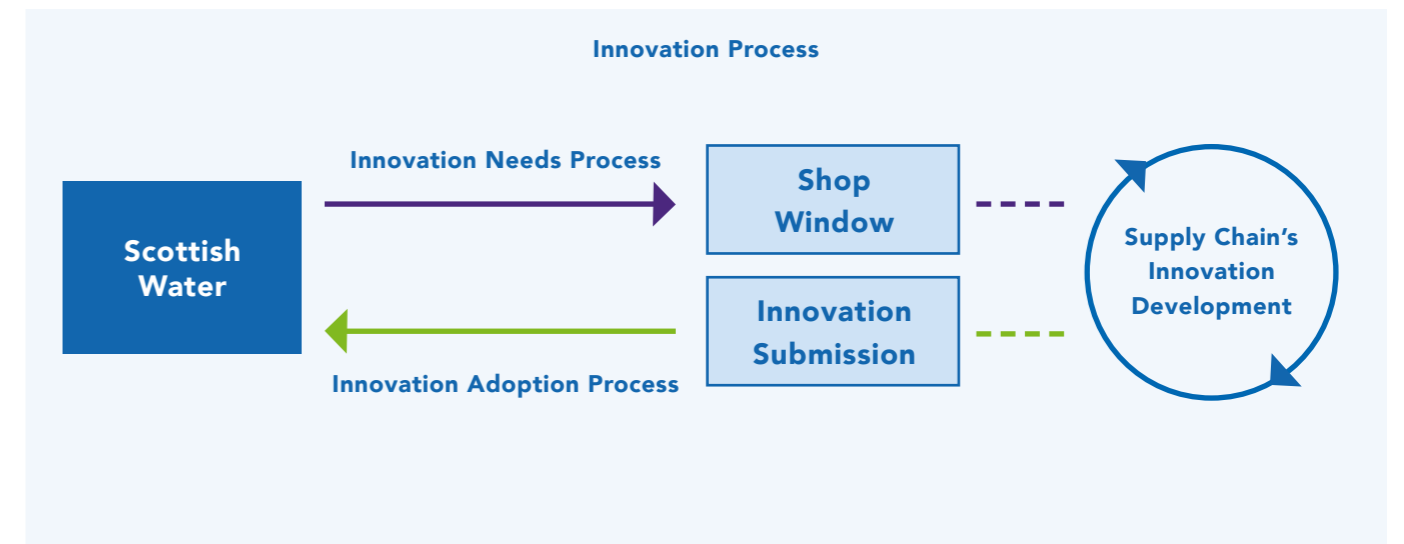
The first process, Innovation Needs Process, looks to collate needs and challenges which Scottish Water are looking for support from the Supply Chain to solve. These challenges are then share directly with the Supply Chain via the E-Portal.

The second process, Innovation Adoption Process, provides the Supply Chain with a pathway to have their ideas and innovations reviewed by Scottish Water subject matter experts with the final objective of adopting those which can support the delivery of Scottish Water's three key ambitions.

In addition, Scottish Water continues to build on the successes of its Standardisation workstream, with the PSC Team expanding the range of Standard Products available

for use and working to realise more opportunities with the support of other internal functions. This has included the standardisation of chemical dosing skids, site welfare cabins and regulatory cryptosporidium sampling points.

Scottish Water has also continued to support the development of new low carbon alternatives to traditional materials, such as concrete, steel and glass-reinforced-plastic, to deliver net zero emissions by 2040. This work has included working with our supply chain partners to trial new materials in practical applications, such as trialling timber kiosks for use in the Standard Product ranges and supporting discussions around replacing concrete slabs with Type 1 bases for certain chemical dosing applications.



IN FOCUS: Our Investment Programme

Our investment programme is one of the largest infrastructure programmes in Scotland and we continue to invest at record levels. Investment in vital water and waste water infrastructure in the last year rose by £95 million - up to £789 million from £694 million. When we include our responsive repair, refurbishment and replacement of our assets our overall investment has risen to £1.02 billion.

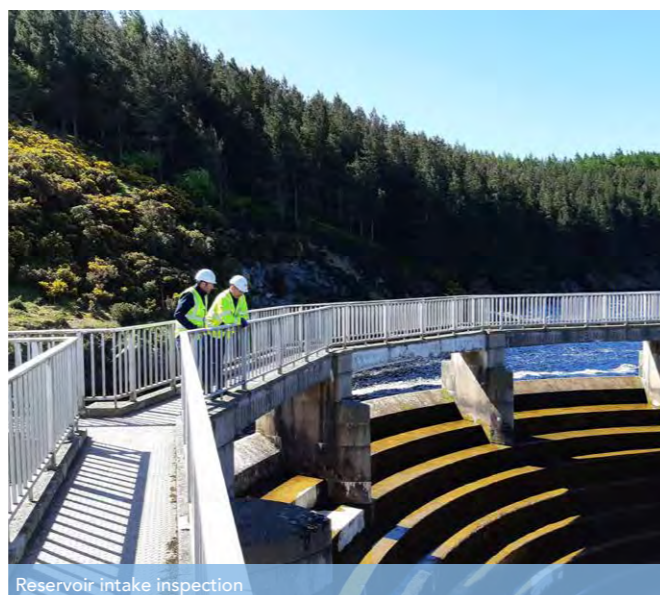
Our ability to deliver year-on-year increase in investment is supported by our people and partners and by continuing to transform, innovate and work with communities and customers. Our internal measure, which tracks project progress from start on site to completion, ended the year within the target range and our performance on getting projects in to service for customers continued to improve and was on target. We have worked hard to ensure our list of vital upcoming projects are ready to be delivered and aim to continue to maintain our sustainable delivery momentum.

Our procurement strategies aim to create, support, develop and evolve a resilient, sustainable and growing supply chain in Scotland.

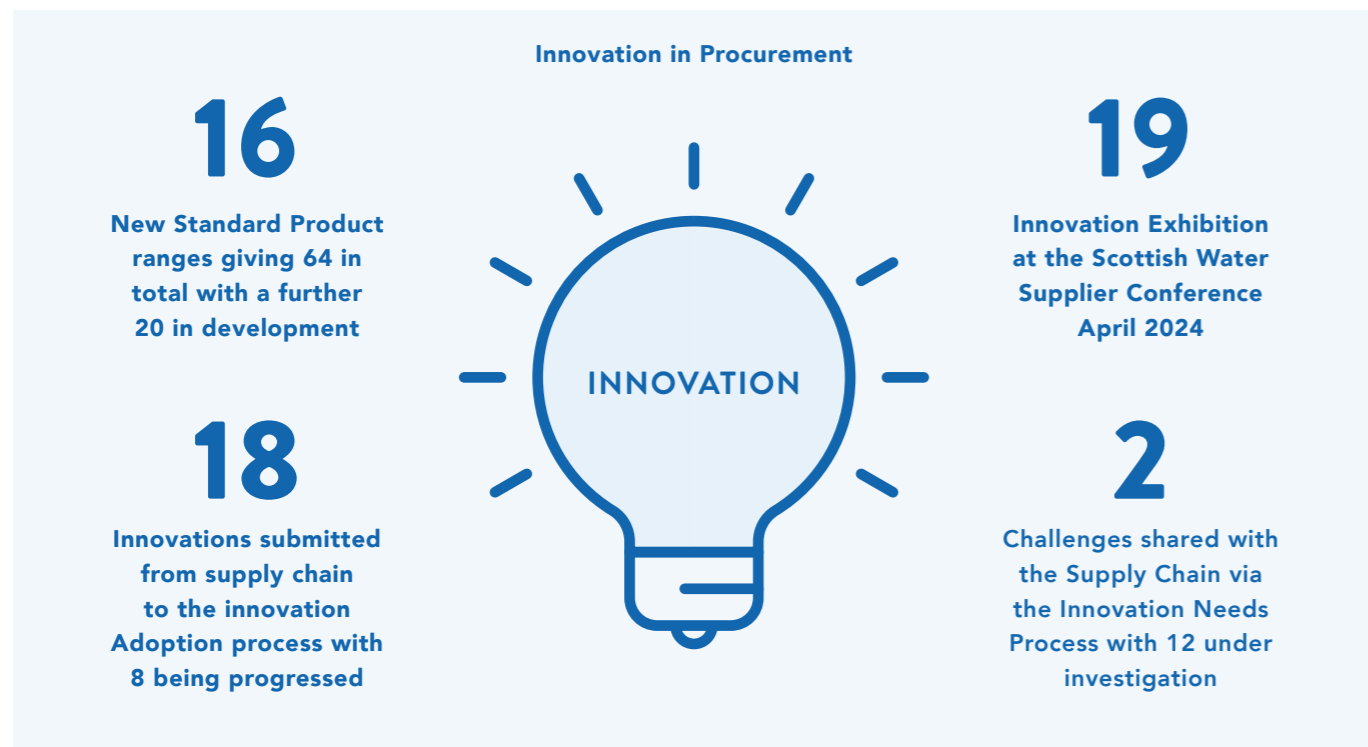
Future Supply Chain Design - Over the last 18 months PSC has started to look ahead to the SR27 supply chain design needed to optimally deliver the capital and operational requirements for the next regulatory period.

We have gone through a considerable amount of reflection, horizon scanning and benchmarking. This has included reviews internally and externally with the supply chain and other utilities to understand industry best practice. A number of options and approaches have been considered which have been verified and tested.

Through 2024/25 the supply chain design will be finalised, and the 'supply chain build' will commence.



Reservoir intake inspection



Community Benefit

Tenderers are required to detail their commitment to the delivery of community benefits. This could include the appointment of Modern Apprentices/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.

For the regulatory period from April 2021 to March 2027 (SR21) we have received commitments from our procurements for both graduates and modern apprentices in excess of 1100 in total and to date our supply chain has confirmed that the combined total of graduates and modern apprentices recruited is now at 1350.

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

In support of our strategic ambition of Service Excellence, Scottish Water formed a new Skills Steering Group has been created internally, together with some of our key delivery partners.

This new collaboration with our partners creates an opportunity to work collectively and proactively on skills in a way which is different from the Procurement Skills Accord (PSA) approach. While the PSA was primarily focused on reporting retrospectively and demonstrating to Energy & Utility Skills that members were investing in training, the Skills Steering Group will instead focus on the delivery of a skills action plan that is specific to the needs of Scottish Water and our partners.

The Steering Group is currently developing short, medium and long-term action plans centred on three core workstreams:

- Attraction** – Identification of youth pipelines and attraction into the water sector
- Development** – Education liaison, industry body liaison and joint skills development
- Retention** – Maximising retention of our people to ensure resiliency for the capital programme delivery



Volunteering

Net Zero Emissions

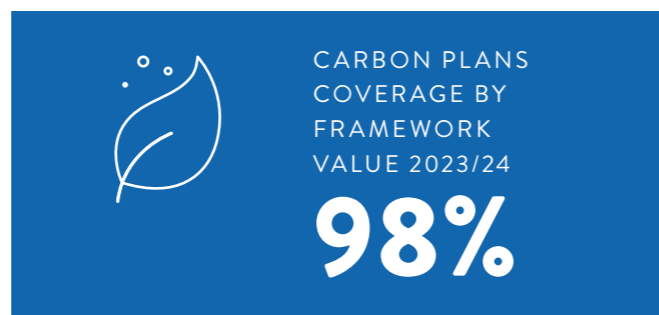
Scottish Water will play a key part in achieving the Scottish Government's climate change commitments through an ambitious plan to achieve net zero emissions by 2040 and going beyond thereafter. This is a significant challenge, and we will need the full support of our supply chain to achieve this ambition. Scottish Water's Net Zero Routemap outlines how we will lead the organisation to achieve net zero emissions, involving transformative change and requiring additional investment.

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. This provides a solid foundation for Procurement and Supply Chain to work alongside our supply partners to support, investigate, and drive carbon reduction throughout our supply chain.

Procurement and Supply Chain is currently looking at ways to reduce carbon in construction. The most carbon intensive materials have been identified (eg: steel, plastic, fuel, concrete) with the function actively investigating the opportunities to decarbonise these materials and progress other opportunities.

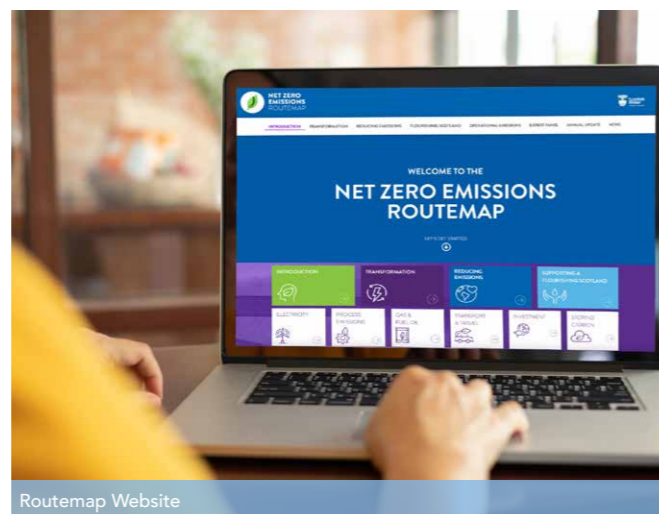


Scottish Water Event



Since its inception, the hydrotreated vegetable oil (HVO) Framework (a low carbon fuel alternative to diesel) has been adopted by many of our Delivery Vehicles to power their onsite activities with around 1900 tonnes of CO₂e saved to date.

A new framework for Low Carbon Kiosks is currently out for competitive tender and will be awarded and implemented in Q2 of 2024. This will allow Scottish Water to purchase kiosks made from alternative materials with a lower embodied carbon to the traditional Glass Reinforced Plastic or steel kiosks currently utilised and in doing so, enable greater steps towards our Net Zero targets.



Routemap Website

Low Carbon Concrete Case Study

If concrete was a country, it would be the third largest emitter of CO₂ in the world. While the industry has made progress on the decarbonisation of concrete, there is still much to do.

The Low Carbon Concrete Partner Ecosystem (LCC PE), now known as Scotland's Low Carbon Concrete Collective, is a complex, high profile and high impact programme that is focused on the decarbonisation of concrete. This Partner Ecosystem (PE) has brought together heavy concrete users from across Scotland's infrastructure industries that collectively spend billions every year on infrastructure projects that utilise thousands of tonnes of concrete with a considerable embodied carbon footprint.

The PE currently consists of 15 active partner organisations, working across three workstreams and numerous projects to deliver against a strategic plan. The board members include some of the largest infrastructure organisations in Scotland, including SSE, Scottish Power, Transport Scotland, Network Rail and Scottish Water. Additional partner organisations consist of academia, supply chain, start-ups and innovators, and industry bodies. The scale of the PE is continually growing in both member numbers and impact.



The PE is delivering outcomes against 3 core focus areas:

- 1. Working with innovators to accelerate new product development.**
 - Delivering trials with concrete manufacturers, academia and client organisations to test the feasibility of innovative low carbon concretes used in the construction of priority asset types (e.g. manhole rings, cable troughs and structural foundations)
 - Supporting the development of 3D printed concrete assets. A 3D printed concrete foundation could use 50 to 60% less concrete than a poured foundation, significantly reducing the carbon intensity of concrete and the use of raw materials.
- 2. Working with supply chain to increase availability of low carbon concretes across Scotland.**
 - The partner ecosystem organisations have committed to promoting the use of lower carbon blended mixes.
 - Creating a standardised reporting requirement for capturing concrete usage data from the supply chain. This will promote industry standardisation and make it easier to monitor use of low carbon concrete and more accurately forecast demand.
 - Exploring opportunities to reuse concrete from project sites.
- 3. Working with client organisations to embed a low carbon culture and drive sustainable decision making.**
 - Launch of a website by August to increase market impact and credibility.
 - Development and implementation of standardised reporting of concrete trials and best practise to share learnings across the industry and build an evidence bank of innovative products and designs.



West Feal official planting team

Circular Economy

A key element of Scottish Water's Strategic Objectives is to Embrace the Circular Economy – this is key in contributing to our net zero targets. Procurement and Supply Chain is aligning to Scottish Water's Circular Economy Approach to ensure a fundamental shift from a linear to a circular supply chain. Procurement and Supply Chain are aligning to this Approach through two key workstreams: the Circular Economy Partner Ecosystem – Bridge Scraper Pilot and the development of a Circular Economy Strategy.

The Circular Economy Partner Ecosystem – Bridge Scraper Pilot has been created to co-create and co-deliver circular economy solutions within the supply chain environment. The pilot is exploring different circular economy solutions that reach beyond refurbishment, aiming to unlock new circular solutions that can be replicated across Scottish Water's wider asset base. The pilot is using waste water bridge scrapers as a launch point to test solutions. The partnership encompasses a broad landscape of partners, each contributing their unique circular economy expertise.



These partners are collaborating across a number of workstreams for delivery in 2024/25:

Workstream 1 Alternative Design: focused on creating a standard for designers to incorporate circular economy solutions in the design phase, and research and development of alternative scraper blade and non-metallic bridge structure materials to increase asset lifespan and reduce maintenance requirements.

Workstream 2 Alternative Power: focused on exploring alternative energy sources to power bridge scrapers using the local environment.

Workstream 3 Waste Data Analytics: focused on creating an online platform that can be used by Scottish Water to monitor its waste and surplus asset inventory to ensure future value can be harnessed and avoidance of waste to landfill.

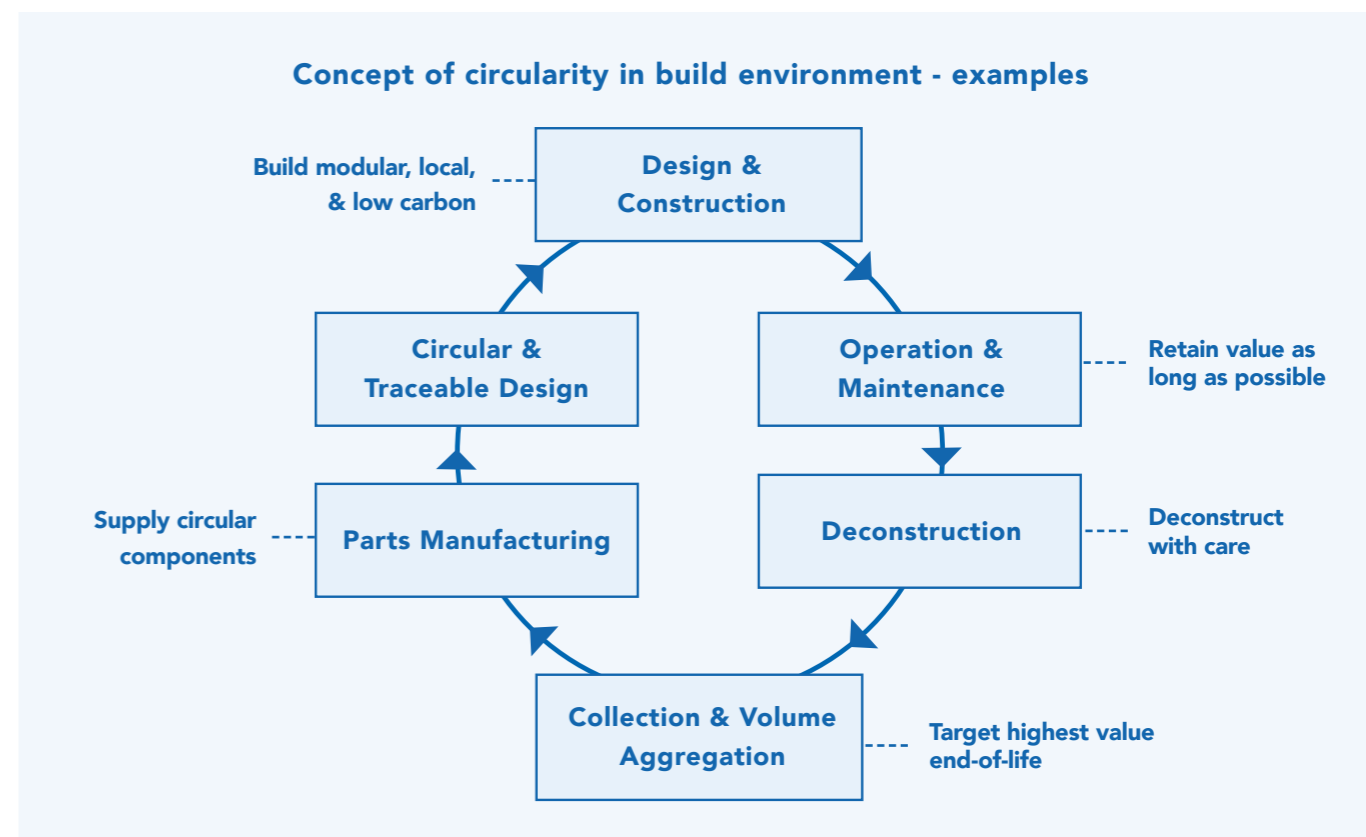
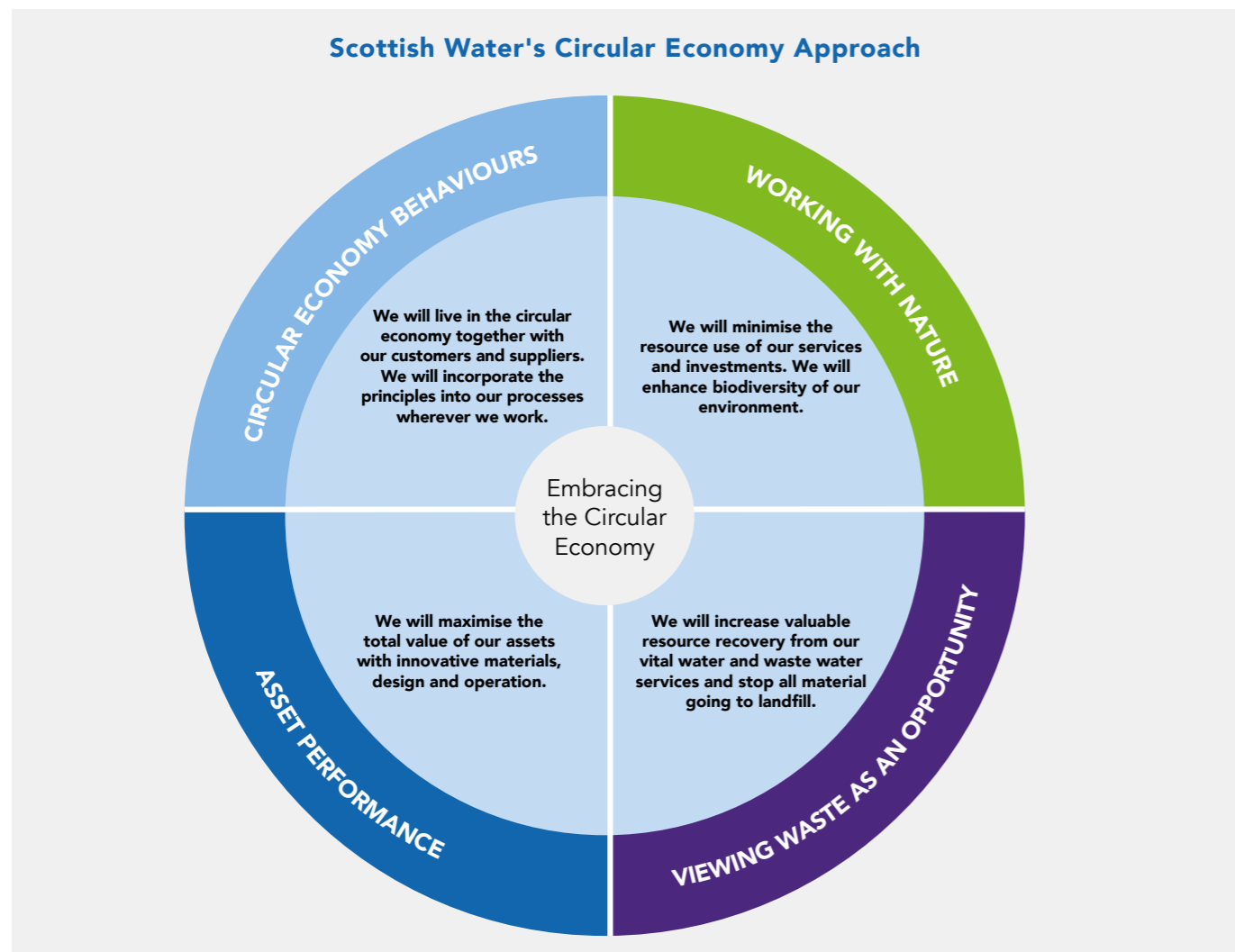
Workstream 4 Innovative Inspections: focused on trialling market-ready inspection equipment to remove the need for asset down-time to inspect bridge scraper tanks, in turn allowing more efficient and regular inspection of our assets for better planned maintenance activities to prolong the lifespan of our assets.

In order to support the ongoing and future circular economy opportunities in Scottish Water, and to ensure the key transferable learnings from the Circular Economy

Partner Ecosystem – Bridge Scraper Pilot are captured and replicated, a Circular Economy Strategy for Procurement and Supply Chain will be developed in 2024-2025. This strategy will consider how Procurement and Supply Chain can support our internal teams and supply chain to develop and deliver holistic circular economy solutions for our asset base. The strategy will explore best practice circular economy procurement, incentivisation for the supply chain, training to support the team's knowledge of circular economy, the potential for buy-back and leasing schemes for assets and will support the re-procurement of frameworks to identify new opportunities for circular economy.

Procurement and Supply Chain's collaboration between Scottish Water's supply chain and new partners, and its Circular Economy Strategy, will encourage and create the following opportunities:

- Wider standardisation
- Recycled materials
- Cradle to cradle assets
- Condition monitoring
- Modular design
- Using more natural elements
- Mix of service models
- Joint circular economy strategies



REPORT OWNERSHIP AND CONTACT DETAILS

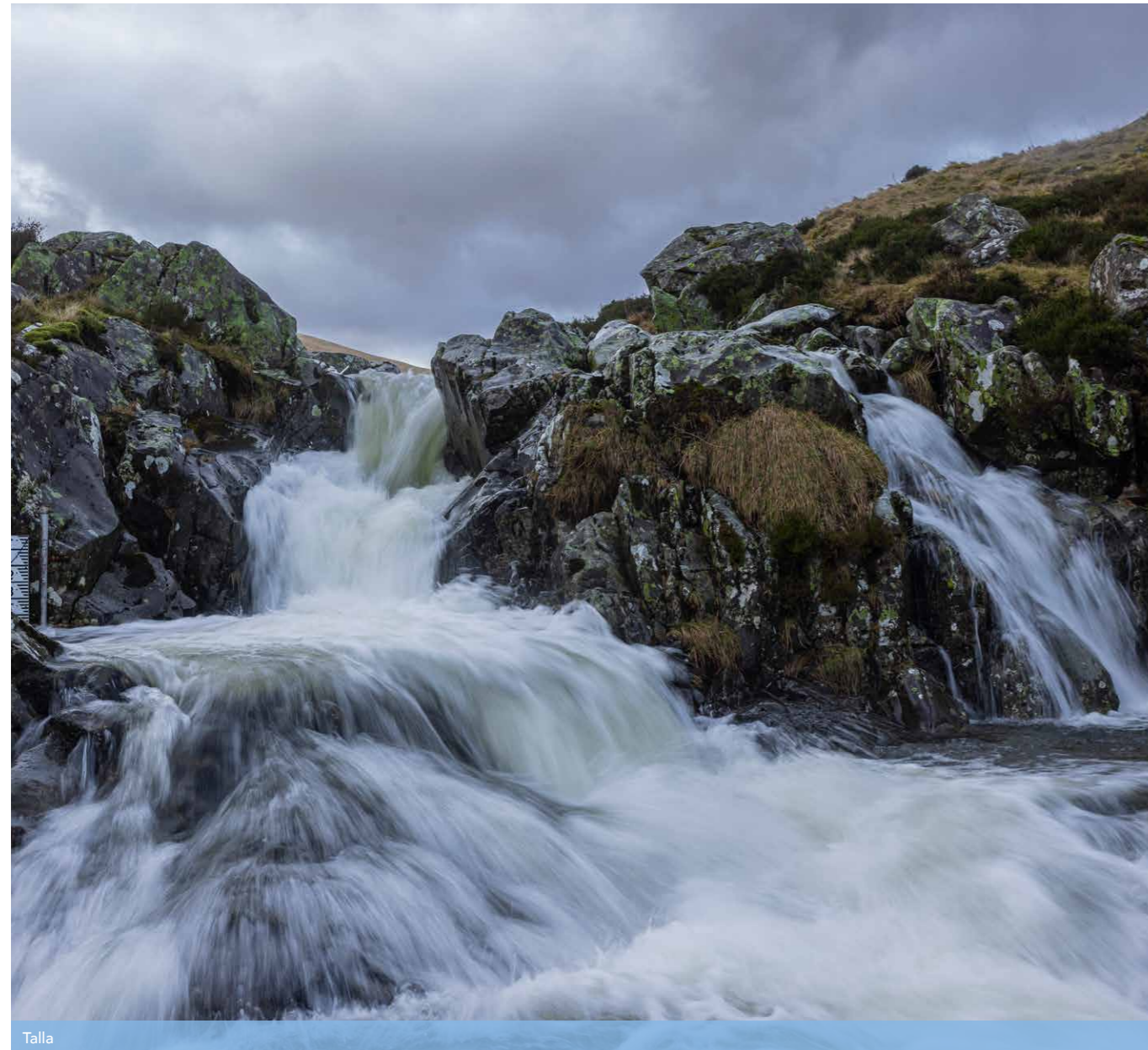
The owner of this report on behalf of the Scottish Government is Joe Rowan, General Manager of Procurement and Supply Chain.

The report covers the period 2023/24 and has been reviewed by the Scottish Water Supply Chain Steering Group.

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APPENDIX 1 - ANNUAL PROCUREMENT PLAN

Contract/framework awards over the last 12 months

Table 2 below details all new Contract/Framework awards 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.

Table 2: Contracts/frameworks awarded in 2023/24

			Frameworks/Contracts Awarded
No.	Contact Reference	Contract Title	No of Suppliers Awarded
1	SW 18/WP/1160	Property Maintenance Framework	5
2	SW 19/POD/1215	Provision of Training Courses	6
3	SW 19/SME/1225	Regional Contractor Services	3
4	SW 20/ACP/1298	The Provision of Land & Property Legal Services	4
5	SW 20/ACP/1322	The Provision of Commercial Legal Services	4
6	SW 20/ACP/1323	The Provision of Litigation Services	3
7	SW 20/CI/1325	Supply & Installation of Blowers and Compressors	1
8	SW 21/TI&T/1360	Enterprise Asset Management	1
9	SW 21/ACP/1380	Transformation - Communications & Engagements - Communications Consultancy	7
10	SW 21/WP/1388	Leadership & Interpersonal Skills Development	12
11	SW 22/WP/1391	Rural Property Services	6
12	SW 22/WP/1399	Specialist Leadership Development	5
13	SW 22/ME/1405	The Supply of Dataloggers	2
14	SW 22/CI/1412	Asset Inspection, Testing & Portfolio Management	1
15	SW 22/S&W/1414	Transport of Bio-Resource (South)	1
16	SW 22/S&W/1402	Scottish Water Horizons Third Party Waste Water Transport Service	3
17	SW 18/WP/1158	Ad-hoc Grounds Maintenance Framework	1
18	SW 20/ME/1294	Multi-Lot Tanks	2
19	SW 21/TI&T/1385	Office 365 Support Services	2
20	SW 22/CI/1421	Waste Advisory Services	1
21	SW 21/CI/1347	Electrical Connections	1
22	SW 22/INF/1392	Provision of Barrier Pipe and Fittings	1
23	SW 23/TI&T/1435	H&S Lone worker System	1
24	SW 23/VF/1430	Supply, fit and management of tyres	1
25	SW 22/TI&T/1423	Digital Directorate Security Partner	1
26	SW 23/VF/1431	Provision of Vehicle Telematics	1
27	SW 21/VF/1386	The Provision of HGV, Chassis and Conversion	1
28	SW 20/CI/1281	Commercial Services	1
29	SW 21/CI/1356	The Supply and Delivery of Electric Actuators	2
30	SW 23/ACP/1432	Business Change Management Consultancy	5
31	SW 23/CSD/1448	Security System Maintenance	1
32	SW 23/DIG/1455	The Provision of an E-Procurement System	1
33	SW 23/CSD/1447	Glass Fused Steel Tanks (with or without roofs) for Water and Waste Water Applications	1
34	SW 23/ENY/1438	The Provision of Liquid Fuels	2

APPENDIX 2 - FORWARD PROCUREMENT PLAN

Table 3 below is a list of the procurement activity that is expected to start as part of the forward procurement plan. This does not include in-progress procurement activity.

Table 3: Contracts/Frameworks to be procured over the next 2 years

No.	Contract Title	Target Start Date
1	The Provision of Cleaning and Hygiene Services	Jun-24
2	PPE, Janitorial and Tools	Jun-24
3	Provision of Flow Gauging	Jun-24
4	Lean and Agile Specialist Support	Jun-24
5	Social Media Platform	Jun-24
6	Roller Shutter Door Maintenance	Jun-24
7	Supply of Photovoltaics	Jun-24
8	Supply of Civil Materials	Jun-24
9	The Provision of Service Fittings, Collars and UP Valves	Jun-24
10	Specialist Support Services - Pressure Management	Jul-24
11	Process Emissions Monitoring Systems	Jul-24
12	Pest Control Service	Jul-24
13	Design Agency	Jul-24
14	The Supply and Testing of Water Meters (Smart Metering)	Jul-24
15	The Provision of Renewable Energy Schemes (Horizons)	Jul-24
16	The provision of Plant & CPC training	Aug-24
17	Sewer Surveys and Monitoring	Aug-24
18	Powdered Activated Carbon	Aug-24
19	Carbon Dioxide	Aug-24
20	Supply & Installation of Membranes	Aug-24
21	The Provision of Leased Vehicles	Aug-24
22	The Supply & Delivery of E&M Consumables - All Lots	Aug-24
23	Repair and Maintenance of CHPs (Cumnock and Galashiels)	Aug-24
24	Specialist asset inspection services	Oct-24
25	Principal Designer	Oct-24
26	Fire Extinguisher Maintenance	Oct-24
27	SR27 Delivery Vehicle 4(Enterprise)	Nov 24
28	The Provision of Vehicle Conversions	Jan-25
29	Flowmeter Verification	Jan-25
30	Laboratory Consumables	Jan-25
31	Digital Technology Partners	Jan-25
32	Reservoir Supervision and Inspection	Jan-25
33	Fire and Intruder Alarm Maintenance	Jan-25
34	Pressure Reducing Valves	Mar-25
35	The Provision of Jetting Hoses and Consumables	Mar-25
36	Occupational Health & Wellbeing - Lot 1	Apr-25
37	Physiotherapy Services - Lot 2	Apr-25
38	Office 365 Support Services	Apr-25
39	Technical Consultancy Resources	Apr-25

No.	Contract Title	Target Start Date
40	The Supply of Signs, Cones and Barriers	Jun-25
41	Supply of Manhole Covers and Frames (drop in)	Jul-25
42	Workplace Adjustments	Aug-25
43	Bio-Resource (Sludge) Treatment	Sep-25
44	PE Pipe and Fittings	Jan-26
45	Valves & Penstocks	Jan-26
46	The Provision of Security Products	Jan-26
47	Supply of Precast Concrete	Jan-26
48	Provision for Access Covers (Non-Security)	Jan-26
49	Supply of ductile iron pipe and fittings	Jan-26
50	Ductile Iron Covers and Frames	Jan-26
51	Provision of Barrier Pipe and Fittings	Jan-26
52	Provision of Reinstatements	Jan-26
53	Electrical Connections	Jan-26
54	Hire of Modular & Portable Accommodation	Jan-26
55	Hire of Operated Plant	Jan-26
56	Provision of Traffic Management Service	Jan-26
57	Hire of Pumps and Generators	Jan-26
58	MCC & Systems Integration	Mar-26
59	Modular Pumping Stations	Mar-26
60	Chemical Dosing Equipment	Mar-26
61	Provision of Safety Showers & Eyebaths	Mar-26
62	Supply of Remote Telemetry Units	Mar-26
63	Telemetry Engineering Support Services	Mar-26
64	Supply of Fixed Standby Generators	Mar-26
65	GRP Kiosks	Mar-26
66	Supply of Filtration Media	Mar-26
67	Supply of Bridge Scrapers	Mar-26
68	Low Carbon Kiosks	Mar-26
69	Waste Water Packaged Plant	Mar-26
70	Instrumentation	Mar-26
71	Supply of Pumps	Mar-26
72	Supply of CSO Screens	Mar-26
73	Screens & Screenings Handling	Mar-26
74	Tanks	Mar-26
75	Blowers & Compressors	Mar-26
76	Supply of Lifting Chains	Mar-26
77	Trickling Filters	Mar-26
78	Static Mixers	Mar-26
79	Odour Treatment & Control	Mar-26
80	Grit Removal	Mar-26
81	Repair & Maintenance Services for NIGG WWTW Jenbacher CHP Engines	Sep-26

APPENDIX 3 - SR21 SUPPLY CHAIN

SR21 Dynamic and Agile Supply Chain Model

