

SUSTAINABLE GROWTH AGREEMENT

SCOTTISH WATER AND
SCOTTISH ENVIRONMENT PROTECTION AGENCY



21 JUNE 2018

SUSTAINABLE GROWTH AGREEMENT

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Between:

Scottish Water
Castle House
6 Castle Drive
Carnegie Campus
Dunfermline
KY11 8GG

And

Scottish Environment Protection Agency ("SEPA")
Corporate Office
Strathallan House
Castle Business Park
Stirling FK9 4TZ
("each a "Party" and together the Parties")

21 June 2018

OUR JOINT ASPIRATIONS

The Parties agree to work collaboratively to deliver the commitments set out in this Sustainable Growth Agreement ("this Agreement").

Under this Agreement, Scottish Water and SEPA are committing to develop, trial and then seek to deliver (with partners) innovative ways of:

- Managing rainwater and waste water drainage to help protect the social, economic and environmental wellbeing of Scotland's towns and cities in a changing climate.

- Helping generate wealth not waste by maximising the recovery of resources from Scotland's sewage and cycling them back into a circular economy.
- Making choices about how to invest in protecting the quality of Scotland's water environment that minimise energy and resource use and maximise social and economic benefit now and for the future.

Scotland is committed to the United Nation's 2015 Sustainable Development Goals. An aim of this agreement is to contribute to achieving 10 of those goals:

Our contribution to the United Nations Sustainable Development Goals:

3 GOOD HEALTH AND WELL-BEING 	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 
11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 	14 LIFE BELOW WATER 	15 LIFE ON LAND 

Reliable, high quality public water supplies and safe, non-polluting waste water services are fundamental to the success of any country in the 21st century.

This agreement is about supporting Scottish Water to find and take opportunities to comply with regulatory requirements, and to go beyond compliance, in ways that enhance the environment, minimise resource

use and maximise long-term social and economic benefits.

At the same time, SEPA will continue to work with Scottish Water to ensure it achieves full compliance with regulatory requirements and contributes to the achievement of Scottish Ministers' environmental objectives, including the objectives of Scotland's river basin, and flood risk, management plans.



All applicable laws continue to apply to Scottish Water and nothing in this Sustainable Growth Agreement is intended to, or will be deemed to:

- establish any partnership or joint venture between the Parties, constitute any Party as the agent of the other Party, nor authorise any of the Parties to make or enter into any commitments for or on behalf of the other Party;
- adversely affect or prejudice the ability of SEPA to act in its capacity as a regulator;
- adversely affect or prejudice the ability of Scottish Water to meet its statutory and regulatory obligations

What are Sustainable Growth Agreements?

Sustainable Growth Agreements are voluntary, non-legally binding, formal agreements through which an organisation (or organisations) and SEPA can explore new and innovative ways to improve environmental performance and focus on practical actions that deliver environmental, social and economic success.

SCOTTISH WATER'S VISION

Scottish Water's guiding vision is to be trusted to care for the water on which Scotland depends. Its overarching ambitions set out in its Shaping the Future consultation are to:

- deliver a consistently leading customer experience;
- keep customer prices low;
- increase the reliability, resilience and sustainability of its services.

Since its formation in 2002, Scottish Water has invested to transform water and waste water services and delivered significant environmental improvements, including to the quality of many of Scotland's rivers, lochs, estuaries and coastal waters.

However, it seeks to do more to protect and enhance the environment; and achieve further reduction in flood risk and pollution from sewers.

Scottish Water is committed to continued work with SEPA to target and invest in the delivery of high quality, compliant services.

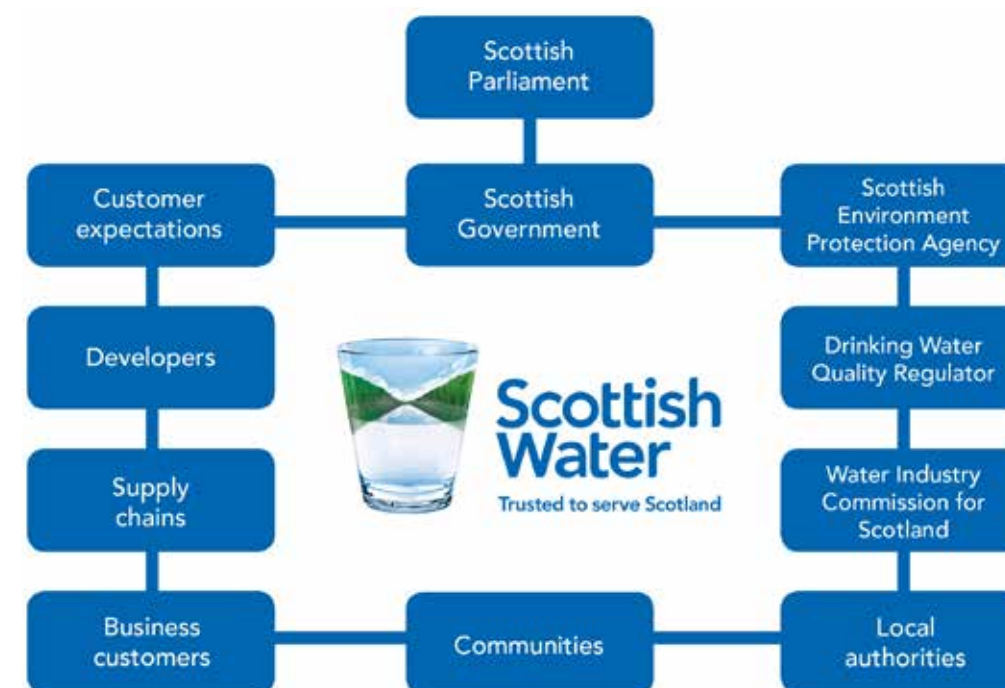
Scottish Water's Shaping the Future consultation identifies several identify several ambitious areas that Scottish Water is keen to progress and which will be assisted by this Sustainable Growth Agreement, including to:

- provide effective and sustainable collection and treatment of waste water, reduce the rainwater entering sewers and protect Scotland's water environment;
- support the growth in Scotland's economy, population and households;
- become more resource efficient, low carbon and socially sustainable.

There are a number of [challenges](#) facing the future management of water supply and waste water, including the effects of climate and demographic changes. Meeting these challenges increasingly demands joint work with SEPA and others to ensure Scottish Water can deliver sustainable services. It also involves changing how all parties think about the design of water and waste water services; how they operate; and how more resources could be recovered from wastes. The sector in Scotland has already made a number of industry-leading innovations, and there is appetite to do much more. Scottish Water considers that the Sustainable Growth Agreement will help in three areas:

1. Climate change is likely to present a significant challenge to the capacity of rainwater and waste water drainage systems. Scottish Water's storm water management strategy recognises that society cannot continue to deal with the issue by building ever larger sewers. Increasingly, different ways to drain the urban environment are needed, working with local authorities and others to safeguard the future success of towns and cities.
2. Scottish Water interacts with river catchments from the top to the bottom, abstracting water for drinking and discharging treated waste water back to the environment. Improved scientific assessment techniques have substantially enhanced understanding of how environmental quality in river catchments is affected by a range of sectors. This increased knowledge provides new opportunities to make better investment choices to best and most sustainably protect and improve the environment.
3. In 2016 – 2017 Scottish Water recycled over 13 thousand tonnes of dry solids from waste water for use as a fuel, soil conditioner or fertiliser. It is seeking to contribute more to the circular economy by finding new ways to recover more resources from the wastes it manages and generates.

Figure: Influence map



SEPA'S VISION

Everyday SEPA works to protect and enhance Scotland's environment, helping communities and businesses thrive within the resources of our planet.

SEPA's Regulatory Strategy, One Planet Prosperity, describes the 21st Century environmental challenges that Scotland and other countries across the world face, including over-use of natural resources and climate change.

According to the ecological footprint measure, Scotland needs approximately three planets to sustain its current way of living.¹ There is, however, only one planet and most nations around the world face the dilemma of significantly overusing the planet's capacity to support human activity.

All parts of our communities, businesses and the Government will have key roles to play to enable Scotland to successfully tackle this 21st Century challenge of creating social and economic success within planetary constraints.

In terms of environmental regulation, this effectively means that SEPA needs to:

1. get all those it regulates to meet their legal obligations and reach compliance;
2. also help as many regulated businesses and organisations as possible move beyond compliance.

Sustainable Growth Agreements are one way of helping achieve this, recognising that the most successful businesses in the 21st century are those that will see environmental and social success as an opportunity to create business success.

For almost two decades, SEPA has worked closely with Scottish Water to prioritise major investment in environmental performance through regulatory programmes such as the Quality and Standards process. This has seen over £1.4bn invested in improving our environment for the people of Scotland.

SEPA will continue to work with Scottish Water and the Scottish Government to prioritise future such investment but increasingly we recognise we all have a role to play in finding more sustainable means to achieve environmental improvement.

Sustainable Growth Agreement

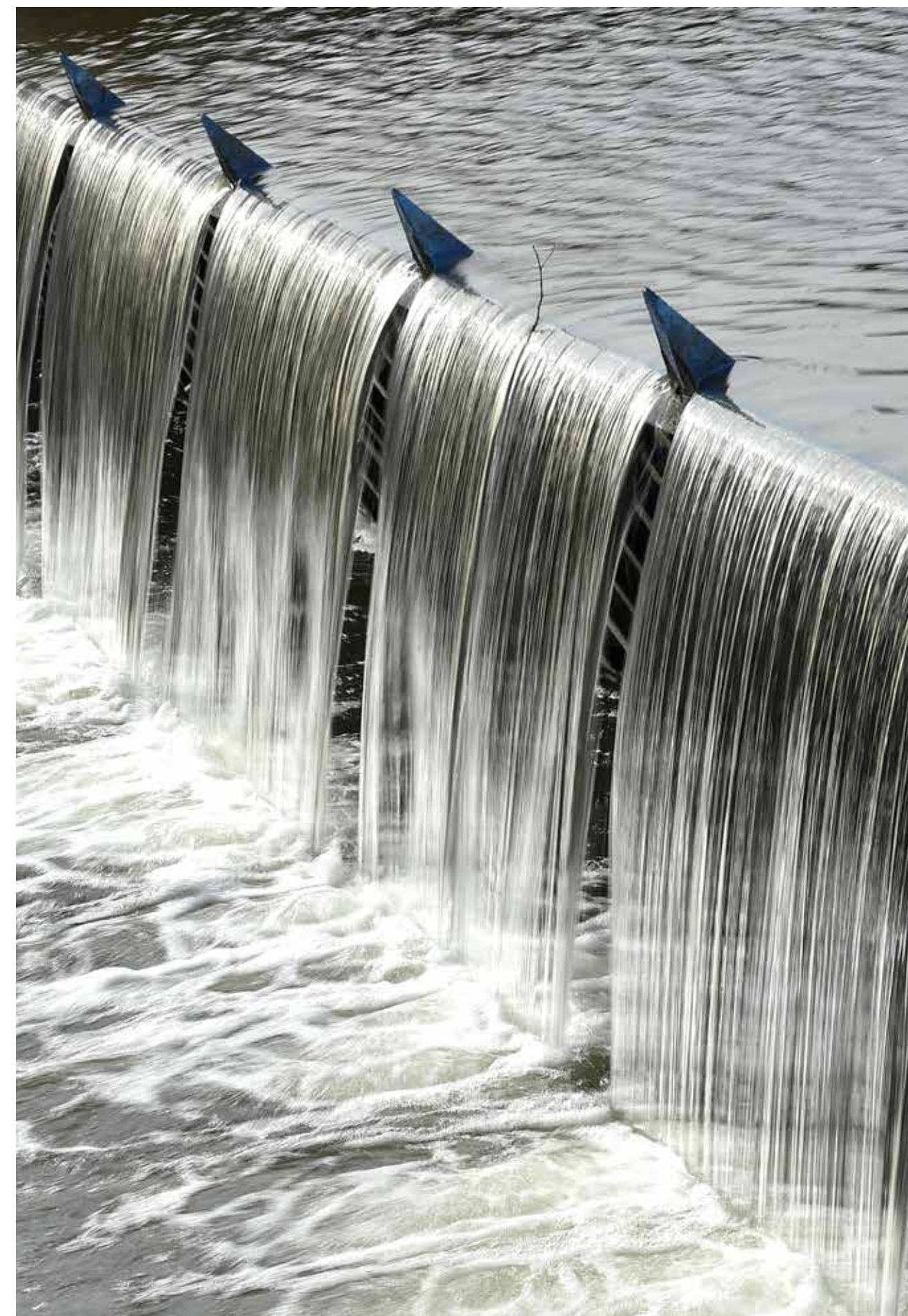
This agreement captures the joint vision and aspirations of Scottish Water and SEPA.

SEPA is delighted to enter into this Agreement with Scottish Water to explore new opportunities for enhancing the sustainability of the public water supply and waste water services. SEPA expects that work under this Agreement will lead to important environmental, social and economic gains for Scotland.

Initially, this agreement will involve delivering three, innovative projects. The aim is for these projects to identify:

- practical measures that can be implemented straight away in day-to-day decision-making;
- pilot-scale applications that can be taken forward in Scottish Water's next investment period to test and demonstrate the potential of proposed new approaches.

The key commitments by Scottish Water and SEPA under this agreement are set out in the following tables.



¹ www.footprintnetwork.org/en/index.php/GFN/

COMMITMENTS

Shared vision	Actions Scottish Water and SEPA are committed to delivering in partnership in advance of the next investment period in 2021	Long-term outcomes that Scottish Water and SEPA will aim to deliver, including through joint working with other stakeholders
Scotland is maximising opportunities for sustainably recovering resources from waste waters and cycling those resources back into productive uses.	We will: ■ Identify the practical steps needed to implement potential options for increasing the recovery of resources from waste water and cycling those resources back into the circular economy. ■ If practical and needed, invest in small-scale feasibility studies of resource recovery from waste water to provide proofs of concepts. ■ Develop proposals for a full-scale resource from waste project for delivery in the investment period 2021 to 2027, subject to fit with other investment priorities.	Recovery of energy and materials from waste streams leading to: ■ lowered carbon dioxide emissions; ■ reduced pressure on natural resource by keeping materials circulating in the economy for longer; ■ generation of economic opportunities for circular economy businesses

The quality of Scotland's river catchments is protected using the most sustainable and resilient combination of pollution prevention measures.	We will: ■ Identify and progress any investment, planning or regulatory opportunities for making more sustainable choices over how water quality in river catchments is protected, including in catchments where there are multiple different sectors and multiple waste water discharges contributing to the pressure on water quality. ■ Develop approaches that help ensure the effectiveness of pollution prevention measures is resilient in the long-term, including under a changing climate. ■ Identify practical measures for sustainable catchment management that can be supported and tested through trials at local or catchment scale.	Sustainable pollution prevention delivering: ■ better protected and resilient river catchments for the future; ■ optimised use of energy and chemicals in waste water treatment; ■ increased natural and social capital as a result of greater use of nature-based solutions; ■ overall greater cost-effectiveness
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Scotland's towns and cities have strengthened resilience to climate change as a result of maximising their use of blue-green infrastructure to soak-up and manage rainwater and keep it from overloading public sewers	We will: ■ Work with a local authority to plan how the amount of rainwater flowing to the combined sewer system² of a Scottish town or city can be significantly reduced, including developing proposals for piloting the plan from 2021. ■ Work with partners to develop a practical, decision-making framework for helping plan and deliver integrated urban drainage systems that increase resilience to climate change; and facilitate and maximise implementation of blue-green infrastructure. ■ Identify any changes to existing regulatory and investment planning frameworks that could help support the delivery of more resilient drainage systems.	Sustainably and effectively drained towns and cities where: ■ impacts from sewer and surface water flooding are being prevented and reduced; ■ river water quality is protected; ■ the costs of pumping sewage and stormwater, including energy costs, are minimised; ■ people are enjoying the biodiversity and amenity benefits of the blue-green infrastructure that is also helping soak-up and manage rainwater.
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2 The combined sewer system collects rainwater from customers' roofs, paved areas and the majority of roads on behalf of the local authorities (surface water) and collects domestic sewage and commercial and industrial discharges (waste water).

SUSTAINABLE GROWTH AGREEMENT MANAGEMENT

1. All applicable laws continue to apply to Scottish Water and nothing in this Sustainable Growth Agreement is intended to, or shall be deemed to: (a) establish any partnership or joint venture between the Parties, constitute any Party as the agent of the other Party, nor authorise any of the Parties to make or enter into any commitments for or on behalf of the other Party; and (b) adversely affect or prejudice the ability of SEPA to act in its capacity as a regulator or adversely affect or prejudice the ability of Scottish Water to meet its statutory and regulatory obligations.

2. The Parties have agreed that this Sustainable Growth Agreement will remain in place for four years from the date of signing this Sustainable Growth Agreement.

3. This Sustainable Growth Agreement is not legally binding and creates no legal rights or legal obligations between the Parties. Both Parties are accountable and responsible for honouring their commitments in this Sustainable Growth Agreement.

4. This Agreement will be made available to the public by both Parties (e.g. on SEPA and Scottish Water websites).

5. Scottish Water and SEPA agree to review and document progress on a six monthly basis and report this to the SEPA and Scottish Water Chief Executives.

6. Opportunities to promote the Sustainable Growth Agreement and its outcomes will be included in the six monthly reporting to the Chief Executives.
7. There will be a formal Annual Review and joint Annual Reporting by SEPA and Scottish Water Chief Executives to assess progress against the commitments set out in this Sustainable Growth Agreement and to assess success.

8. The Annual Review and joint Annual Report can also identify areas of focus for the following year; possible amendments or additions to the Agreement; and opportunities to promote the Agreement.

9. The joint Annual Report on this Sustainable Growth Agreement will be presented to the SEPA and Scottish Water Boards and made available to the public.

10. Both Parties reserve the right to withdraw from this Sustainable Growth Agreement if they believe it is no longer effectively promoting their aspirations (going beyond compliance).

11. If a Party is considering withdrawing they will notify the Chief Executive of the other party of their intention. Both Parties agree to work together to seek a resolution wherever possible.



Further Information

Scottish Water

www.scottishwater.co.uk

Tel: 0800 0778778

 facebook.com/scottishwater

 [@scottish_water](https://twitter.com/scottish_water)

Scottish Environment Protection Agency

www.sepa.org.uk

Tel: 03000 99 66 99

 [ScottishEnvironmentProtectionAgency](https://facebook.com/ScottishEnvironmentProtectionAgency)

 [ScottishEPA](https://twitter.com/ScottishEPA)

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If you are a user of British Sign Language (BSL) the Contact Scotland BSL service gives you access to an online interpreter enabling you to communicate with us using sign language.

<http://contactscotland-bsl.org/>

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