



**Scottish
Water**

Trusted to serve Scotland

2025/26 PROCUREMENT AND SUPPLY CHAIN ANNUAL REPORT



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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.

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 Scotland depends. We are proud to provide water and wastewater services that are essential to everyday life for households and business premises across Scotland. We make a critical contribution to Scotland's health, wellbeing and prosperity, the sustainability of our natural environment, and our country's long-term economic success.

Scottish Water spends around £1.4 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 helps achieve our strategic ambitions of Service Excellence, Beyond Net Zero Emissions and Great Value & Financial Sustainability.

[Our Long-Term Strategy – A Sustainable Future Together](#) sets out our response to the challenges of more extreme weather; population change and ageing assets. It proposes that we focus on reducing demand, driving productivity, innovating, and collaborating with organisations across Scotland and the wider supply chain ecosystem. We need our suppliers and partners to support us in the delivery of this strategy.

We are also working with our partners and the supply chain to support and drive our industry collective ambition of going Beyond Zero Harm, ensuring this is seen as everyone's first responsibility and embedding the right behaviours across our community.

We will create a safer industry to support a flourishing Scotland and together we will lead our industry to Beyond Zero Harm.

As investment programmes continue in other parts of the UK water sector with significant work in areas like power transmission and renewables, there is a growing demand for construction resources. There are also additional pressures due to the current geopolitical instability; considered as the single greatest threat to supply chains, and Scottish Water has recognised the importance of collaboration and resilience within our supply chain during this state of flux. Consequently, we are securing the necessary capacity in our supply chain to deliver our current and future needs, as we plan for our largest ever investment programme for our Strategic Review period 2027-2033 (SR27). In order to drive supply chain growth and deliver the SR27 programme, we have created an 'advanced partnering' Enterprise Model, working with 7 strategic partners. Further details of this can be found in the section of this report on Future Supply Chain Design. Meanwhile, our Delivery Vehicle 2 (DV2) partners will continue to deliver on our 2021-2027 (SR21) programme of works (see the appendix for our forward procurement plan).

Our primary partners for our SR27 digital supply chain have now been awarded and further details of this can be found in the section of this report on Future Supply Chain Design.

Scottish Water invested more than £1 billion in infrastructure projects last year in support of our 'Beyond Net Zero' carbon commitment, with concrete being a significant contributor to our capital investment carbon emissions.

The adoption of new innovative low carbon concrete products is a key step forward towards decarbonising construction practices and enhancing the sustainability and resilience of our infrastructure supply chains and we continue to work with them to identify and deliver real carbon savings and investigate further Circular Economy opportunities. As noted in the 2025 Autumn Budget, Scottish Water became the first UK organisation to sign a pledge committing itself to buying a certain amount of low carbon concrete over the next five years.

Our recent adoption of low-emission structural steel marks another significant step forward in reducing environmental impact. This initiative plays a vital role in supporting both our operational activities and capital investment portfolio as we maintain our focus on driving Ethical Supply Chain approaches. All of which assists Scottish Water and our Supply Chain in supporting A Sustainable Future Together.

With a major impact on the Scottish Economy where every £1 we invest, £3 of value is created Scottish Water has maintained a strong focus on working creatively with our supply chain partners to deliver broader social value benefits by making sure sustainability is firmly established within their programmes of work. Unlocking these benefits can help us

foster jobs and growth, boost training, and create graduate and apprenticeship opportunities, with over 2,000 training opportunities having already been created by our supply chain partners within our SR21 programme to date and supporting c14,000 jobs directly and indirectly. We have also seen wider community benefits through volunteering activity. Our good procurement practices have played a key role in helping small and medium-sized enterprises (SMEs), third-sector organisations and supported businesses compete effectively for our contracts with 90% of our spend being with organisations with a Scottish base and c80% of suppliers being SMEs.

Our procurement procedures continue to be described as world-class by the Chartered Institute of Procurement and Supply (CIPS), with whom 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.

This report sets out how Scottish Water Procurement performed in 2025/26 across Procurement & Sourcing, Risk Management and Supply Chain Development to support our commitment to increasing sustainable economic growth and housing, and to deliver significant benefits for the people and communities we serve.

Joe Rowan FCIPS

General Manager – Procurement & Supply Chain



PROCUREMENT & SUPPLY CHAIN 2025/26: 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 eight Non-executive Members.

Further information can be found in

**Scottish Water Annual Report & Accounts 2025/26:
Performance and Prospects.**

In 2021/22, we commenced our six year, SR21 investment programme, maintaining our vast and complex asset base, improving drinking water quality, protecting the environment and supporting the Scottish economy. In 2025/26, the fifth year of that investment programme, we invested £1.09 billion in our assets.

A substantial proportion of Scottish Water's resources continue to be 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 and ensuring we continue to offer great value for money to our customers.

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, customers, and those with whom we do business.

This document sets out how Scottish Water Procurement & Supply Chain (PSC) in Scottish Water continues to play a fundamental role in supporting the delivery of Scottish Water's strategic objectives and the value it delivers in supporting Scottish Water's wider ambitions of Service Excellence, Beyond Zero Harm, Beyond Net Zero Emissions and Great Value & Financial Sustainability.

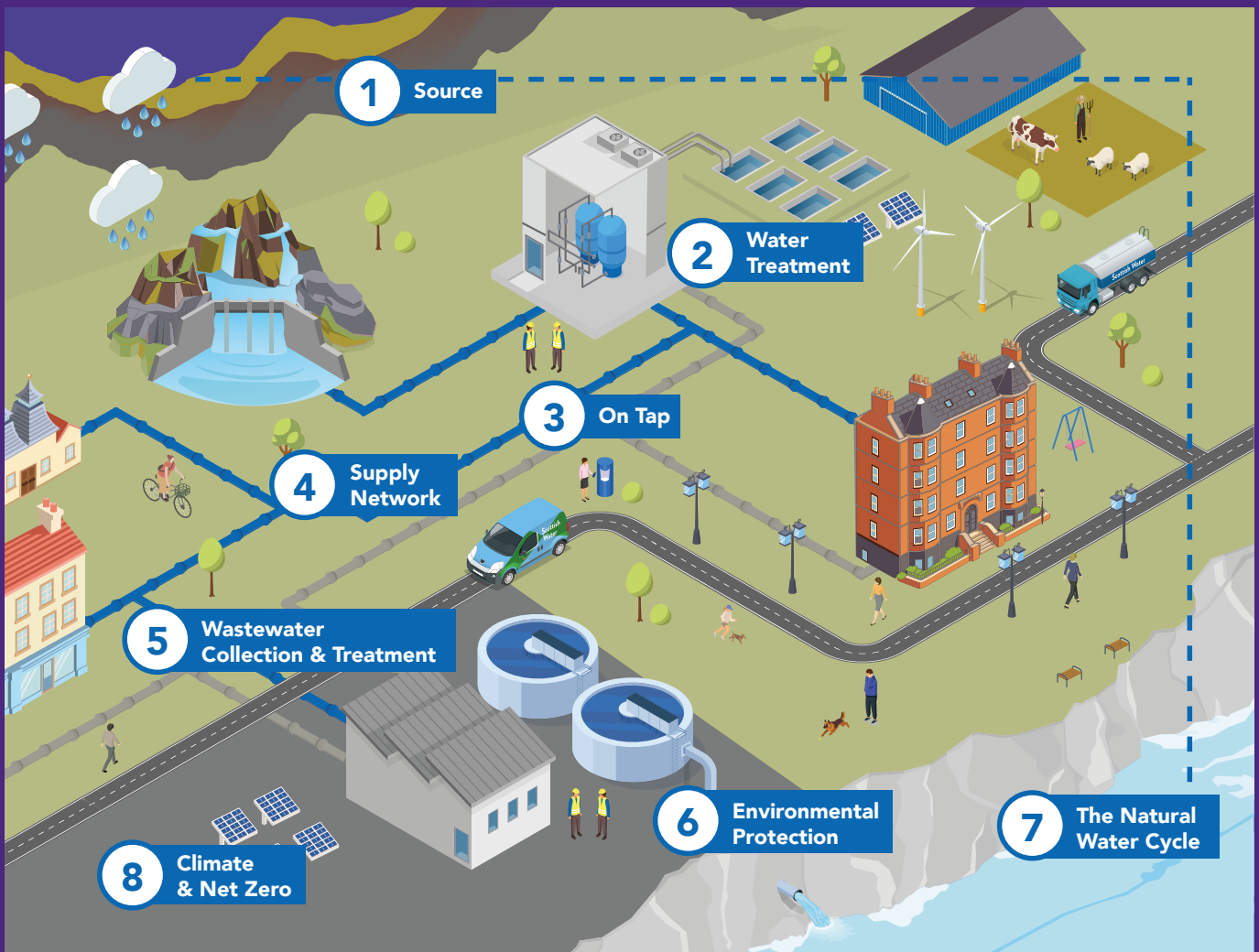
SCOTTISH WATER'S PROCUREMENT & SUPPLY CHAIN TEAM'S MISSION IS:

“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.”

Our Vital Role

Scotland's water and wastewater system is a vital national asset, supporting public health, protecting the environment and enabling communities and businesses to thrive. Every day, we collect, treat and return billions of litres of water through a complex network of reservoirs, treatment works, pipes and environmental safeguards.

As climate patterns shift and demand changes, we continue to invest in resilience, innovation and sustainable practices to ensure safe, high-quality services now and for future generations. The diagram illustrates how water moves through our system – from source to treatment, supply, collection and safe return to the environment.

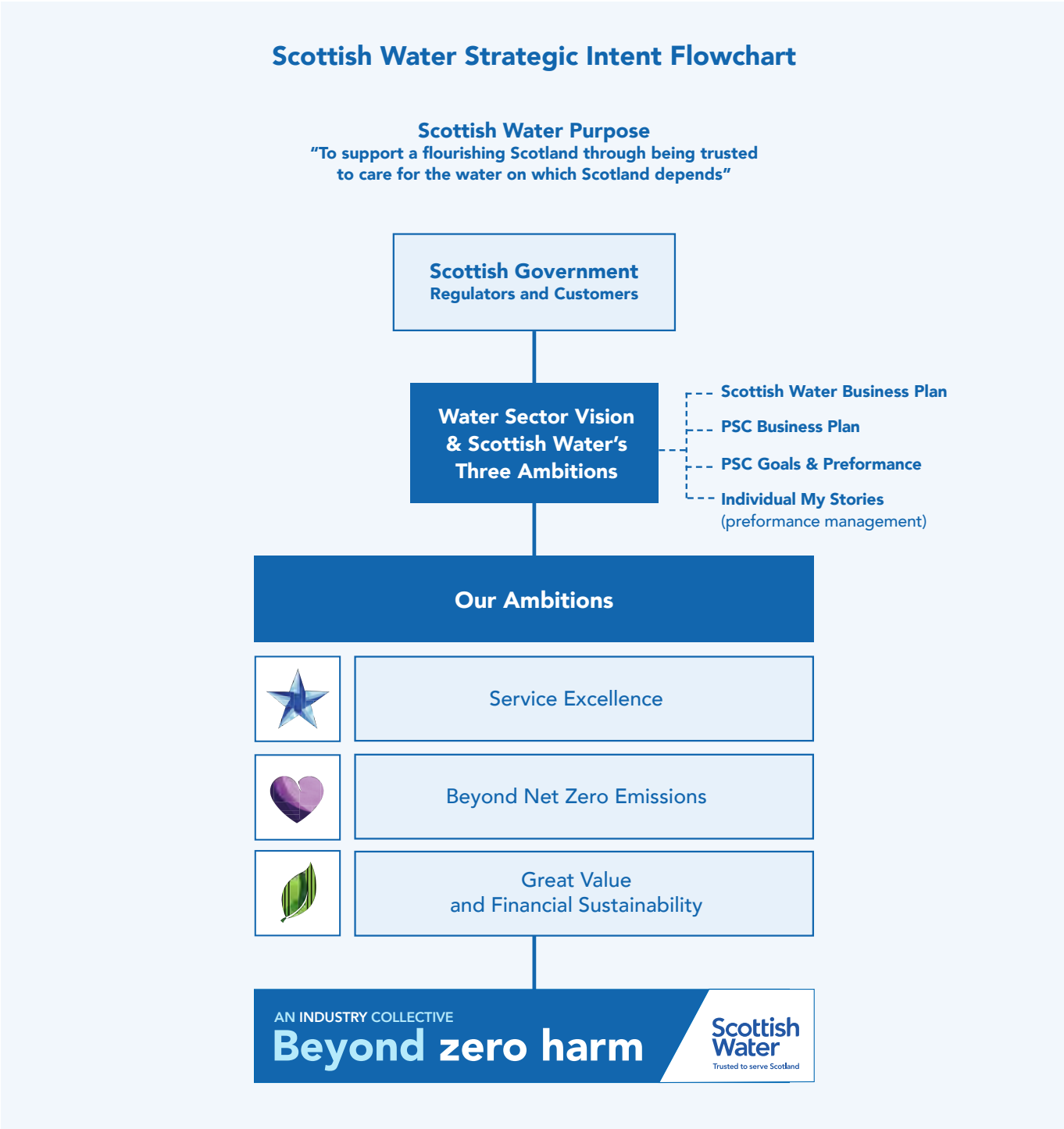


STRATEGIC INTENT

PROCUREMENT & SUPPLY CHAIN

Figure 1 below shows the PSC Strategic Intent Flowchart showing clear line of sight between the Scottish Water Purpose and strategic objectives to the PSC team members’ performance objectives. The current regulatory period is SR21 (2021-2027). This is then broken down into annual functional plans for each directorate. As shown 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 award 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 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.

Figure 2: PSC Governance

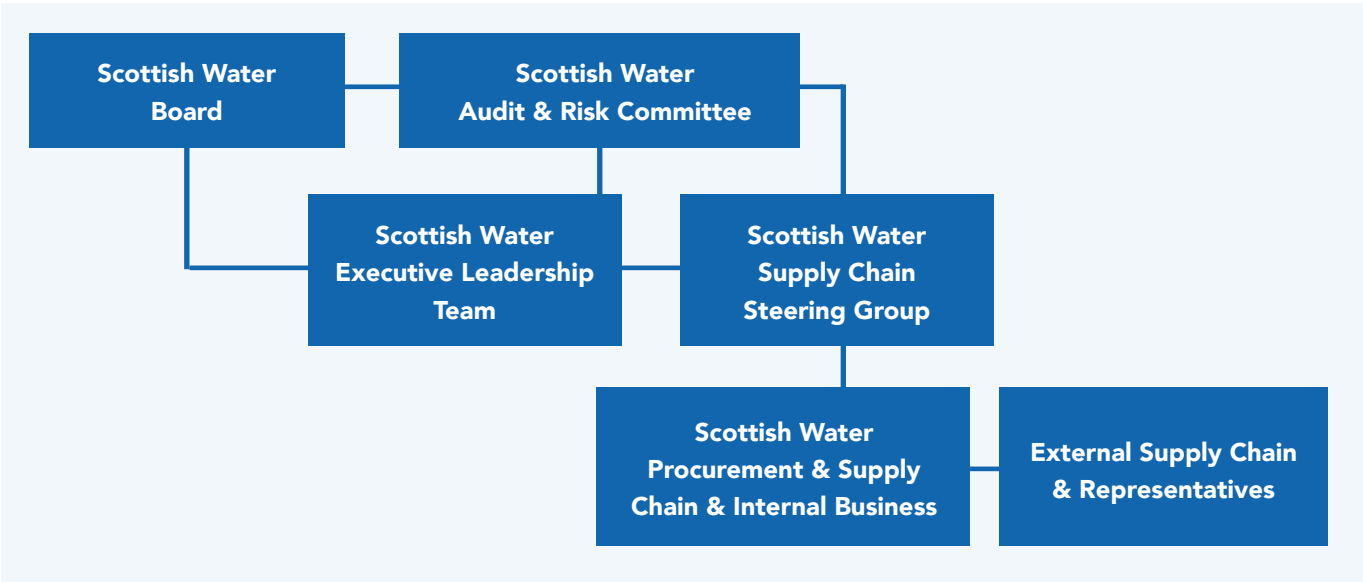


Figure 3: Scottish Water Strategic Ambitions and Objectives





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 and our supply chain partners.

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 Chartered Institute of Procurement & Supply (CIPS) Platinum accredited procurement team, Scottish Water is deemed to have world-class procurement and supply

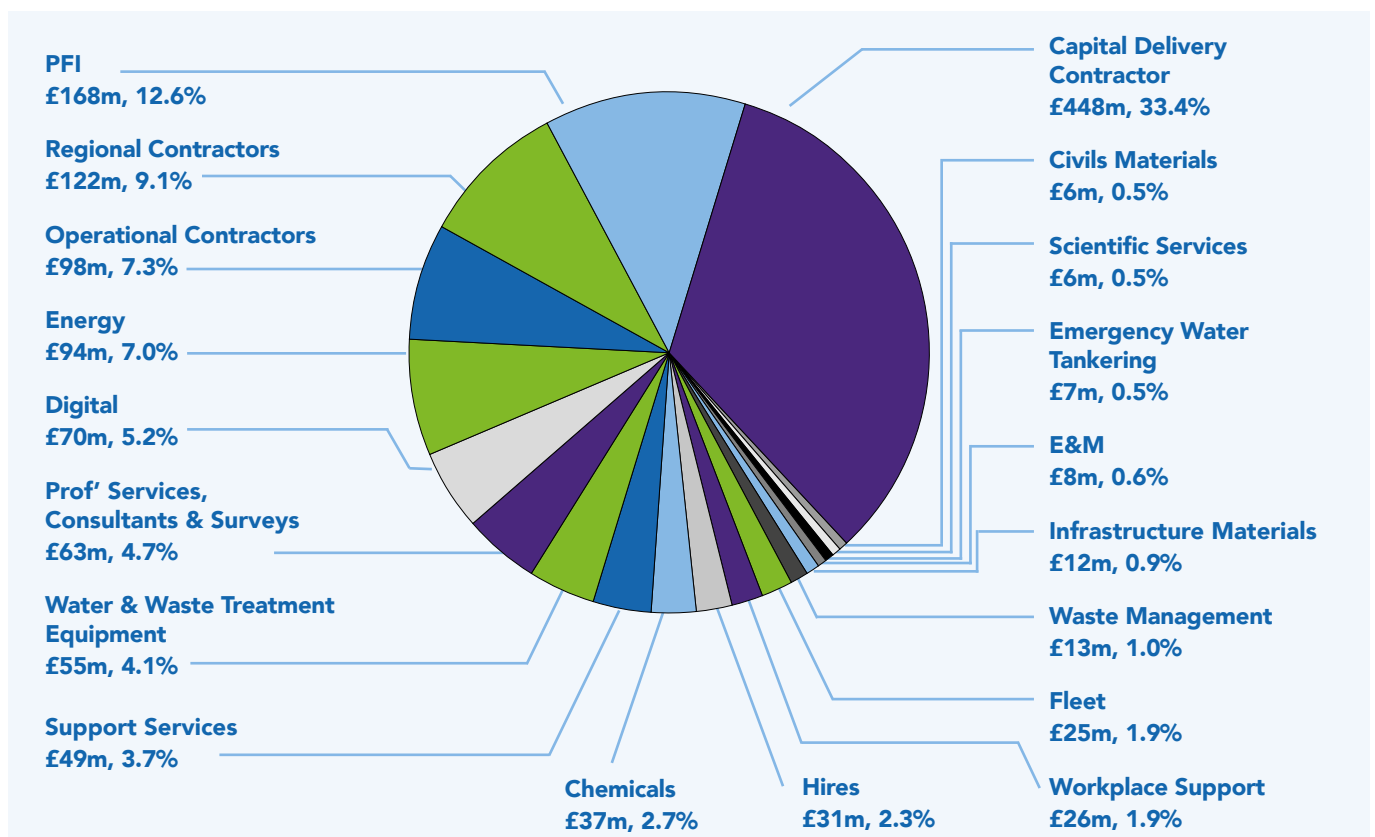
chain management policies and procedures and commits to maintain this accreditation and continually seek to improve. The following sections provide an overview of the last year's key areas for Procurement and Sourcing.

Spend Data

Scottish Water spends c£1.4 billion per year with our 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£1.4 billion that goes through frameworks. Refer to Appendix 3 for our SR21 Supply Chain Model.



Figure 4: Scottish Water spend profile



Key Procurement & Sourcing Data

Scottish Water has 184 frameworks supported by 440 suppliers; key statistics are shown below. All the awards made last year complied with Utilities Contract (Scotland) Regulations 2016.

Scottish Water has recently engaged a Supported Business¹, Scotland's Bravest Manufacturing Company, to provide the design and build of visitor signage.

There is expected to be 47 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.



Key Values



c.80%

of framework suppliers classified as small or medium-sized enterprises



90%

of supply chain spend through businesses based in Scotland



440

Partners in the supply chain

184 Frameworks



54

Individual framework agreements awarded in 2025/26

Value c.£9.5 billion



29

of these agreements awarded to SMEs

Value c.£119 million



38

of the agreements awarded to Scottish Based Companies

Value c.£8.2 million

¹A Supported Business is a social enterprise whose main aim is to integrate disabled or disadvantaged people socially and professionally. Their workforce must be at least 30% disabled or disadvantaged.

RISK MANAGEMENT

The assessment, monitoring and management of supply chain risks is essential to enabling an agile and sustainable supply chain. Scottish Water considers structural, ethical and performance risks, including value for money, at a local and global level, making these risks visible to Scottish Water. The following sections cover the key activities in risk management.

Ethical Risk

The Scottish Government has set out the principles of Fair Work First. Scottish Water is committed to these and has built them into our supplier selection and contract management processes. Scottish Water requires our supply chain to comply with the requirements of the Modern Slavery Act, the Human Trafficking and Exploitation (Scotland) Act and equivalent legislation.

Scottish Water collects the annually published modern slavery statements from suppliers with a turnover of greater than £36 million. Suppliers with a turnover of less than £36 million are requested to sign an annual declaration, developed by Scottish Water, to confirm their compliance with the legislation.

In addition, Scottish Water undertakes an annual analysis of the ethical risks within our supply chain. Higher risk categories are prioritised for supply chain mapping, and potential external audits. Random audits are 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](#) annually. This statement is approved by the Board of Directors and is available on our website. Modern slavery training is required to be completed by all employees in relevant roles.

Scottish Water is a member of Scotland Against Modern Slavery and Utilities Against Slavery, helping to raise awareness and supporting the eradication of human trafficking across Scotland through collaboration. Scottish Water is also a founding partner for Action Sustainability's Responsible Sourcing of Solar Panels Due Diligence Guidance, published in September 2023.

Horizon Scanning

Scottish Water undertakes horizons scanning as part of risk management activities. This is undertaken to identify, understand, evaluate, monitor and take action on supply chain risks. This enables us to support a flourishing Scotland, and the water sector vision, by pursuing opportunities while preempting and mitigating emerging risks and threats within the supply chain.

Structural Risk

Scottish Water undertakes an annual review of structural risks within our supply chain as part of our contingency planning activity. The review accounts for 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; alongside the velocity at which any impacts would impact Scottish Water.

ETHICAL RISKS ACTIVITY



10

ETHICAL AUDITS DURING 2025/26 -
NO MATERIAL ISSUES FOUND



11

SUPPLY CHAIN MAPPING
EXERCISES 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
STATEMENT



100%

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

Performance

Scottish Water undertakes a robust review of our Supply Chain performance throughout the year. Supply Chain Performance is assessed across its 4 Strategic Objectives, as displayed in the diagram below.

Scottish Water undertakes performance reviews across all Scottish Water strategic and high impact suppliers and any other relevant framework suppliers where potential issues may have been identified. It covers the evaluation of performance in line with Scottish Water strategic ambitions of 'Service Excellence, Beyond Net Zero and Great Value and Financial Sustainability' and Beyond Zero Harm. In the latest review, 98% of our framework suppliers were rated as performing or high performing.

Scottish Water's performance is measured through an annual supplier survey. Issued to key suppliers including contractors, consultants and framework suppliers which covers a large proportion of Supply Chain spend. This year's survey included responses from 118 suppliers covering c.£860 million spend from c.£1.4 billion total.

Scottish Water have been named the UK's top-performing water and wastewater company in the 2025 annual performance survey by British Water.

The survey gathers feedback from contractors, consultants and suppliers across the sector and evaluates companies against 12 key performance areas. These results are then compared against all 12 water companies in the UK. Our rise to the top reflects our strong commitment to sustainability, communication, innovation, and supply chain engagement.

Leading the way on innovation

For the fifth consecutive year, 'innovation' remained the lowest scoring category across the industry. However, we bucked the trend, achieving an average score of 7.5 well above the industry average of 6.3.

This reflects our ongoing investment in intelligent networks, digital tools, and new ways of working to meet the challenges of climate change, population growth and affordability.

Supporting the supply chain

We also scored highest for 'impact on the supply chain', with an average of 7.8 compared to the industry average of 6.8.

This category measures engagement with suppliers, willingness to absorb inflationary costs, and support for businesses and people across the sector.

CLIENT EVALUATION OF SUPPLIER PERFORMANCE



Strong performance across the board

The survey also highlighted our success in following external government and regulatory policy - with high scores in areas such as health and safety, quality assurance and environmental standards.



No 1

FOR WATER AND WASTEWATER
IN SUPPLY CHAIN IMPACTS
SURVEY BY BRITISH WATER

Table 1: Scottish Water Supplier Survey & British Water Survey Results

Category	British Water Score out of 10 FY2025/26 (rank)		Scottish Water Score out of 10 FY2025/26	Scottish Water Score out of 10 FY2024/25
Contractual Approach	8.2	(1)	8.5	8.5
Attitude	8.0	(1)	8.7	8.8
Professional Qualities	8.2	(1)	8.6	8.4
Impact on Supply Chain	7.8	(1)	8.2	8.2
Innovation	7.5	(1)	7.8	7.9
Procurement	7.8	(1)	8.2	8.3
Following Policy	8.8	(1)	9.2	9.0
Communication	8.5	(1)	8.3	8.5
Partners/Main Contractors	8.3	(=1)	8.3	8.1
AMP Transition	7.6	(1)	8.3	8.4
Working Digitally	7.7	(1)	7.9	8.0
Sustainability	8.5	(1)	8.8	-
Overall Score (Out of 10)	8.1	(1)	8.4	8.4



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 our suppliers are paid in a timely manner for our customers.

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 our supply chain to identify the value of aged debt and assist with resolution of the issue where required.

PAYMENT



96%

INVOICES PAID
WITHIN 30 DAYS

PRICE VALIDATION



26

FRAMEWORKS ACROSS
81 SUPPLIERS WITH AN ANNUAL
SPEND OF c£90M AT 1.43%
BELOW MARKET PRICE

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 customers.

As part of demonstrating value for money, Scottish Water also undertake annual price validation on a weighted basket of frameworks. Scottish Water framework pricing is compared to equivalent market annual value prices to ensure that the frameworks are still delivering value. This consistently shows that our framework prices are at or below market rates.

EFFICIENCY



£35m

NET BENEFITS REALISED
THROUGH SUPPLY CHAIN
MANAGEMENT IN 2025/26



SUPPLY CHAIN DEVELOPMENT

Ensuring the supply chain remains fit for purpose through long-term strategic alignment between Scottish Water and our 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 our 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 our 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. The PSC Team continues to build on the success of the innovation environment implemented in 2023/24, implementing iterative improvement to our two core processes while engaging the Supply Chain to adopt and promote impactful ideas.



E-PORTAL



6.4k
E-PORTAL VISITORS



348k
E-PORTAL SITE VISITS

E-CATALOGUES



c.23k
CATALOGUE LINES
FROM 485 CATALOGUES



c.400
CATALOGUES

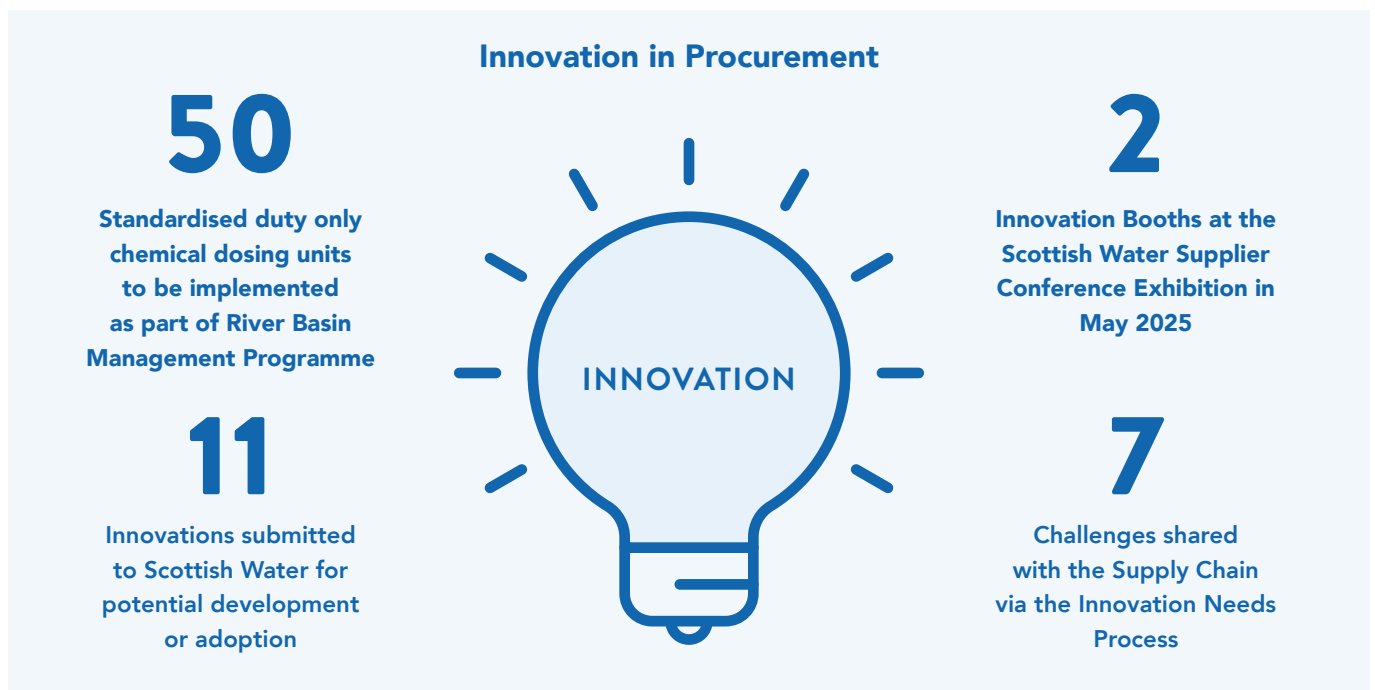
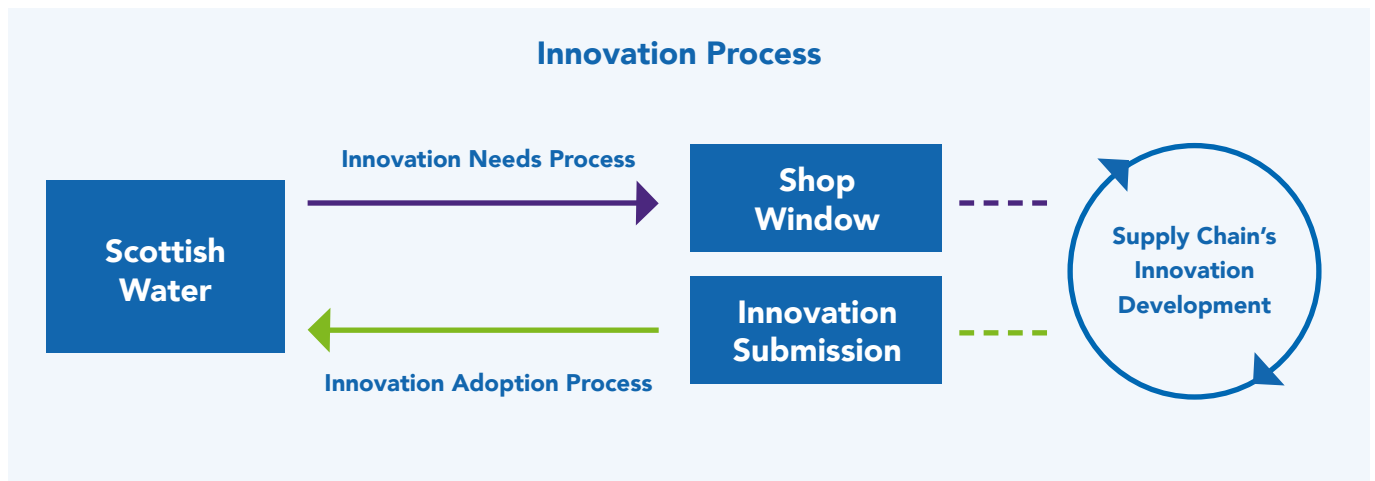
The Innovation Needs Process – which shares Scottish Water’s needs and challenges directly with the Supply Chain via the E-Portal – continues to gain traction and is currently being supplemented with support from the Hydro Nation Chair and SPRING to share these needs more widely and promote innovative thinking throughout the UK water industry.

The Innovation Adoption Process – which provides the Supply Chain with a pathway to have their innovations reviewed by Scottish Water – has been well received and utilised by the Supply Chain who have supplied a steady stream of innovations with the potential to support the delivery of Scottish Water’s three key ambitions.

Several innovations have advanced through the innovation adoption process, including nylon air valves for water and wastewater use and remote controlled actuators that eliminate the requirement for specialist diving teams.

Together, these innovations are improving operational safety, reducing risk, and enhancing the efficiency of interventions on live assets.

Progress has also been made in the development and deployment of standard products, with increased use of standardised, off-site manufactured product assemblies such as chemical dosing units and clean water boosters. This approach is reducing carbon impacts across construction activities by improving build efficiency and minimising both on site works and associated logistical requirements.



Future Supply Chain Design

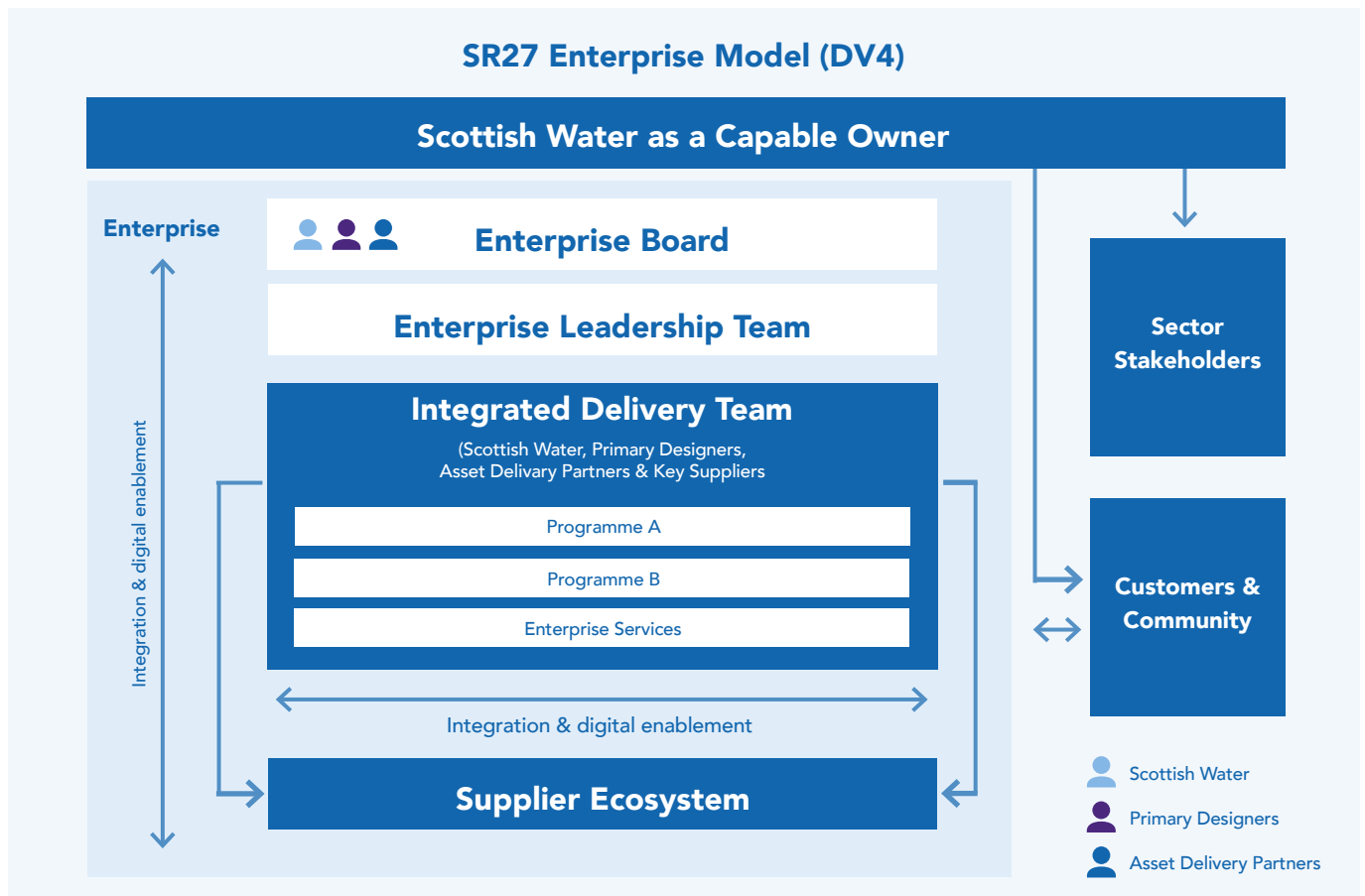
Scottish Water's current investment Delivery Vehicle (DV), DV1, will end in 2027, after being in place for 12 years. We have procured a replacement for this Delivery Vehicle which will take the form of a bold new "advanced partnering" Enterprise Model (DV4). We have appointed two Primary Designers and five Asset Delivery Partners to work with us in the Enterprise.

The approach is a departure from transactional contracting and a natural evolution in Scottish Water's supply chain approach. It brings together owners, partners, advisors and suppliers, working in more integrated and collaborative arrangements underpinned by long term relationships, incentivised by better outcomes. This model should give us greater efficiencies and help to drive standardisation and sustainability in our supply chain, enabling us to deliver excellent customer service. The move towards more outcome-based partnering will be a driver in unlocking our enablers and it will also contribute positively to effectively deliver our forward plans and support a flourishing Scotland.

The implementation of the Enterprise will begin from April 2026 and will support the delivery of our asset investment outcomes for SR27 which is the period April 2027 to March 2033 and, subject to performance may be extended into SR33 which is April 2033 to March 2039. Investment is expected to be in the region of c.£9 billion over the 13-year agreement.

Additionally, we have recently concluded a procurement exercise to appoint the primary partners for our SR27 digital supply chain. These partners will provide a managed service for networks, cyber-security and applications management and will support an updated digital delivery model focusing on delivering better business outcomes through a more agile and adaptive approach to system development. We are continuing to procure a framework to support Digital Transformation, providing expertise to deliver digital investment outcomes, large and small. Lastly, we are continuing to procure a new framework to support Operational Technology (OT), recognising the trend towards integration of IT and OT technologies and to support Scottish Water's strategy for smart networks and automation.

Figure 5: The Enterprise model interfaces, including details of the functions within the Enterprise.



GRADUATES & MODERN APPRENTICES



610

GRADUATES COMMITTED
BY SUPPLIERS FOR SR21



740

MODERN APPRENTICES
COMMITTED BY
SUPPLIERS FOR SR21



670

GRADUATES RECRUITED
SO FAR BY SUPPLIERS



1,350

MODERN APPRENTICES
RECRUITED BY SUPPLIERS



c.14,000

NUMBER JOBS SUPPORTED
DIRECTLY AND INDIRECTLY

Social Value

Scottish Water is one of the largest infrastructure investors in Scotland and our focus on creating good local jobs and supporting local businesses means we have a major impact on the Scottish Economy. For every £1 we invest, £3 of value is created.

Tenderers are required to detail their commitment to the delivery of community benefits. This could include the appointment of Modern Apprentices/Graduates, 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 1,100 in total and to date our supply chain has confirmed that the combined total of graduates and modern apprentices recruited is now at 2020.

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

In support of our strategic ambition for Service Excellence, the DV4 Enterprise procurement and the DV2 extension placed a strong emphasis on delivering added value through meaningful community benefit. Given the scale and significance of these, DV partners were required to commit to enhanced social value initiatives. Embedding social value within our procurement approach reinforces our commitment to responsible procurement and aligns with the Procurement Reform (Scotland) Act 2014, which requires public bodies to consider how procurement can contribute to improved economic, social, and environmental wellbeing.

We aimed to further social value initiatives in the following areas;

- **Economic** – the employment of graduates and apprentices, using social enterprises/supported businesses, supporting charity
- **Local community** – conducting community engagement projects like site visits or community events
- **Volunteering** – providing professional expertise and support to local initiatives, charities or social enterprises in areas such as education, environment, conservation etc.

The focus on social value in procurement reflects our commitment to strengthening social value delivery in the supply chain and further enhancing outcomes as we move into SR27 and beyond to support a flourishing Scotland.

Beyond Zero Harm: An Industry Collective

Beyond Zero Harm is our collective ambition to ensure that no one is harmed and that everyone who works for, or on behalf of, Scottish Water goes home safe, healthy and well. This is a long-term shift in how we think, lead and act, putting safety, health and wellbeing at the centre of how work is planned and delivered. As an Industry Collective, Beyond Zero Harm recognises that real and lasting improvement can only be achieved when Scottish Water, our delivery partners and the wider supply chain take shared ownership and responsibility.

Over the last year, we have continued to build Beyond Zero Harm as a collective industry approach. We have strengthened governance and engagement, increased focus on leadership behaviours, wellbeing, and learning, and created clearer, more consistent expectations across the industry.

We have shared learning from incidents and root causes more openly, and forums and steering groups have been used to agree on priorities and focus areas. We've introduced the Beyond Zero Harm Induction to set clear expectations from the start and reinforce shared standards and behaviours.

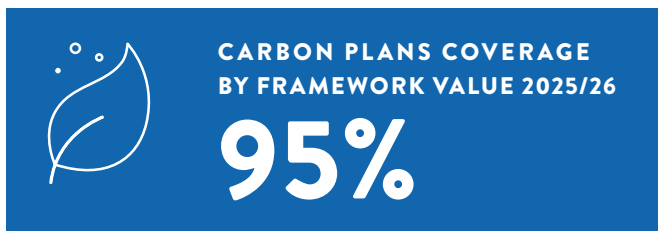
Continued progress depends on visible leadership and active participation from our supply chain partners. We need partners to fully embed Beyond Zero Harm principles within their own organisations, create environments where people feel confident to speak up, and apply consistent standards across their supply chains. With strong leadership and engagement, we will continue working together as an Industry Collective to reduce harm and ensure safety, health, and wellbeing are central to how work is delivered.



Net Zero Emissions

Scottish Water will play a central role in delivering the Scottish Government's climate change commitments through our ambition to achieve net zero emissions by 2040, and to go beyond this position thereafter. Achieving this ambition represents a significant challenge and will require sustained collaboration across the organisation and with our supply chain partners. Scottish Water's Net Zero Routemap continues to provide a clear framework for action, setting out how we will deliver transformational change and target investment to drive long term decarbonisation.

Procurement and Supply Chain plays a critical role in enabling this transition. Carbon management is embedded within our procurement processes, with all tenderers required to measure their emissions and hold an active carbon plan. This approach provides a strong foundation to work alongside suppliers to both identify and accelerate carbon reduction opportunities across our operations and capital delivery programmes.



Driving Decarbonisation Through Procurement and Innovation

Over the past year, Procurement and Supply Chain has advanced a number of targeted initiatives focused on some of the most carbon intensive materials and activities within our asset base, including steel, concrete, fuels, chemicals and construction plant.

Steel

Low emission steel has been a key focus area. Through the appointment of supply chain partners to our new Structural Steel and Fabrication Services framework, Scottish Water can now access steel manufactured using Electric Arc Furnace (EAF) technology.

Steel is fundamental to our operational and capital programmes, yet conventional production methods carry a high embodied carbon impact. By enabling the use of EAF manufactured steel, we are significantly reducing embodied carbon, strengthening the resilience of our low carbon supply chain, and sending a clear signal to the market that demand for greener materials is accelerating.

Concrete

Scottish Water has also taken a leading role in the decarbonisation of concrete. Building on the work of Scotland's Low Carbon Concrete Collective, we became the first organisation in the UK to sign an Advanced Market Commitment (AMC) for low carbon concrete. Through this commitment, Scottish Water has pledged to procure approximately 20,000m³ of low carbon concrete over five years, representing around 30% of our annual concrete usage. Funded by the Department for Energy Security and Net Zero and referenced in the Autumn Budget as a flagship decarbonisation initiative, the AMC provides long term demand certainty to manufacturers and accelerates the development and scaling of next generation low carbon concrete solutions. This will enable earlier carbon savings, stimulate greater market competition, and reinforce the UK's leadership in sustainable construction.



Battery Powered Generator

Recognising the emissions associated with temporary power generation, Scottish Water has commenced a live pilot of a mobile, battery powered generator, charged via the electricity grid, with future potential for solar integration. The unit provides a low carbon alternative to traditional diesel or HVO fuelled generators currently used across our sites. Initial analysis indicates the potential for at least a 13% reduction in CO₂e emissions over a ten year period, alongside cost savings of up to 80%. If proven at scale, this approach will reduce reliance on liquid fuel logistics and materially lower fuel related risks.



Concrete and Chemical Data Solution

To support more robust decision making and reporting, work is also underway to implement a new chemical and concrete data solution. This consolidated platform draws monthly supplier reporting into Power BI dashboards, initially focusing on high spend, high carbon materials. Improved visibility of volumes purchased will enable more accurate carbon quantification, better investment and procurement decisions, and stronger, evidence based reporting to stakeholders on our progress towards Net Zero and delivery of AMC commitments.



Hydrotreated Vegetable Oil

In parallel, Scottish Water continues to work with supply chain partners to expand Hydrotreated Vegetable Oil (HVO) infrastructure across Scotland. HVO can deliver up to a 90% carbon saving compared to diesel; however, limited availability has historically constrained uptake. Through our engagement with the market, new forecourt supply points have now been secured, including Certas, Energy (Gulf) in Forfar, with further sites expected such as Highland Fuels' forecourt at Inverness Port. This expanded network will support immediate emissions reductions across Scottish Water and supplier fleets while longer term fleet transition plans continue to develop.



Looking Ahead

As our Net Zero programme progresses, Procurement and Supply Chain will increasingly focus on strengthening the data, policies and market signals required to embed low carbon choices as the default.

A priority area is the introduction of Environmental Product Declarations (EPDs) through a new, standardised approach to collecting and managing product level carbon data, developed in collaboration with the supply chain and the Net Zero team. Improving the consistency and quality of carbon data will enable more informed material selection, enhanced comparison of alternatives, and stronger carbon based decision making across projects.

In addition, a battery powered plant and equipment feasibility study will assess the operational, technological

and commercial readiness of low emission plant, ranging from handheld tools through to larger excavators. Given the significance of plant emissions within the capital programme, this study will provide the evidence base required to define a clear policy on where and when battery solutions should be adopted, ensuring value for money while supporting the transition towards low carbon construction standards.

Together, these initiatives demonstrate how Procurement and Supply Chain is using its influence to accelerate decarbonisation, drive innovation, and support Scottish Water's ambition to achieve net zero emissions by 2040.



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 2025/26 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 2025/26

Frameworks/Contracts Awarded			
No.	37.5	Contract Title	No of Suppliers Awarded
1	SW24/CON/1462	Flow Gauging and Rainfall Monitoring Services	1
2	SW24/CON/1489	Regulatory Assurance	1
3	SW23/LAB/1429	The Supply of a Gas Chromatograph Mass Spectrometer System(s) for Volatile Analysis	1
4	SW23/WP/1459	General Office Supplies	1
5	SW25/OC/1505	Water Tank Cleaning (Legionella)	1
6	SW24/DIG/1479	Waste Management Biosolids System	1
7	SW23/ACP/1439	Physical Data Capture and Management	7
8	SW25/INF/1514	The Provision of Service Fittings, Collars and UP Valves - P&S	2
9	SW23/LAB/1436	The Provision of Service Fittings, Collars and UP Valves	6
10	SW25/DIG/1533	Xylem Digital Transformation Price and Supply	1
11	SW25/CM/1472	The Supply of Recycled Aggregates - Lot 1 North	4
12	SW25/LVC/1536	Cannie Assisted Services (ALM)	1
13	SW24/CON/1470	Lean & Business Agility Specialist Support	4
14	SW24/PS&S/1488	Occupational Health - Lot 3 Physiotherapy Services	3
15	SW25/SM/1530	Visitor Signage	1
16	SW25/DIG/1510	Common Data Environment (CDE) Platform	1
17	SW24/DIG/1474	Print Services	1
18	SW25/WM/1529	CEL Land Restoration Price and Supply Agreement	1
19	SW25/CHE/1517	The Supply and Delivery of Powder Activated Carbon	1
20	SW24/CM/1495	Supply of Steel	1
21	SW25/CDC/1538	Fabrication Services	1
22	SW25/CDC/1521	Supply, Installation and Maintenance of Fixed Standby Generators	2
23	SW25/PS&S/1503	The Provision of Recruitment Agency Services	1
24	SW25/INF/1494	Non-Household Smart Metering	1
25	SW24/LVC/1493	Domestic Smart Monitoring Trial	1
26	SW24/CDC/1480	DV4 - Enterprise	7
27	SW24/CDC/1465	Ceramic Membrane Programme	1

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	Trickling Filters	Apr-26
2	Wash Down Booster Sets	Apr-26
3	Modular Pumping Stations	Apr-26
4	PE Pipe and Fittings	Apr-26
5	Hydro Operations & Maintenance	Apr-26
6	The Supply & Delivery of E&M Consumables	May-26
7	Valves & Penstocks	May-26
8	Provision of Legal Services	May-26
9	Planned Grounds Maintenance	Jun-26
10	Grit Removal	Jun-26
11	Supply of Remote Telemetry Units (RTUs)	Jun-26
12	Hiring of Formwork and Falsework	Jun-26
13	Supply and Services of Filtration Media	Jun-26
14	The Supply of Pumps	Jun-26
15	Telemetry Engineering Support Services	Jun-26
16	Supply of HVO	Jun-26
17	Treated Water Storage	Jun-26
18	Bio Resource (Sludge) Treatment Framework	Jul-26
19	Wastewater Packaged Plant	Jul-26
20	Reinstatements	Jul-26
21	Supply of Bridge Scrapers	Aug-26
22	Instrumentation	Aug-26
23	Supply & Installation of Blowers and Compressors	Aug-26
24	Supply of Lifting Chains	Aug-26
25	Motor Control Centre & Systems Integration	Aug-26
26	Chemical Dosing Equipment	Aug-26
27	Hire of Pumps and Generators	Aug-26
28	Regional Contractor Services	Aug-26
29	Portable and Fixed Gas Detection	Oct-26
30	Ground Investigations	Oct-26
31	Hire of Cars and Commercial Vehicles	Oct-26
32	SW Horizons Third Party Wastewater Transport	Nov-26
33	Hire of Modular & Portable Accommodation	Nov-26
34	Hire of Operated Plant	Nov-26
35	Leakage Detection and Management Services	Dec-26
36	Provision of Company Cars and Light Commercial Vehicles	Dec-26
37	Temporary Chemical Dosing	Jan-27

No.	Contract Title	Target Start Date
38	Road Coring Services	Jan-27
39	Chemicals	Jan-27
40	Supply of Precast Concrete	Feb-27
41	Provision of Flood Mitigation	Mar-27
42	Commercial Services	Mar-27
43	Electricity Metering Services	May-27
44	AV and Digital Production	Jul-27
45	Building Surveys	Aug-27
46	Reservoir Supervision & Support Services	Sep-27
47	Supply of Combined Sewer Overflow (CSO) Screens	Aug-28

APPENDIX 3 - SR21 SUPPLY CHAIN

SR21 Investment Supply Chain

