Artificial Intelligence Policy

POLICY INFORMATION

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APPROVAL AND OWNERSHIP

Department / Functional Ownership	Digital Directorate
Name of Owner	Corporate Data & Compliance
Approved By	Information and Data Approval Board (iDAB)

REVIEW HISTORY

Date of Last Review	March 2025
Date of Next Review	March 2027
Frequency of Review	Biennially or upon significant change

Contents

REASON FOR POLICY

Artificial Intelligence (AI) is a rapidly evolving technology that has the potential to transform and enhance productivity for Scottish Water whilst improving decision-making and fostering innovation that enhances our services. However, the development and deployment of AI comes with a responsibility to ensure ethical, legal, fair, and responsible application.

This policy outlines the guidelines for the responsible development, deployment, and use of AI within Scottish Water.

The primary objectives of this policy are:

- To ensure that AI technologies are developed and used ethically and responsibly.
- To protect the rights and privacy of individuals affected by AI systems.
- To promote transparency and accountability in AI development and deployment.
- To foster innovation and collaboration in AI research and applications.
- To mitigate potential risks and biases associated with AI technologies.

It should be read alongside our Data Protection Policy and the AI Ethics Standard.

SCOPE

This policy applies to all data and information used in the training and execution of AI systems by or on behalf of Scottish Water, including the automated outcomes.

It is applicable to all Scottish Water employees, contractors, service providers and any third parties processing on behalf of Scottish Water. It applies to all data and information processed in AI models including data used in the training of models.

It applies to all systems developed by or on behalf of Scottish Water and any AI capability systems provided by third parties where relevant. Scottish Water will expect to have confidence and control over any of its data used in third party AI solutions.

DEFINITION OF THE POLICY

This policy defines Scottish Water's requirements relating to the application of Artificial Intelligence technologies.

POLICY DETAILS

1. AI Guardrails

Scottish Water will implement an AI Guardrails process architecture as an extension to the existing Data Privacy & Protection Framework. AI Guardrails is also overseen by Corporate Data and Compliance. AI Guardrails helps ensure that any changes to processes or technology that utilise Artificial Intelligence are risk assessed and comply with this policy.

An AI Self-Assessment is a mandatory requirement of AI Guardrails that must be carried out as early as possible for any change that may include AI.

A Processing & Privacy Impact Assessment is a compulsory requirement of the process architecture. The need for further documentation will be determined by Corporate Data and Compliance.

An Explainability statement will be produced and made available on request for our AI systems to enable our people, partners and customers to understand in simple terms what our AI models are doing and how they are doing it.

Details of AI processing, including those that do not progress beyond self-assessment, will be recorded in a Scottish Water Artificial Intelligence Inventory. Details of AI processing in development and once delivered will be sent to the Scottish AI Register.

2. Individual Responsibility

Scottish Water people (all individuals covered by this policy) must abide by the training and guidance provided when using AI systems. This will include training and guidance on personal AI enabled assistants (e.g. Microsoft Copilot).

3. Development and Monitoring

To support the responsible development and use of AI Scottish Water will:

- Risk assess all AI systems to ensure they comply with relevant regulations and legislation.
- Ensure that all AI systems comply with the 8 principles outlined in the AI Ethics Standard[1].
- Ensure that data used for training AI systems is accurate, relevant, and representative.
- Regularly monitor and update data sets to maintain their quality.
- Implement methods to detect and mitigate biases in AI algorithms.
- Conduct regular assessments to identify and address potential sources of bias.
- Design AI systems to be robust and resilient to adversarial attacks and errors.
- Conduct thorough testing and validation to ensure reliability.
- Incorporate mechanisms for human oversight and intervention in AI systems.
- Ensure that humans can override AI decisions when necessary.

4. Engagement

To support our people and customers in the responsible development and use of AI, an AI People Engagement Plan will be developed, delivered and will continually adapt, to:

- Engage our people and customers and listen to their feedback.
- Ensure an understanding of the readiness for change.
- Provide training programs to educate our people about AI technologies, ethical principles, and responsible practice.
- Promote collaboration and knowledge sharing with our people, partners and stakeholders.
- Strive to provide reassurance, transparency and explainability of our AI systems.

5. Data Incidents

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[1] Our AI systems will be Human Centric, Fair, Transparent, Secure, Resilient, upholding Privacy, used for Social Good, with clear Accountability

Scottish Water will have processes in place to deal with any suspected AI issues or failures and to ensure that, in cases involving personal data, relevant Data Protection Legislation is complied with.

All data incidents must be reported as soon as they are identified to Corporate Data and Compliance.

6. Governance

The Scottish Water information and Data Approval Board (iDAB) will provide Governance oversight to the development and deployment of AI systems in relation to ethics, law and technologies.

Mechanisms to monitor and support compliance with this policy will be introduced by Corporate Data and Compliance.

EXCEPTIONS

There are no exceptions to the contents of this policy.

VIOLATIONS

Failure to comply with this Policy may initiate the formal SW Disciplinary Policy and Procedures where potential sanctions may be up to and including dismissal. Appropriate measures may be put in place as deemed necessary such as restriction or withdrawal of access to SW information technology and communication facilities whilst the matter is fully investigated. Contractors, consultants or agency staff in breach of this policy may have their contract(s) terminated.

TERMS AND DEFINITIONS

AI Self-Assessment

An assessment, to be carried out as early as possible stage, of any potential AI processing against the AI Ethical principles as outlined in the AI Ethics Standard. It provides an indicative assessment on the viability of proposed AI processing.

Artificial Intelligence

Artificial Intelligence encompasses a broad range of techniques focused on creating intelligent systems.

A computer system that is capable of performing tasks that previously required human intelligence, such as recognising speech, making decisions or solving problems.

Business Sensitive Data

Strategic, or operational information, of very high sensitivity where unauthorised disclosure or loss may have significant legal, regulatory, commercial, reputational or security repercussions.

Data Incident

An act or omission, either deliberate or in error, which compromises the security, confidentiality, integrity, or availability of personal or business sensitive data. Includes where something happens that should not take place, such as retaining information when not

expected or authorised to do so.

A data incident becomes a data breach when it is confirmed that personal or business data is lost, destroyed, corrupted or disclosed; if someone accesses the data or passes it on without proper authorisation, or if the data is made unavailable (for example, when it has been encrypted by ransomware, or accidentally lost or destroyed).

Data Protection Legislation

The Data Protection Act 2018 which embodies the requirements of the UK General Data Protection Regulations. Also, any other relevant UK legislation, e.g. Privacy and Electronic Communications Regulations

Generative AI

Where a computer system leverages machine learning to generate original and realistic content.

Machine Learning

Where a computer system can learn and adapt without following explicit instructions, by using algorithms and statistical models to analyse and draw inferences from patterns in data.

Personal Data

Data, or information, which relates to a living person from which they can be identified.

Processing & Privacy Impact Assessment

A guided risk assessment to identify and reduce any risks associated with a data processing activity. It is completed during the design of a process or system and must be approved before any deployment.

Scottish AI Register

The Scottish AI Register provides information on the Artificial Intelligence (AI) systems in use or in development within the Scottish public sector.

More details can be found at scottishairegister.com and on AI in Scotland at the Scottish AI Alliance www.scottishai.com.

RELATED DOCUMENTS

a. Information Security Policy

b. Data Protection Policy

c. Artificial Intelligence Ethics Standard

d. Acceptable Use Policy