

## Gate two query process

Strategic solution(s)	Grand Union Canal
Query number	GUC003
Date sent to company	05/12/2022
Response due by	07/12/2022

### Query

- 1) In relation to the solution best value assessment, have Ofwat's public value principles been considered when assessing wider social benefits?

### Solution owner response

Ofwat have developed a set of principles (see table 1) to help guide companies in exploring and delivering better social and environmental outcomes.

Our comparative assessment of options, detailed in Annexes A1.1 (Abstraction Site Selection) and A1.2 (Transfer Route Selection), has considered a breadth of factors which are aligned to the Ofwat principles to allow differentiation between options. These factors include:

- **Environmental impact:** Relative potential risk to sites with environmental and/or heritage designations, relative embedded and operational carbon for each alternative, and flood risk.
- **Social impact:** Impact and disruption to local communities, impacts on users of the canal network, and impacts on non-motorised users such as walkers, cyclists and equestrians.
- **Value:** An initial review of opportunities to provide potential wider environmental and social benefits, considering how opportunities could align with national and regional policies and strategies.

It is this final consideration of ‘value’ which helps ensure it’s not only negative impacts which are being considered as relevant but that beneficial aspects of the SROs are being included within the decision-making process too.

Aligning to principles 2 and 3, we have been engaging with canal user groups to understand not only the aspects of the canal system they do not want to change but focusing on areas in which the GUC SRO can enhance the canal system. As a result of these conversations, we have been able to come up with a number of case studies which we have presented in Appendix D of the Concept Design Report (Annex A1) and through regular engagement with RAPID and the NAU.

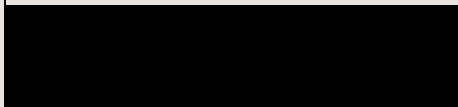
Similarly, principle 4 has guided our decision-making so far with respect to ‘who pays’. We have further engagement planned in Gate 3 which will be aligned to the formal and informal DCO stakeholder engagement activities to further gauge customer support for costs associated with interventions which provide wider benefit. Given the canal network is an existing asset, often the interventions discussed are relatively very low in cost. For example, improved access for those who are disabled but wish to access the canal.

We are committed to exploring ways in which the delivery and operation of this SRO can provide benefit to the local communities and canal users, above and beyond the water resource benefit to Affinity Water and the additional income this will generate for The Trust to reinvest in their network as they see fit.

Principle No.	Principle
Principle 1	Companies should seek to create further social and environmental value in the course of delivering their core services, beyond the minimum required to meet statutory obligations. Social and environmental value may be created both in direct service provision and through the supply chain.
Principle 2	Social and environmental benefits should be measurable, lasting and important to customers and communities. Mechanisms used to guide activity and drive decision-making should support this, for example through setting and using company purpose, wide external engagement and explicit consideration of non-financial benefits.
Principle 3	Companies should be open with information and insights on operational performance and impacts (both good and bad). This will support stakeholder engagement, facilitate collaboration and help identify opportunities for delivering additional social and environmental value.
Principle 4	Delivery of social and environmental value outcomes should not come at greater cost to customers without customer support.
Principle 5	Companies should consider where and how they can collaborate with others to optimise solutions and maximise benefits, seeking to align stakeholder interests where possible, and leveraging a fair share of third-party contributions where needed. Companies' public value activities should not displace other organisations who are better placed to act.
Principle 6	Companies should take account of their capability, performance and circumstances in considering the scope for delivering greater social and environmental value.

Table 1. Ofwat public value principles.

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<b>Date of response to RAPID</b>	06 December 2022
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