



ANNEX D1.1

Stakeholder Engagement Report

This document has been written in line with the requirements of the RAPID gate two guidance and to comply with the regulatory process pursuant to Severn Trent Water's and Affinity Water's statutory duties. The information presented relates to material or data which is still in the course of completion. Should the solution presented in this document be taken forward, Severn Trent Water and Affinity Water will be subject to the statutory duties pursuant to the necessary consenting process, including environmental assessment and consultation as required. This document should be read with those duties in mind.

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1. Introduction

1.1 This document is the annex to Section 9 of the Severn Trent Gate 2 submission for the Minworth Strategic Resource Option (SRO). It provides more detailed information on the engagement with customers and stakeholders up to Gate 2 to inform the design for this SRO and the collaborative working with Affinity Water to progress this scheme.

1.2 It includes an overview of the engagement activity, the main points of feedback from stakeholders and customers and how they have been considered in the ongoing programme of work and development of the solution.

1.3 The contents of this annex includes:

- A high level summary of activity since Gate 1 which has shaped our approach to Gate 2
- A summary of engagement with customers and stakeholders, including research undertaken this year and
- The next steps towards Gate 3.

2. Actions taken since Gate 1

2.1 We developed our approach to engagement in line with RAPID's guidance for Gate 2. From our Gate 1 submission RAPID also gave us feedback on their expectations for our Gate 2 submission. The requests and how we have achieved them are outlined below:

Table 1 RAPID requirements for Gate 2

| Requirement | Reference |
|---|---|
| Produce a stakeholder engagement plan, including identification of wider / local stakeholders. | Created as well as a tracker of who we are engaging with, their concerns and our methods of communication. |
| RAPID expects to see further development of DWSPs, water quality monitoring, including for emerging contaminants, and wider stakeholder engagement with ongoing dialogue with the respective water quality teams in Gate Two. | Minworth SRO has supported the development of the Drinking Water Safety Plans (DWSP) for the transfer SROs through provision of water quality data, "emerging substance" assessments, stakeholder engagement, and treatment design to develop the risk assessments. |
| Customer research and engagement on plans, selection and prioritisation of solutions in conjunction with CCW. | As the Grand Union Canal scheme and Affinity Water would be the beneficiary, they are taking the lead in engagement with this stakeholder. More details can be |

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| | found in the Affinity Water GUC Gate 2 paper. |
| Engagement with Environment Agency on the technical studies underway. | We hold monthly engagement sessions with the Environment Agency to keep them up to date with the monitoring, modelling, water quality and assessments of the environment through Gate 2. This has led to increases in scope to answer specific regulator queries that arose and joint site visits that have provided an insight into the project. |
| Engagement with Drinking Water Inspectorate on the technical studies underway. | As a source SRO, Minworth SRO does not serve customers directly, and is represented as an input to the catchment within the risk assessments of the transfer SROs. Throughout gate two, we have engaged regularly with the Drinking Water Inspectorate (DWI) and agreed that source SROs do not need to complete the All Company Working Group (ACWG) treated water methodology. |
| More detailed engagement with Natural England as scheme specifics become more established. | Natural England is a key partner in the Environmental & Ecology update meetings where issues such as the River Blythe SSSI, River Tame catchment and River Mease SSSI are discussed and monitored. |
| Build on engagement with the Canal & River Trust. | As the Grand Union Canal scheme and Affinity Water would be the beneficiary, they are taking the lead in engagement with this stakeholder. More details can be found in the Affinity Water GUC Gate 2 paper. |
| Build on engagement with Historic England. | The majority of engagement with this stakeholder has been with Affinity Water. More detail can be found in the Affinity Water GUC Gate 2 paper. |

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| <p>Early engagement with local authorities is required regarding planning and other issues.</p> | <p>Our planning consultants Fisher German have written to both the Chief Executives and the Directors of Planning at Birmingham City Council, Gloucester City Council, North Warwickshire Borough Council, Solihull Metropolitan Borough Council, Warwick District Council and Warwickshire County Council to outline the proposed scheme. Our dialogue will continue throughout the planning process.</p> |
| <p>Engagement with the wider stakeholder population regarding the development of the regional plans, the selection and prioritisation of solutions, and the reconciliation of plans across the region.</p> | <p>There is an established engagement programme to support the development of the Water Resources South East regional plan, the Water Resources West emerging regional plan and individual water company's WRMP24s, with active participation of regulators and stakeholders. The engagement activity for this SRO is framed within this water resources planning landscape to ensure that stakeholders understand the overall process, the key decision points and opportunities to contribute.</p> |

3. Customer Engagement

3.1 Five other water companies (Anglian Water, Affinity Water, Cambridge Water, Southern Water and Thames Water) together with Severn Trent commissioned two major pieces of customer research work this year.

3.2 By collaborating as a 'water club' to share the outputs and costs, each water company now has the same insights that will ensure consistent messaging in their communications, which is key as many of the proposed SROs cross regional boundaries and mean that water companies have to work together for the schemes to succeed.

3.3 The first report by Britain Thinks conducted qualitative and quantitative research to understand customer attitudes towards water source changes and the implications for communications. Their Water Club: Changes of Source research sought to:

- Review existing evidence
- Identify and fill knowledge gaps about attitudes towards water source change and
- Provide a clear and actionable framework for water companies to use when communicating water source changes in future.

3.4 A quantitative survey of 1,762 Household Customers and 198 Non-Household Customers, was held for water company customers with 292 (15%) representing Severn Trent.

Figure 1: 10 key findings from Water Club: Changes of Source

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| 1 | Water is a low salience topic, with customers indicating a low level of awareness and understanding of issues relating to it. This, in part, is driven by general satisfaction with the customer experience of water, in terms of taste, smell and hardness |
| 2 | Customers also have low awareness of water scarcity, and whilst all take steps not to 'waste' water, most are not actively trying to reduce their water consumption. Information on the topic is easily understood, however, this is not always enough in to unseat long-standing perceptions that water is abundant in the UK. |
| 3 | Customers believe that water companies should be taking steps to respond to the issue of water scarcity now and recognise that a mix of demand and supply-side solutions are required. However, there is a general desire to see water companies implement demand-side options first, including fixing leaks and educating customers. |
| 4 | When prompted, customers assess water source options by balancing efficacy (including reliability) and the cost and time commitments associated with the change. There is also an expectation of water companies to evaluate options through this lens. |
| 5 | Customers say they are unlikely to engage with communications on source change, and taste tests indicate that most are not able to detect differences at the level that might be expected in a source change. However there is still a need to communicate to explain the rationale for the change, alleviate taste concerns and provide clear guidance on impact. |
| 6 | In terms of communication, overall the human frame best combines the qualitative and quantitative findings together. Quantitatively environmental and human framings are slightly preferred to practical framings of a water source change, however in qualitative sessions environmental framing are felt to lack impact indicating that overall human is best. |
| 7 | Most household customers want to be first notified three to six months in advance of the change, although non-household customers are more likely to want a closer notification of a change. Most respondents then |

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| | want to be reminded again of the change at a point closer to the time, but generally only once. |
| 8 | E-mail and a letter separate from the water bill are the preferred forms of communication about source changes, consistent across sources. The majority of customers claim they would click through to look at additional information. Whilst in reality this number may be lower, providing comprehensive information to those who may want it is key. |
| 9 | Of those who are more inclined to visit a website for further detail on the change, there is an expectation that this would include a wealth of comprehensive information. This includes detail on bills, taste, the process, the reason behind the change, safety, environmental impact and information from an independent source. |
| 10 | Whilst there is a need to communicate on any source change, Water Recycling and Desalination in particular need more engagement due to a higher level of spontaneous concerns. For Water Recycling these concerns are centred around taste, hygiene and safety. Desalination also generated concerns, which tended to be around taste and price |

3.5 As Minworth SRO is a water transfer scheme, the customer comments from the Water Club: Changes of Source research that were most pertinent to our scheme include:

- Customers see a role for water transfer schemes and favour them over other supply options such as desalination and abstraction.
- Customers support water transfers (when compared to other options) as being lower cost, quicker to build, flexible and adaptable and have less environmental impact.
- Comments about water transfer stem from comprehension issues and lack of knowledge on the quality and the environmental impact,

3.6 So as we build our communication strategy for Gate 2 and beyond, we will be mindful of customer concerns relating to water transfer schemes and provide details so that they can make informed decisions.

3.7 The Water Club: Changes of Source report also provided a communications framework recommendation for how water companies should communicate with their customers on major changes to their water supply and infrastructure schemes. The full details are available in Appendix D1.2.

3.8 A secondary piece of research on recreational benefits is also in progress. Accent and PJM Economics were commissioned by the same six water companies to conduct a research study to assess customer preferences with respect to potential 'added value' options that could be included in the proposed strategic resource options.

3.9 The sample of completed responses contained 5,523 household participants and 565 non-household participants who answered the questionnaire online.

3.10 Prior to answering the first set of stated preference questions, which involved pairwise choice questions between combinations of project additions and bill changes, participants were shown background information about water companies' planning for the future and about the purpose of the survey. Over 90% (strongly) agreed that they were able to understand the choices.

3.11 The provisional findings have shown participants' indicative willingness to pay (WTP) values for a set of potential project additions in the context of the SROs. The findings are indicative only at this stage until weightings are applied and suggest the following provisional conclusions.

3.12 During the surveys, respondents were asked to consider the added value of benefits that the SRO schemes could bring and how much they would be willing to pay in their water bill to obtain them which are as follows:

Figure 3: Added values benefits list

One in every 50 jobs created will be an apprenticeship
 A quarter of all employees are local
 Increased visitor numbers, with economic benefits
 Links to heritage and local history, through signs at the site
 Space provided for eco-agricultural activities
 Irrigation reservoirs to improve local farmland
 Café with locally sourced food
 Fish ponds created, with public access
 Visitor centre
 Shop selling sustainable products and gardening materials
 Outdoor BBQ/picnic facilities
 Water sports facilities, e.g. sailing, paddleboarding
 Land-based recreation/amenities
 Restaurant/café/welfare facilities
 Wildlife viewing platform, Bird watching facilities
 Children's playground
 Sensory garden/space for those with learning difficulties
 Walking paths, Boardwalk, Bridleway and Cycle trail
 Beach area
 Campsite
 Conference centre
 Education/training/research facility
 Links to bus and rail stations
 Reduced flood risk to surrounding area
 New wetland area
 Specialist habitats created for wildlife

3.13 The top three highest-valued project additions by households for sites local to them are:

- specialist habitats created for wildlife (£3.87 annually)
- new wetland area (£3.24 annually)
- space provided for sustainable agriculture (£2.61 annually).

3.14 For non-households, the top three highest-valued project additions are:

- Sensory garden/space for those with learning difficulties (0.76% of the annual water only bill)
- Specialist habitats created for wildlife (0.70% of the annual water only)
- New wetland area (0.66% of the annual water only bill).

3.15 Provisional conclusions are that:

- there are a number of indications that the stated preference exercises worked well and produced valid findings
 - participants indicated that they understood the purpose of the survey and feedback following the added values benefits choice exercise was positive
 - there were very few instances of non-trading behaviour (where participants always chose the same alternative) and
 - the econometric models were well estimated.

This provides assurance that the survey is progressing well and will produce valid evidence about customers' WTP for project additions in the context of SROs. This full technical report of research findings can be found in the Appendix D1.3.

River Health

3.16 It is vital that any work on our SROs also reflects and embodies key corporate priorities and messaging to customers which includes the efforts to improve river health.

3.17 River pollution is a key issue for water companies. In March, alongside Anglian Water, Severn Trent launched Get River Positive, a series of five pledges that aim to make the rivers in the West Midlands the healthiest they can be and in July Hafren Dyfrdwy became the latest water company to join the campaign.

Table 2: Severn Trent Get River Positive core pledges





GET RIVER POSITIVE

CORE PLEDGES:

OUR RIVER PLEDGES

Improving the health of our regions' rivers is a team game. We believe that water companies need to show more leadership. We need to listen, be transparent and set out a credible way forward. And that is why we are committing to Get River Positive: our five step plan to the healthiest rivers in the UK.

Get River Positive is underpinned by five key pledges that pave the way for the restoration and revitalisation of our regions' rivers.

-  **Ensure storm overflows and sewage treatment works do not harm rivers**
-  **Create more opportunities for everyone to enjoy our region's rivers**
-  **Support others to improve and care for rivers**
-  **Enhance our rivers and create new habitats so wildlife can thrive**
-  **Be open and transparent about our performance and our plans**

www.getriverpositive.co.uk

3.18 The five Get River Positive pledges are a firm commitment that will ensure storm overflows and sewage treatment works do not harm rivers. Improvements to 50km of rivers in Warwickshire and Shropshire are in progress, as Severn Trent works towards a target to create 15km of bathing quality rivers by 2025.

3.19 To enhance rivers and encourage the return of native species of wildlife, Severn Trent is also establishing new habitats for great crested newts, beavers, otters and cuckoos, so that natural communities can also thrive.

3.20 Customer responses and insights are continuously measured, including a monthly customer survey on metrics including customer satisfaction, value for money and

affordability and where appropriate will be used in the development of messaging for the Minworth SRO.

4. Stakeholder Engagement

Our stakeholders

4.1 From statutory consultees and specialist interest groups to local communities and businesses, we are engaging with groups and people who have an interest in the SRO and could be impacted by the scheme.

4.2 Organisations engaged represent a wide variety of interests, such as the environment, public water supply and agriculture. Due to the nature and scale of the scheme, there will be a need for extensive engagement with landowners, local authorities and communities as the design is developed to improve understanding, open a dialogue and bring stakeholders onside.

4.3 Our comprehensive stakeholder engagement strategy aims to be tailored to the different phases of the SRO lifecycle, as a stakeholder's influence and sentiment can and will change over the time of the scheme.

4.4 We have grouped our stakeholders into three types - Resisters, Explorers and Supporters.

- Resisters - we will collaborate with Resisters to overcome their perceptions and address their concerns so that they can make informed decisions about the scheme
- Explorers - we will keep Explorers involved to maintain their interest
- Promoters - we will encourage stakeholders to be third party / independent promoters by sharing the benefits and public value of the scheme to organically grow the number of supporters of the scheme.

4.5 Our stakeholder programme combines two strands of activity - engagement via the water resources planning process as well as engagement on specific scheme Issues with special interest groups and local authorities.

Water Resources Planning

4.6 There is an established engagement programme to support the development of the Water Resources South East (WRSE) regional plan, the Water Resources West (WRW) emerging regional plan and individual water company's WRMP24s, with active participation by regulators and stakeholders.

4.7 The engagement activity for this SRO is framed within this water resources planning landscape that Severn Trent follows to ensure that stakeholders understand the overall process, the key decision points and opportunities to contribute. We are collaborating with WRSE and WRW to ensure that all of our key messages are consistent and aligned.

4.8 Earlier this year WRW held regional consultation workshops with more than 100 stakeholders on water resources options. The report can be found in full on the WRW website <https://waterresourceswest.co.uk/publications> and highlights of the findings are as follows:

- There was majority support for sharing water resources however this was a politically divisive issue. Some delegates objected to their water-rich region losing out to developments in the South, whereas others agreed that water transfer was ethically the right thing to do.
- When asked to rank the benefits of water transfers, enhancements to the environment was first, followed by improvements to water supply and resilience, with investment into the area third.

4.9 At the start of the year, WRSE consulted with customers and stakeholders on their emerging regional plan. They received more than 1,000 responses and are currently analysing the feedback which will help inform how they move to a best value regional plan. This will be published in the Autumn and used by water companies to inform their draft Water Resources Management Plans (WRMP). Following the company draft WRMP consultations, WRSE will update their regional plan incorporating the latest details on SROs for publication in 2023.

4.10 Their dedicated website <https://wrse.uk.engagementhq.com> hosts all the information on how the consultation was conducted, as well as how they are developing their plan and next steps.

Specific Scheme Issues

4.11 The stakeholder engagement programme builds on the work completed in Gate 1 as well as ongoing feedback from RAPID and other regulators. In Gate 1 the focus was on issues which could potentially prevent, or substantially change, the development of the scheme.

4.12 We are now starting a dialogue with the wider stakeholder community and special interest groups to ensure there is a full understanding of concerns. We also want to identify potential benefits, so that these can be considered and addressed in the ongoing technical work and preliminary design of the scheme.

Table 5: Table of special interest groups

| Stakeholder | Interest(s) | Activity |
|-----------------------------------|---|--|
| Drinking Water Inspectorate (DWI) | As the body responsible for the quality of drinking water, they are interested in the progression of this scheme as an alternative source of water into the west of the region, recycled water sources and emerging contaminants. | Quarterly updates are in place as we share plans for water quality monitoring and understand water safety plans. |

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| National Appraisal Unit (NAU) | The NAU aims to protect and improve the environment, reducing the risks to people, properties and businesses from flooding and coastal erosion. They protect and improve the quality of water, making sure there is enough for people, businesses, agriculture and the environment. They also promote sustainable land management and help protect and enhance wildlife habitats. | Regular update sessions are held with our NAU rep. Feedback from these sessions has led to us extend the scope of our modelling to include 2D modelling at a number of key locations. |
| Regulators' Alliance for Progressing Infrastructure Development (RAPID) | RAPID identifies and addresses issues relevant to the development of joint infrastructure projects and analyses the feasibility of nationally strategic supply schemes. | We are in regular contact with RAPID as we progress the Gate process. In May we held a site visit for RAPID colleagues at the Minworth Waste Water Treatment Works. This was arranged so that the team could see the site and potential pipeline routes and have a greater understanding of the complexities and challenges of the SRO. |
| Natural England (NE) | The conservation watchdog is responsible for protecting the natural environment and advising on planning applications. | An introductory meeting has been held to identify key areas of interest and they are now invited to regular NAU meetings. |
| Historic England (HE) | HE ensures that the historic environment is protected whilst reconciling with economic and social needs and aspirations of the people who live and use the area. Their particular interests are with the locks and any buildings along the length of the canal. | An introductory meeting has been held which will be followed up with local inspectors to identify any key assets at this stage. |
| Local authorities | How their local development plans and major infrastructure development projects will be affected (if at all) by our SRO and if the | Our planning consultants Fisher German have written to both the Chief Executives and the Directors of Planning at Birmingham City |

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|---------------------------------|---|---|
| | planning application process will be at a local or national level. | Council, North Warwickshire Borough Council, Solihull Metropolitan Borough Council, Warwick District Council and Warwickshire County Council to outline the proposed scheme and will continue a dialogue throughout the planning process. |
| HS2 | As one of the biggest infrastructure projects in the West Midlands area, HS2 plans to construct more than 50km of railway in Warwickshire and there are points along our proposed SRO route where pipelines could cross over each other. | We are currently setting up regular meetings with the utilities team. These will help us explore the efficiency of crossing HS2 in the same location for the two proposed pipelines to minimise disruption for residents, customers and businesses during construction of both schemes. |
| Canal & River Trust (The Trust) | The proposed pipeline covers an area where Birmingham & Fazeley Canal, Grand Union Canal, Coventry & Oxford Canal, River Avon and River Tame are located. The Trust is a guardian for canals and waterways in the UK for the public to enjoy. | The Trust is a key member of WRSE Stakeholder Advisory Group, highly engaged in WRSE consultations and also attends PMB meetings. |

5. Preparing for Gate 3 / Next Steps

5.1 In the approach to Gate 3 our stakeholder engagement strategy will shift focus to engagement with local stakeholders and communities to enable them to participate in the design of the scheme at a formative stage.

5.2 We anticipate that stakeholders will need more information about any changes to the canal design, construction activity, and operation including costs, environmental impact, and recreational opportunities.

5.3 We anticipate that customers will need assurances about the safety of transferred water (particularly from a recycled source) and they want to understand if there will be potential changes to the aesthetics of their water supply.

5.4 We will design the scheme/route to avoid or mitigate any impacts on land and

properties but If any homes, businesses or heritage assets are affected by the construction and route of this scheme, we will speak openly to local residents and landowners early in the process about the potential options.

Minworth Strategic Resource Option

