

Gate two query process

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| Strategic solution(s) | Minworth SRO |
| Query number | MIN001 |
| Date sent to company | 22/11/2022 |
| Response due by | 24/11/2022 |

Query

Efficiency of expenditure:

- Can you provide information on what is included within engineering and can this be broken down further.
- Can you provide information explaining why Option benefits, development and appraisal has been included within the category of Feasibility Assessment and Concept Design. Can these be broken down into separate categories.
- Can you provide confirmation that the expenditure from Option benefits, development and appraisal has been included only in Feasibility Assessment and Concept Design and not anywhere else.
- Can you provide more information on what is included in Environmental Assessments and NAU & EA Area costs.
- Can you provide more information on Water Quality Monitoring and can this category be broken down any further.
- Can you provide more detail regarding what has been included within Planning strategy.

Q4. For clarity please confirm that there is no spend on stakeholder engagement in gate 2.

Solution owner response

Table 11.1: Summary of gate two spend and forecast by workstream¹⁶

| Category | Activity | Expenditure Activity (£) | % of Total Expenditure Activity | Expenditure Category (£) | % of Total Expenditure Category | Description |
|--|---|--------------------------|---------------------------------|--------------------------|---------------------------------|---|
| Programme and Project Management | PM & PMO | 154,821 | 10.5% | 183,395 | 12.4% | Project manager and project management office |
| | Assurance | 28,574 | 1.9% | | | 3rd line assurance and copywriting |
| Feasibility Assessment and Concept Design | Engineering | 431,243 | 29.2% | 461,789 | 32.6% | Engineering CDR |
| | Flow Reduction | 16,279 | 1.1% | | | Flow reduction investigations |
| | Modelling | 34,267 | 2.3% | | | Modelling |
| Option benefits, development and appraisal | Water resource | - | 0.0% | - | 0.0% | (included in feasibility and concept design) |
| | Non-water resource benefits | - | 0.0% | | | (included in feasibility and concept design) |
| | Carbon, wider best value and option appraisal | - | 0.0% | | | (included in feasibility and concept design) |
| Environmental Assessment | Ecological Monitoring | 27,279 | 1.8% | 381,409 | 25.8% | Ecological monitoring and reporting |
| | Environmental Assessments | 120,620 | 8.2% | | | SEA, HRA, BNG, NC, EAR |
| | Environmental Impact Assessment | 66,056 | 4.6% | | | EIA |
| | National Assessment Unit (NAU) & Environment Agency (EA) Area costs | 133,406 | 9.0% | | | 3rd party cost |
| | Natural England | 34,088 | 2.3% | | | 3rd party cost |
| Data collection, sampling and pilot trials | Targeted baseline desktop studies | - | 0.0% | 249,470 | 16.0% | (included in feasibility and concept design) |
| | Water Quality Monitoring | 222,264 | 16.1% | | | Water quality monitoring |
| | 2D bathymetric survey | 27,206 | 1.8% | | | Bathymetric survey |
| Procurement Strategy | Procurement strategy | 69,474 | 4.7% | 69,474 | 4.7% | Procurement advice |
| | Minworth Storage Options | 1,384 | 0.1% | 55,148 | 3.7% | Croft Quarry - High-Level Assessment |
| Stakeholder engagement | Land and planning | 53,794 | 3.6% | - | - | Land referencing, field surveys, permitting plans |
| | Customer Engagement | 42,506 | 2.9% | 42,600 | 2.9% | Customer research, benefits & impact |
| Legal | Legal advice and collaborative agreement | 12,784 | 0.9% | 12,784 | 0.9% | Legal activities related to the SRO |
| | Other | - | 0.0% | - | 0.0% | n/a |
| Total | | 1,476,275 | 100% | 1,476,275 | 100% | |
| Gate 2 Allowance | OFWAT PR19 final determination for gate 2 | 1,350,000 | | 1,350,000 | | |
| Transfer from gate 1 | Gate 1 underspend approved for gate 2 use | 457,000 | | 457,000 | | |
| Revised gate 2 allowance | | 1,807,000 | | 1,807,000 | | |
| Gate under / overspend | | 330,725 | | 330,725 | | |

Table 11.1 appended for ease of reference

Q1: Can you provide information on what is included within engineering and can this be broken down further.

A1: The £431k 'Engineering' expenditure consists of the following principal items:

Consultant name redacted

- £371k Service Order to [redacted] covering Engineering Conceptual Design Report (CDR).
- £23k Compensation Event to [redacted] covering alternative pipeline route appraisal; route amended to avoid site of Coleshill WwTW due to potential land disposal, which was identified after the contract was let.
- £20k Compensation Event to [redacted] covering sensitivity analysis relating to alternative treatment options; treatment scope revised in light of EA discussion after contract was let, sensitivity analysis completed to establish potential cost and carbon efficiencies.
- £17k other minor Compensation Events.

Q2: Can you provide information explaining why Option benefits, development and appraisal has been included within the category of Feasibility Assessment and Concept Design. Can these be broken down into separate categories.

A2: Option benefits, development and appraisal is a key element of feasibility and concept design. Therefore, the project team set the scope of the Engineering Concept Design Report (CDR) work package to include these elements, as we moved through the competitive procurement process.

As can be seen from reference to Annex A1, the Engineering CDR, all elements of the Option benefits, development and appraisal headings fall into a singularly

procured document and therefore it is not possible to break down costs into separate categories.

Q3: Can you provide confirmation that the expenditure from Option benefits, development and appraisal has been included only in Feasibility Assessment and Concept Design and not anywhere else.

A3: We can confirm that all expenditure from Options benefits, development and appraisal has been included in the 'Engineering' cost activity of the Feasibility Assessment and Concept Design section. It has not been split out into any other categories.

Q4: Can you provide more information on what is included in Environmental Assessments and NAU & EA Area costs.

A4: The Environmental Assessments comprised a number of work packages that were required to progress our understanding of the environmental systems affected by this SRO. The work was covered by the following packages:

- Aquatic ecology monitoring
- Tame and Trent modelling (jointly funded with SLR SRO)
- Environmental Assessment of the Tame and Trent (topics included SSSI, Ecology, River Mease SAC, INNS, sedimentation, NC&BNG) (jointly funded with SLR SRO)
- Environmental regulatory assessments (SEA, HRA, WFD, BNG&NC)

The Environmental Assessment costs involve the production of Annexes B1 to B5, as listed below. The creation and completion of these reports is in line with the requirements set out in the ACWG environmental guidance and helped to inform the regional planning process (WRSE and WRW) to ensure best value metrics could be derived for use in the regional models.

- Minworth Annex B1 Aquatic Ecology Monitoring.pdf
- Minworth Annex B2 Hydrological & Hydraulic Modelling.pdf
- Minworth Annex B3.1 Environmental Assessment.pdf
- Minworth Annex B3.1.1 Appendix A SSSI.pdf
- Minworth Annex B3.1.2 Appendix B(i) Ecology.pdf
- Minworth Annex B3.1.2 Appendix B(ii) Aquatic Ecology.pdf
- Minworth Annex B3.1.3 Appendix C River Mease SAC.pdf
- Minworth Annex B3.1.4 Appendix D INNS.pdf
- Minworth Annex B3.1.5 Appendix E Sedimentation.pdf
- Minworth Annex B3.1.6 Appendix F Nat Cap BNG.pdf
- Minworth Annex B4 EAR.pdf
- Minworth Annex B4 WFD.pdf
- Minworth Annex B5 Appendix B Lab Certs.pdf

The NAU costs were fixed costs that were agreed through the ACWG on a scheme-specific basis. The total cost of the time estimated to be spent by regulators was provided to the SRO project team at the start of Gate 2, as a costed proposal sent by the NAU. This proposal provided the costs broken down into the NAU staff and the area EA staff.

EA area costs comprise the time spent by EA area staff to engage on the SRO. This includes review of scoping documents, regular update meetings as the projects have progressed through Gate 2, and review of outputs for all of the environmental and monitoring reports. A ceiling cost was agreed with the NAU at the start of Gate 2 that has been claimed against, on a time spent basis, each quarter. Total cost will be reconciled following the reviews of the Gate 2 paper and associated appendices.

Q5: Can you provide more information on Water Quality Monitoring and can this category be broken down any further.

A5: Baseline water quality monitoring was undertaken at selected locations on the Rivers Tame and Trent in support of the Minworth SRO. Catchment modelling was also undertaken to establish the potential effects of the SRO on the river system. Reporting of these assessments was also completed, including engagement with and reviews from the NAU and EA.

The £222k ‘Water Quality Monitoring’ expenditure line relates to a single work package item and cannot be broken down any further.

It cost the project on average £14k per month to ensure all the water quality samples were taken, transported, stored and analysed. This average monthly cost has increased throughout Gate 2 as we have introduced the requirement to monitor and analyse Emerging Substances.

Q6: Can you provide more detail regarding what has been included within Planning strategy.

Consultant name redacted

A6: The Planning Strategy category is broken into two workstreams, land and planning (£54k), and Minworth Storage Options (£1k). The former is a package of work let to our framework consultant, [REDACTED], delivering Annex G1 Constraints Strategy Report. The work package covers items such as land referencing, strategic engagement with legal and engineering teams, land acquisition, pipe route and planning constraint consultations, land risk management. The latter workstream involves a land value assessment undertaken as part of the storage option review.

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| Date of response to RAPID | 23/11/22 |
| Strategic solution contact / responsible person | [REDACTED] minworth@severntrent.co.uk |

Author name and email address redacted