

Gate two query process

Strategic solution(s)	Minworth
Query number	MIN010
Date sent to company	15/12/2022
Response due by	19/12/2022

Query

Efficiency of expenditure

- Annex H1 assurance report states that a 2.7% overhead has been applied to all Severn Trent staff costs and procured values and that this is not separately reported in the cost efficiency annex. How has this been applied across activity streams within your Efficiency of Expenditure submission, is this included? If so, can you provide more details.

Solution owner response

During Gate 1 we applied zero overhead to our costs. However, it became clear that we underestimated the amount of Executive Team / Director input which was needed to support the SROs, particularly in the latter months nearing submission. We reviewed this input, together with other costs such as accommodation and technology which are not charged directly to the project, and calculated the 2.7% to be applied to our costs. For comparison, this is approximately half of the percentage applied to our main capital projects programme. This reduced amount is due to the fact we have a dedicated core team working solely on the SRO programme.

The 2.7% has been applied to Severn Trent staff and procured works across all workstreams. This includes, for example, the assurance activity mentioned

(Annex H1) in the question above. The total value of the overhead for Minworth is £48,337.00.

Date of response to RAPID	19/12/22
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