



ANNEX H1

Assurance 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 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 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.



**SEVERN TRENT SOURCES (STS)
STRATEGIC RESOURCE OPTION (SRO)**
RAPID Gate 2 – Third-line Assurance Report

24 October 2022

Prepared for:
Severn Trent Water

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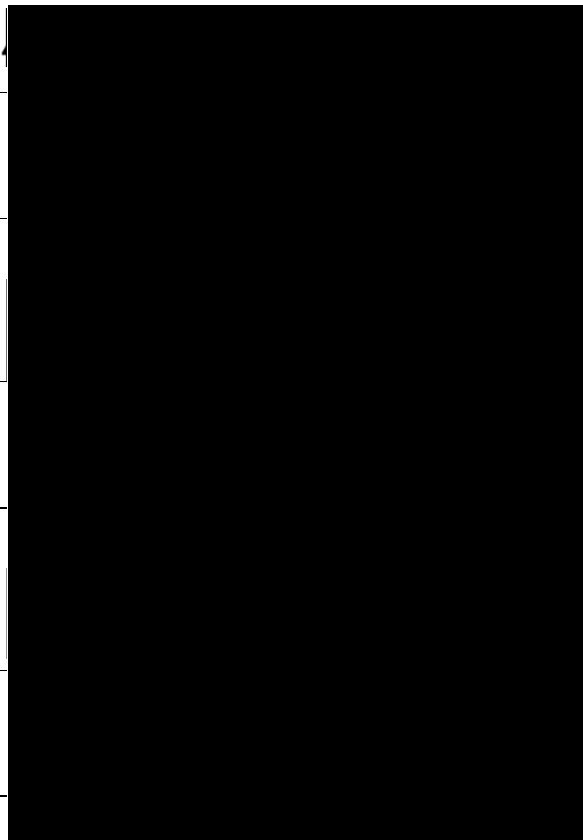


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Executive Summary

INTRODUCTION

Stantec was commissioned by Severn Trent Water (STW) to provide independent third-line assurance on Severn Trent Sources (STS) Strategic Resource Option (SRO) from the period 17th March 2022 to 31st October 2022. This assurance process is part of the Regulators' Alliance for Progressing Infrastructure Development (RAPID) Gate 2 process for SRO scheme and will form part of the Board assurance statement.

The primary purpose of this Assurance Statement is to communicate our scope of work, the findings of our review, as well as any significant findings and recommendations that we believe are relevant to the submission.

SCOPE AND APPROACH

The scope of our assurance activities has been focused on the priority risks identified by the Client for STS. A risk-based approach to Annex assurance was agreed with the Client Company Board, as such, it should be noted that our assurance activities have been limited to the aspects of the scheme that have been identified by the Client as Critical or High risk.

There is a sample body of reports and documents that have been assessed by the Client as not requiring third-line Line Assurance (Medium and Low risk). There has been no requirement for Stantec to review these documents via the third-line assurance process. This limits the extent and depth of the third-line assurance completed by Stantec.

Through a series of meetings and reviews of documentation associated with each of the SRO chapters, we have assessed the following:

- actions and recommendations given by RAPID in their assessment of our Gate 1 submission have been addressed;
- The appropriate methodologies, guidance and policies used to develop the Gate 2 submission;
- The submission is complete, accurate and appropriate for Gate 2;

Our assurance activities have been undertaken considering each of the projects against meeting RAPID's Gate 2 requirements, RAPID's assessment criteria and technical robustness. Observations and issues were captured via a 'live' Assurance Log which was used to document findings against RAPID's assessment criteria. This log was used to manage the materiality and resolution of reporting issues before the final submission.

FINDINGS

Throughout the process the project teams have engaged with us in a constructive and supportive manner and have taken on board our comments and queries. Please refer to Table 1, for a summary of our third-line assurance findings. A number of these items have been rated as Amber; this reflects where we have raised points about elements of the studies that have been undertaken. We are of the opinion that the documents are sufficient for Gate 2 submission.

As external assurers we are subsequently satisfied that, based on the evidence presented and the limits of our scope, the submission is suitable for progression through Gate 2 into Gate 3 and are supportive of the proposed Board Assurance Statement with respect to the elements noted in **Table 1** below.



Table 1. STS Summary Assurance Statement

Key

Green	No or relatively minor issues.
Amber	An issue that does not impact on the Gate 2 submission that will be addressed at Gate 3.
Red	A material issue that impacts on the Gate 2 submission

Criteria:	Independent Opinion	Rating
As Third-Line Assurer, we have considered the data and approaches used to develop the concept design and decision-making information included within the Gate 2 submission and provide the following opinions against the following Board statement proof points		
1. Meets the requirements set out in Ofwat's Final Determination, and subsequent additional feedback from Ofwat.	Based on the information reviewed to date, we are satisfied that the Gate 2 submission documents for the STS SRO meet the RAPID Gate 2 assessment criteria.	
2. Have been subject to sufficient processes and internal systems of control to ensure that the information on design, costs and benefits contained in this submission are reliable.	We are satisfied that, through the first and second-line assurance undertaken, the Gate 2 submission has been subject to sufficient processes and internal systems of control.	
3. Have been appropriately assured to give our stakeholders, including customers, trust, and confidence in this Gate submission.	Stantec have undertaken independent third-line assurance which is risk-based, robust and thorough. Independent technical specialists or Subject Matter Experts (SME) relevant to the disciplines of each aspect of the submitted annexes have led detailed reviews. However, there is a sample body of reports and documents that have been assessed by STW as not requiring third-line Assurance (documents classed as Medium & Low risk). There has been no requirement for Stantec to review these documents via the third-line assurance process. This limits the extent and depth of the third-line assurance completed by Stantec.	
4. Have appropriately considered the feedback and opinion of independent external assurance partners.	All assurance comments have been addressed via responses provided by STW and accepted by our independent reviewers.	
5. Progress on the solution, to date, is commensurate with the timeline of being 'construction ready' in AMP8;	We are satisfied that progress to date still allows the solution to be 'construction ready' during AMP8. The program to being construction ready for AMP8 is achievable but will be challenging. Cross-SRO collaborative planning (STT) is continued in the very early stages of Gate 3, to develop the detail in the programme. In addition, appointment of DCO expert advisors will be required early on to define linkage between environmental, engineering, procurement, and stakeholder workstreams and the planning & consenting process.	
6. Scope, detail and quality of the activities are such that would be expected of a large infrastructure scheme of this nature at this stage	From our third-line assurance activities, Stantec are satisfied that the scope, detail, and quality of the activities are satisfactory for Gate 2. However, for Gate 3 submission we would recommend that the A3 Treatment Basis of Design is developed further to provide a more robust solution.	
7. Expenditure incurred in generating the Gate submission is efficient and relevant to the development of the submission	Stantec are satisfied the expenditure incurred in generating the Gate 2 submission is relevant to the development of the submission. We have noted that 21% of the gate spend is on PM and Leadership costs which appears relatively high. These points are similar to those that were raised in the Gate 1 assurance. We note that a 2.7% overhead has been applied to [REDACTED]	



8. Takes full account of greenhouse gas emissions in decision making. Operational and embedded carbon emissions are part of the 'best value' scheme assessment.

Greenhouse gas emission, Operational and embedded Carbon have all been considered as part of the solution assessment.



Acronyms / Abbreviations

ACWG	All Companies Working Group
AMP	Asset Management Plan
AW	Anglian Water
CRT	Canals and Rivers Trust
DO	Deployable Output
DPC	Direct Procurement for Customers
DWSP	Drinking Water Safety Plan
GUC	Grand Union Canal
HRA	Habitats Regulations Assessment
OFWAT	Office for Water Services
RAG	Red, Amber, Green
RAPID	Regulatory Alliance for Progressing Infrastructure Development
RFP	Request for Proposal
SAC	Special Areas of Conservation
SME	Subject Matter Expert
SRO	Strategic Resource Option
STS	Severn Trent Sources
STT	Severn Trent Transfer
STW	Severn Trent Water
WRE	Water Resources East
WRSE	Water Resources South-East
WwTW	Wastewater Treatment Works



1 Introduction

1.1 Background

1.1.1 INTRODUCTION

Stantec was commissioned by Severn Trent Water Ltd for the Gate 2 third-line assurance of reports produced as part of the Severn Trent Sources (STS) Strategic Resource Option (SRO), from 17th March 2022 to 31st October 2022. This assurance process is part of the RAPID gated process for SRO scheme and will form part of the Board Assurance Statement. The Stantec assurance team comprised a core team responsible for the day-to-day management and coordination of the project and Subject Matter Experts (SME) involved in assuring reports aligning with their specialism. From past and current experience in large and complex SRO schemes, Stantec has been able to draw on internal SMEs in this project, with the exception of a few external SMEs (Procurement expert, for example).

Following the Gate 2 third-line assurance process, this report was produced to provide an overview of the following elements:

- Stantec Assurance Approach describing the “philosophy” applied in assuring the documents as well as the methodology and guidance which were followed by each SME;
- A summary of key findings arising from the third-line assurance of the reports related to the STS SRO scheme;

1.1.2 CONTEXT

Each SRO scheme goes through a Gated process ranging from Gate 1 to Gate 5, which is supported and overseen by RAPID. The STS SRO scheme is at the Gate 2 stage. Table 2 lists indicative activities completed as part of the Gate 2 stage.

Table 2. Indicative Gate 2 activities¹ (extract from an OFWAT document)

Indicative Gate 2 activities
Detailed feasibility and data collection (with increased certainty) in a concept design report
Develop procurement strategy including assessment for potential direct procurement for customers’ delivery.
Pre-planning application activity plan (land referencing, field surveys, environmental permitting plans)
Full comparison of solutions’ costs and benefits as tested in regional or national modelling with consideration of inter-regional options and systems impacts.
Identification of mutually exclusive solutions
External assurance of data and approaches supported by Board statement
Updated regional stakeholder engagement including customer preference studies

¹ [PR19 final determinations: Strategic regional water resource solutions appendix - Ofwat](#)



Indicative Gate 2 activities
Assessment of key risks to identify potential regulatory barriers, guidance or changes required for the solution to progress
Details of efficient spend to gate submission on gate two activities, including a breakdown of costs against activities and evidence of efficiency of spend (benchmarking or tenders) and assurance
Identify impacts of solution on current supply-demand balance delivery plan with simple comparison to current programme solutions.
Identification of any changes in solution partner (other water company) or solution substitutions
Develop solution programme plan to determine the activities that need to be undertaken prior to each subsequent gate

1.2 Stantec Scope of work

The scope of work of the assurance process completed by Stantec involves the following elements:

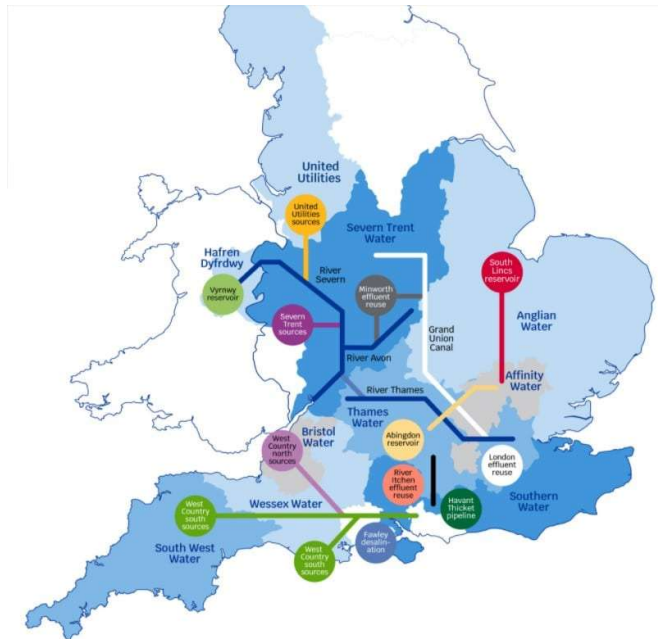
- A short Discovery Phase to gain a full understanding of the workstreams and to baseline the project. This will include reviewing of consultant scopes of work;
- A Planning stage to agree timelines, prioritisation, and interdependencies. This will be guided by the risk analysis that the Client has completed, and review the recommendations made for the SRO at Gate 1;
- Technical Touchpoints will be established for early sight of annexes, methodologies and strategies and engagement of SMEs with counterparts;
- Independent review by internal or external SMEs of the processes, assumptions, evidence, confidence levels, data & modelling, sample checking, and 1st and second-line assurance of the areas subject to assurance. This will be the core assurance activity;
- Materiality review and R/A/G rating of findings with respect to the Gate requirements and stage of the project;
- Alignment and consistency with RAPID requirements, All Companies Working Group (ACWG) & Water Resources South-East (WRSE) methodologies and the extent to which the Board Statement Proof Points can be supported; and
- Documentary evidence including the Assurance Statement and finalised assurance logs/records.

Stantec's scope only includes a selection of documents marked as High and Critical.



1.3 High-level description of the SRO schemes

Figure 1. High-level schematic of SRO schemes



The STS SRO comprises of the diversion of treated effluent from Netheridge wastewater treatment works (WwTW). Potential solution capacity of 100 MI/d.

1.4 Limitations

Stantec has only had access to those documents which were risk assessed by STW and classed as High risk (or Critical but none were classed as Critical), those documents were then subject to third-line Assurance by Stantec. However, there is a body of reports and documents that have been assessed by STW as not requiring third-line Assurance (Medium and Low risk). There has been no requirement for Stantec to review these documents via the third-line assurance process.



2 Assurance Approach

2.1 Principles of Assurance

Our approach to these assurance services is structured around contributing value to the project, through providing independent expertise, timely focused on key aspects, and engaging constructively with the delivery team. Our assurers or SMEs bring experience of both delivering similar studies and undertaking internal and third-party assurance of such projects. Key features of our approach include:



Independent,
no surprises

We are truly **independent** of the existing teams and maintained this throughout whilst still being transparent with our feedback to ensure a “**no surprises approach**”. This was achieved through a live shared assurance log, which outlines how the feedback has been arrived at with a clear rationale and appropriate referencing of documents reviewed and RAPID’s requirements.



Client Centric
Collaboration

Collaboration is at the heart of what we do; we were constructive and pragmatic with our feedback. This maximised the efficiency and quality of the assurance work and enabled rapid escalation when required.



Risk-Based
approach

We operated a **risk-based (R/A/G), targeted approach** to assurance indicating the significance/materiality of any constructive criticism to the success of the project passing through Gate 2 and expanding levels of effort that were proportionate to the materiality of the expected impact.



Technical &
Regulatory Depth

We have extensive **technical and regulatory depth** and deployed SMEs to deliver a thorough and robust approach to assurance in line with Severn Trent assurance process. We used two lenses, compliance with RAPID’s criteria and the technical robustness of the approach and outputs.



Efficient &
Adding Value

Efficient delivery and value adding to the Client. This included assigning of appropriately experienced SMEs, sharing our analysis of existing RAPID determinations as well as identifying areas of good practice that the teams can review for adoption in their approach.

Our approach was directly aligned to the guidance stipulated in the Request For Proposal document Section 2.0 ‘Assurance Requirements’ as follows:

1. A review of the scope of appointed consultants against Gate 2 requirements and confirmation that adequate steps have been taken to address the actions and recommendations given by RAPID in their assessment of our Gate 1 submission;
2. The methodologies, guidance and policies used to develop the Gate 2 submission are appropriate and have been correctly followed;
3. The submission is complete, as appropriate for Gate 2, and it is accurate;
4. The submission is consistent with related submissions and plans or deviations are justified; and
5. Evidence is available to support the element of the Gate 2 submission. Where there is uncertainty/assumptions, these are clearly identified and appropriate for this stage of the process with a clear resolution plan.



2.2 Approach to Assurance

2.2.1 GATE 2 ASSURANCE MAP

Table 3. present the list of documents and elements in each document falling under the scope of the third-line Assurance review. Table 3 lists the documents classed as High for the STS SRO scheme and which required third-line assurance.

Table 3. STS SRO - Documents and elements for assurance

Annex No.	Annex	Elements Assured
A1	A1 Netheridge Concept Design Report	Methodology, Consistency, Judgment/assumptions, Data Table
A1.1	Alternative Options Addendum	Judgment/assumptions
A2	A2 Pipeline Route Appraisal Report	Methodology, Consistency, Judgment/assumptions, Data Table
A3	A3 Treatment Basis of Design Report	Judgment/assumptions, Output
A4	A4 Netheridge Carbon Report	Methodology, Judgment/assumptions
A5	A5 Netheridge Cost Report & Supplier Quotes Package	Methodology, Judgment/assumptions
B1	Environmental Regulatory Assessments (IEA) Overarching Report	Methodology, Output
B2	Environmental Regulatory Assessments (SEA)	Methodology, Output
B3	Environmental Regulatory Assessments (WFD)	Methodology, Output
B4	Environmental Regulatory Assessments (HRA)	Methodology, Output
B5	Environmental Regulatory Assessments (NCA)	Methodology, Output
B6	Environmental Regulatory Assessments (BNG)	Methodology, Output
B7	Environmental Regulatory Assessments (INNS)	Methodology, Output
E1	Further advice DPC procurement options	Methodology, Judgment/assumptions
F1	Update scheme delivery plan	Methodology, Judgment/assumptions, Output
G1	Land & planning constraints report	Methodology, Judgment/assumptions
I1	Efficiency of Gate 2 Spend	Methodology, Output
	Chapters Gate 2 Submission	Methodology, Output



2.2.2 RAPID ASSESSMENT CRITERIA

First, and foremost through the assurance period was the consideration of whether the proposed Gate 2 submission and associated annexes meet the RAPID Gate 2 Assessment criteria and guidance illustrated in **Error! Reference source not found.**Table 4.

Table 4. RAPID Assessment Criteria

No	Assessment Criteria	Key Considerations	What does good look like?
1	Robustness	<ul style="list-style-type: none"> Strength of evidence Completeness 	<ul style="list-style-type: none"> Appropriate evidence is presented to support assertions Non-evidenced assertions are presented as uncertainties The evidence and submission is complete for its stage Where evidence is not complete, there is a clear and realistic plan to address gaps
2	Consistency	<ul style="list-style-type: none"> Methodologies, guidance and policy Other relevant plans and solutions 	<ul style="list-style-type: none"> Consistent with national legislation, policy, guidance and agreed methodologies. (Including Wales specific requirements where solutions are within or affecting Wales) Consistent with other relevant plans and solutions Any changes and deviations are well justified and supported with evidence
3	Uncertainty	<ul style="list-style-type: none"> Risk management / mitigation plan Delivery risks 	<ul style="list-style-type: none"> Appropriate understanding of certainty for stage The range and impacts of the uncertainties are presented Plan in place to quantify and manage/ mitigate uncertainties

SMEs reviewed their assigned documents against this set of criteria and developed comments highlighting issues or actions that needed addressing.

Each comment was then assigned RED-AMBER-GREEN (RAG) Status depending on the criticality of the issues raised in the comment against robustness, consistency, and uncertainty. RED status defines a material issue that impacts on the Gate 2 submission, AMBER defined an issue that does not impact on the Gate 2 submission that will be addressed at Gate 3, while GREEN represents no or relatively minor issues. The overall RAG status always aligned with the higher risk of any of the assessment criteria.

For example, key annexes being referred to in the report but which were missing would be assigned a RED against robustness. Similarly, a document which has not passed second-line of Assurance would be marked as RED against robustness. However, a comment referring to a lack of clarity in relation to some of the information or data presented was typically assigned to an overall GREEN status.

The project team has then had an opportunity to review STW third-line Assurance comments and respond back. Stantec team would then assess STW responses and set a residual RAG status,



ideally lower than the original RAG status. For example, a third-line Assurance comment requesting missing annexes was adequately addressed by submitting a revised version of the report including those annexes, in this instance the RAG status could be downgraded to GREEN.

All the comments and RAG status were populated in a master Assurance Log which was saved internally on SharePoint. Using SharePoint to save the master version of the Assurance Log enabled multiple users to edit the Assurance Log simultaneously and reduced re-work or mistakes by limiting the number of offline versions of the master Assurance Log.

In addition to following the RAPID Assessment criteria, some additional key areas were being considered as part of the assurance process and included:

- Realism of delivery timescales, particularly with respect to planning and procurement routes;
- Robustness of cost and benefit analysis and how this has influenced decision making; typical challenge areas include unit costs, risk and optimism bias, carbon, biodiversity net gain, social benefit, and valuation of non-water resource benefit;
- Risk identification and mitigation with respect to major items that may impact time, cost, and performance;
- Robustness, extent and appropriateness of physical investigations and data collection that has been undertaken;
- Consistency of approach with ACWG methodologies, other SRO transfers and integration with the WRSE optimisation and prioritisation process;
- The extent of stakeholder engagement and the contribution this has made to decision making;
- The robustness and rigour of the design assessments that have taken place; and
- Robustness of the evidence for demonstrating cost efficiency in the Gate 2 spend.

2.3 Specific considerations and Focus Areas related to our methodology

Our initial considerations with respect to the documents that will be assured are provided in Table 5.

Table 5. Specific considerations and Focus Areas

Engineering Annexes	<p>Areas of specific consideration will include the impact of climate change – in particular, the reliability of the resource under extreme drought - delivering net zero carbon.</p> <p>Cost and Carbon data assessment will include benchmarking of capital items unit costs, of opex cost components and utilisation assumptions, risk, and uncertainty allowances in line with the AWCG Cost Consistency Methodology, reviewing the appropriateness of quantified cost risk assessments and the alignment with allowances for optimism bias.</p>
Environmental	<p>During Gate 1 assumptions were made on the environment impacts associated with removing return flows to the River Tame (and Trent system), utilizing STS sources and the impact on receiving bodies of water of different standards. Data collection has been undertaken since Gate 1 and it will be critical to assess the robustness and impact of this data collection and the evidence it provides for substantiation of environmental impacts. Non-water resource benefits are also a key potential of this scheme, and we would expect to see that these have been clearly assessed and valued as part of the benefits package.</p>



<p style="text-align: center;">Non-Technical</p>	<p>Appropriateness of durations assumed for being construction ready by AMP8, including procurement and consenting. In particular, the adequacy of the assumptions used in the consenting strategy plan.</p> <p>The proposed funding, ownership, and operating strategy in particular the assumptions that have been made in the DPC assessment and the opportunities to maximise efficiency for customers.</p> <p>Evidence of how efficiency has been demonstrated in delivery of the gated allowance, including internal spend, external spend, partner costs, allocation of overheads, disallowed cost, and sufficiency of spend.</p>
<p style="text-align: center;">Gate 2 Report</p>	<p>Consideration of how all the different criteria have been used, balanced, and traded off to reach the overall conclusion to enable the best decisions to be made for customers and the environment</p> <p>Consistency with RAPID criteria and reliability with respect to the contents of the annexes that have been assured.</p>



3 STS SRO: Summary of Key Findings

The 2022 strategic regional water resource solutions guidance for Gate 2 document produced in April 2022 provides guidance regarding the content of the assurance statement and provided a list of proof points to address. Stantec has considered the Board Statement Proof Points and provided a summary in Table 6.

Table 6. STS Assurance – Summary of Findings

1. Meets the requirements set out in Ofwat’s Final Determination, and subsequent additional feedback from Ofwat.		
Key Evidence	Independent assurance opinion	Risk Rating
STW have provided the technical Annexes, supporting the Gate 2 submission, which have been scoped for third-line assurance. Furthermore, the final Gate 2 submission chapters have been provided for review.	For the Gate 2 submission, we have reviewed elements of the submission to RAPID and supporting technical Annexes in line with our third-line assurance scope. Full details are provided in the assurance feedback log. Based on the information reviewed to date, we are satisfied that the Gate 2 submission documents for the STS SRO meet the RAPID Gate 2 assessment criteria.	
2. Have been subject to sufficient processes and internal systems of control to ensure that the information on design, costs and benefits contained in this submission are reliable.		
Key	Independent assurance opinion	Risk Rating
STW have provided the original scopes for the technical Annexes supporting the Gate 2 submission. For each of the Annexes identified for our review, first and second-line assurance feedback logs, with associated responses, have been provided.	The evidence provided to date demonstrates that, through the first and second-line assurance undertaken on STS, the Gate 2 submission has been subject to sufficient processes and internal systems of control. Individual assurance logs clearly tracked the 1 st and second-line assurance, and the additional layer of quality control put in place. Technical annexes were received which evidenced tracked responses/actions as a result of feedback from initial review and assurance.	



3. Have been appropriately assured to give our stakeholders, including customers, trust, and confidence in this Gate submission.

Key	Independent assurance opinion	Risk
As set out in this document, Stantec have undertaken third-line assurance on the documents associated with the STS SRO submission. The STS assurance log evidenced the first and second-line assurance activities, including dates of assurance and lead assurer.	<p>Stantec have undertaken independent third-line assurance which is risk-based, robust and thorough. Independent technical specialists or SMEs relevant to the disciplines of each aspect of the submitted annexes have led detailed reviews.</p> <p>STW have undertaken 1st and second-line Assurance, as detailed in board point 2 above.</p> <p>Stantec has only had access to those documents which were risk assessed by STW and classed as high and critical risks. Those documents were then subject to third-line assurance by Stantec. However, there is a sample body of reports and documents that have been assessed by STW as not requiring third-line Assurance (medium & low risk). There has been no requirement for Stantec to review these documents via the third-line assurance process. This limits the extend extent and depth of the third-line assurance completed by Stantec.</p>	

4. Have appropriately considered the feedback and opinion of independent external assurance partners.

Key	Independent assurance opinion	Risk
Stantec have provided a series of third-line assurance feedback comments which STW have and are responding to.	All High-risk comments have been timely addressed via responses provided by the Client and accepted by our independent reviewers. Comments have been resolved by amendments to documentation and evidence provided to support these amendments, or assurance has been given to us that Gate 3 will capture and address points and feedback we have raised.	

5. Progress on the solution, to date, is commensurate with the timeline of being 'construction ready' in AMP8;

Key	Independent	Risk
<p>The following evidence has been reviewed in relation to this aspect:</p> <ul style="list-style-type: none"> Annex E1.1 - Procurement Strategy Report Annex E5.1 – Project Plan Report 	<p>We are satisfied that progress to date still allows the solution to be 'construction ready' during AMP8. The program to being construction ready for AMP8 is achievable but will be challenging. Cross-SRO collaborative planning (STT) is continued in the very early stages of Gate 3, to develop the detail in the programme. In addition, appointment of DCO expert advisors will be required early on to define linkage between environmental, engineering, procurement, and stakeholder workstreams and the planning & consenting process.</p>	



6. Scope, detail and quality of the activities are such that would be expected of a large infrastructure scheme of this nature at this stage

Key	Independent assurance opinion	Risk
As set out in this document, Stantec have undertaken third-line assurance on the documents associated with the STS SRO submission. The STS assurance logs evidenced the first and second-line assurance activities, including dates of assurance and lead assurer.	From our third-line assurance activities, Stantec are satisfied that the scope, detail, and quality of the activities are satisfactory for Gate 2. All high priority issues flagged have been responded to by the Client through amendment of documentation, providing greater clarity behind decision making where required, or providing assurance to us that Gate 3 will capture and address the points and feedback we have raised. However, as part of Gate 3 we recommend further work is conducted on the Treatment Basis of Design, to develop a rigorous and robust strategy to increasing flow and validate performance.	

7. Expenditure incurred in generating the Gate submission is efficient and relevant to the development of the submission

Key Evidence	Independent assurance opinion	Risk
The following evidence has been reviewed in relation to this Annex: E4.1 Efficiency of Gate 2 Spend	Following detailed discussions with, Stantec are satisfied that the expenditure incurred in generating the Gate 2 submission is relevant to the development of the submission. We highlight the following points: Leadership costs, reported in the project management and leadership budget lines are to the value of £171,902 which comprise 21% of the gate spend. This comprises of internal staff allocation and overhead (at 2.7%) and is therefore outside of competitive procurement or budget control through contractual processes. The staff cost is built up from a banded salary rate allocated to the project. We have accepted banded salary rate data at face value and have not verified this. Staff cost is allocated to the gate as a percentage of the wider Severn Trent SRO team (working over a number of SROs). This approach limits the ability to assess the cost efficiency of this spend as no time booking data is available. We note that the overall spend of 21% on leadership and PM is, in our opinion, a relatively high percentage of the gate spend. We would recommend that measures are put in place for Gate 3 to assess and demonstrate the efficiency of internal allocations.	



8. Takes full account of greenhouse gas emissions in decision making. Operational and embedded carbon emissions are part of the 'best value' scheme assessment.

Key	Independent	Risk
The following evidence has been reviewed in relation to this aspect: <ul style="list-style-type: none">A1.11 Cost and Carbon	Greenhouse gas emission, Operational and embedded Carbon have all been considered as part of the solution assessment.	

