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## Gate two query process

<b>Strategic solution(s)</b>	Severn Trent Sources
<b>Query number</b>	STS001
<b>Date sent to company</b>	24/11/2022
<b>Response due by</b>	28/11/2022

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### Query

Efficiency of spend:

The Option benefits, development and appraisal section has been included in the Feasibility assessment and concept design section. Please include information on why this has been done.

The Data collection, sampling and pilot trials section has been included in the Feasibility assessment and concept design section. Please include information on why this has been done.

Please provide more information for the spend in Feasibility assessment and concept design section.

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 workstream

Category	Activity	Expenditure Activity (£)	% of Total Expenditure Activity	Expenditure Category (£)	% of Total Expenditure Category	Description
Programme and Project Management	PM & PMO	225,505	28%	243,050	30%	Project manager and project management office
	Assurance	17,745	2%			3rd line assurance and copywriting
Feasibility Assessment and Concept Design	Engineering	265,030	35%	265,030	35%	Engineering CDR
	Water resource	-	0%			(included in feasibility and concept design)
Option benefits, development and appraisal	Non-water resource benefits	-	0%	-	0%	(included in feasibility and concept design)
	Carbon, wider best value and option appraisal	-	0%			(included in feasibility and concept design)
	Environmental Assessments	92,675	11%			SEA, HRA, BNG, NC, EAR
Environmental Assessment	National Assessment Unit (NAU) & Environment Agency (EA) Area costs	88,605	11%	190,738	23%	3rd party cost
	Natural England	9,458	1%			3rd party cost
Data collection, sampling and pilot trials	Targeted baseline desktop studies	-	0%	-	0%	(included in feasibility and concept design)
Procurement Strategy	Procurement strategy	44,040	5%	44,040	5%	Procurement advice
Planning Strategy	Land and planning	40,402	5%	40,402	5%	Land referencing, field surveys, permitting plans
Stakeholder engagement	Customer Engagement	-	0%	-	0%	Customer research, benefits & impact
Legal	Legal advice and collaborative agreement	10,664	1%	10,664	1%	Legal activities related to the SPO
Other	Other	-	0%	-	0%	n/a
<b>Total</b>		<b>813,924</b>	<b>100%</b>	<b>813,924</b>	<b>100%</b>	
Gate 2 Allowance	OFWAT PR19 final determination for gate 2	795,000		795,000		
Transfer from gate 1	Gate 1 underspend approved for gate 2 use	262,000		262,000		
<b>Revised gate 2 allowance</b>		<b>1,057,000</b>		<b>1,057,000</b>		RAPID approval January 2022
Gate under / overspend		243,076		243,076		

Table 11.1 appended for ease of reference

**Q1.** The Option benefits, development and appraisal section has been included in the Feasibility assessment and concept design section. Please include information on why this has been done.

**A1.** 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.

**Q2.** The Data collection, sampling and pilot trials section has been included in the Feasibility assessment and concept design section. Please include information on why this has been done.

**A2.** In-situ surveys related to environmental baseline data collection were procured and undertaken through the STT SRO. Both STT and STS utilised this data for the purpose of their respective environmental assessments. The STS expenditure associated with the above exercise is included under the Environmental Assessments heading in Table 11.1.

Pilot treatment plant trails will now form a Gate 3 activity and accrued no spend in Gate 2.

Consultant name redacted

**Q3.** Please provide more information for the spend in Feasibility assessment and concept design section.

**A3.** The £285k 'Engineering' expenditure consists of the following principal items:


£277k Service Order to [REDACTED] covering Engineering Conceptual Design Report (CDR).

£8k Compensation Event to [REDACTED] covering assessment of CAPEX, OPEX and carbon for the Netheridge (non-treatment) alternative options 3B and 4A in order to establish a range of savings generated by the non treatment options.

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

**A4.** There is no cost allocated to stakeholder engagement for STS SRO in Gate 2. Although the STS SRO Gate 2 submission includes customer engagement work undertaken by Britain Thinks and Accent, summarised as Annexes D1.2 and D1.3 respectively, this work was funded by the Minworth and STT SROs.

<b>Date of response to RAPID</b>	25/11/22
<b>Strategic solution contact / responsible person</b>	 stsources@severntrent.co.uk

Author name and email address redacted