

WONDERFUL ON TAP



Severn Trent Centre
2 St John's Street
Coventry
CV1 2LZ

stwater.co.uk
0345 7 500 500

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Dear RAPID,

Severn Trent Sources Strategic Resource Option Gate 1 Draft Decision Response

We write in response to the Severn Trent Sources Strategic Resource Option (SRO) gate one draft decision published by RAPID in September 2021. We were delighted to read that the assessment of our Gate 1 paper is good and welcome the opportunity to continue to develop this SRO to Gate 2.

We note that all Gate 1 expenditure has been deemed efficient and that we will not receive any delivery incentive penalty.

Costs

Section 2.2 of the "*Strategic regional water resource solutions: Standard gate one draft decision for Severn Trent Sources*" reiterates the amount of expenditure published in our Gate 1 submission. As noted in the submission, this included an element of forecasted costs from April onwards. We are pleased to confirm that total Gate 1 expenditure has modestly reduced by approximately 10% compared to that set-out in the paper. These costs are still subject to finalisation as we are awaiting final Gate 1 invoices. The majority of the reduction in this cost is because our internal programme management costs proved lower than forecast emphasising the efficiency of our in-house deliver model. We will confirm the final Gate 1 costs to RAPID once we have received confirmation of these final outstanding costs.

Recognising there is an underspend at Gate 1, we would like to highlight to RAPID the possibility of utilising this underspend for delivery of Gate 2. This will ensure we can deliver a high quality output supporting regional planning needs and meet our regulators expectations.

Quality

Section 2.3 of the draft decision document shows all bar one of the assessment areas for Severn Trent Sources are rated as 'Good', and an overall score for the SRO as having the same rating. We note that the environment score is rated as 'satisfactory' and would welcome further discussion to make sure we can address your concerns effectively. We will continue to work closely with the Environment Agency and Natural England to ensure that potential risks are addressed and that the programme is successfully delivered.

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Actions and Recommendations

We are pleased to note that RAPID have not identified any priority actions for the Severn Trent Sources SRO and subsequently that no remediation action plan is required.

We have reviewed the actions and recommendations listed in the draft decision. We are currently awaiting clarification on recommendation 2 as we do not believe any customer change of supply source will be directly caused by this SRO. We are confident that our planned Gate 2 programme will address the remaining actions and recommendations. We believe that some of these actions will be best delivered in the Severn to Thames Transfer SRO which this SRO supports. We have well established links to this SRO and will continue to work with them to ensure recommendations are addressed in a holistic way.

Summary

We would like to take this opportunity to thank RAPID, EA, Ofwat & DWI for your engagement and collaborative working throughout Gate 1 and look forward to working closely with you during Gate 2.

Yours sincerely,



Bob Stear (Chief Engineer)