

## Gate 1 queries process

<b>Strategic solution(s)</b>	Severn to Thames Transfer
<b>Query number</b>	STT005
<b>Date sent to company</b>	03/08/2021
<b>Response due by</b>	05/08/2021

### Query

Please provide a detailed breakdown of the £431,000 for 'Tripartite Company Activity' and £400,000 for 'Programme Management & Delivery' costs from Table 14-1 and explain how these costs have been scrutinised and challenged, in particular so as to ensure there is no duplication of work within and between each category.

### Solution owner response

The STT scheme is one the most complex of the SROs. It is delivered through three equally funded partner companies (two 'sellers' and one 'buyer'). There are integral dependencies with the four source SROs, two regional interfaces (one 'donor' and one 'recipient' region) and spans across England and Wales with associated stakeholder considerations. There is a requirement within the scope of the STT scheme for an over-arching 'system' view to be taken across a range of engineering, environmental, consenting and commercial considerations.

Central to the efficient delivery of the scheme has been the decision to undertake a joint, collaborative working approach to the delivery of the scheme for Gate 1.

A small core tripartite team was established from representatives of the three partner companies. This provided programme direction, scrutiny, challenge and governance, with authority and decision-making made jointly within the team by the Programme Management Board (PMB) comprising representatives from each company and workstream leads.

Programme management was provided through a competitively procured senior, independent programme manager, supported where required by company resources. Internal company resources were used where available with appropriate experience and skills. These resources are generally more effective in comparison to externally sourced resources.

Recognising the unique nature and complexity of the scheme and the commensurate resources required, we have presented the ‘tripartite company activities’ separately from those of ‘programme management and delivery’, to openly and transparently communicate the level of effort required. There is no overlap or duplication between these or other workstreams.

Please see below a more detailed breakdown of the two cost categories requested.

### ***Tripartite Company Activity***

Given the joint nature of the scheme between United Utilities, Severn Trent Water and Thames Water, a small programme team from each company was formed to work collaboratively across the key workstreams and to drive governance and decision making and other activities as described in table 14-1 of the Gate 1 report. A detailed cost breakdown of this workstream is shown below:

<b>Cost Element</b>	<b>Cost</b>
United Utilities resources	
Severn Trent Water resources	
Thames Water resources	
Legal Costs (MoU / PSL)	
Allocation of companies' Capital Overhead	
<b>Total (20/21 and 21/22 price base)</b>	<b>£454k</b>
<b>Total (17/18 price base)</b>	<b>£431k</b>

The Legal costs [REDACTED] were shared between the three companies and supported the development of a Memorandum of Understanding and a Procurement Side

Letter, established to support the joint procurement of 3<sup>rd</sup> parties for the Gate 1 activities.

Company overhead [REDACTED] has been charged against the Gate 1 spend with the overhead allocated in proportion to the workstream costs.

It should be noted that costs for company governance activities, reviews and sign-offs have been excluded from these costs.

The costs, including forecast of resources, are based on estimates at the time of production of the Gate 1 report. These will be updated and reported on as part of a final STT Gate 1 reconciliation in September 2021.

There is no overlap or duplication between the Tripartite Company Activity and Programme Management and delivery workstreams.


### ***Programme Management & Delivery***

Given the scale and complexity of the STT SRO, an independent 3rd party programme manager was engaged by the 3 companies to drive the delivery of the Gate 1 activities, as described in Table 14-1 of the Gate 1 report. Supporting resource was made available from one of the companies to work with the programme manager and it is these two resources that are included within the £400k.

A detailed cost breakdown of this workstream is shown below:

<b>Cost Element</b>	<b>Cost</b>
Programme Manager (Gareth Thomas)	[REDACTED]
Programme Support ( )	[REDACTED]
Allocation of companies' Capital Overhead	[REDACTED]
Total (20/21 and 21/22 price base)	<b>£421k</b>
Total (17/18 price base)	<b>£400k</b>

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<b>Date of response to RAPID</b>	5 <sup>th</sup> August 2021
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