

Stakeholders and third-party funding

Annex 08

Severn Trent
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WONDERFUL ON TAP



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1. Introduction

Our green recovery proposals are an opportunity for us to deliver more for our customers and communities. In turn they will support the broader economy in the Midlands as it recovers from the Covid-19 pandemic.

Our customers have expressed a clear view that they support our Green Recovery proposals, but we have also heard that now is not the time to be proposing large bill increases. We are responding to this in three key ways:

- Minimising the amount of upfront funding required from customers by proposing a cost recovery approach that sees us deliver benefits before customers pay. Full details on this can be seen in *Annex A04: Affordability and Financeability*.
- Challenging our approach to project costs. Through benchmarking, seeking assurance and learning from PR19 efficiency costs we will look to maximise the efficiency of our proposals. Details can be found in detailed *Annex A09: Cost Robustness and Efficiency*.
- **Engaging with third parties to look for opportunities to share costs or align goals to get more for less – this detailed annex covers this aspect.**

From the outset we considered how we could work with third parties to deliver our proposals. Partnership working has been a proven way of aligning goals and sharing costs to drive efficiency throughout AMP6 and into AMP7. We also consider that partnership working provides us with an opportunity to deliver greater benefits for the same level of costs. In developing our Green Recovery proposals, we wanted to adopt this mindset and broaden the types of organisations we partnered with to include those in different sectors who share our long term environmental ambitions.

It is this shared goal of delivering better environmental and customer outcomes, along with a recognition that it is not just financial support we need to deliver them, that formed the central focus as we developed our proposals. We appreciate that for our proposals to be successful we are dependent on other organisations to support us and enable us to access their available resources to benefit our customers. For example, we will use our partners' expertise and knowledge as we deliver our proposals, and we will use their network to identify new contacts who can help us innovate and deliver more. To deliver the breadth and depth of our Green Recovery objectives we need to be part of a bigger team.

We recognise that partnership working can take time to establish and the Green Recovery timetable requires working at pace. The widespread economic impact of the pandemic has presented additional challenges as we looked to find partners. Although we have successfully identified a number of third parties to work with, we continue to be mindful of the ongoing current economic situation and how this could potentially impact their business and the support they can offer.

2. Summary of support from third parties

To maximise the potential benefits to customers and the environment we have engaged with more than 50 organisations from both inside and outside the water sector. Contacts were made at different levels and this top down and bottom up approach established a wide stakeholder network that could look to support our green recovery proposals.

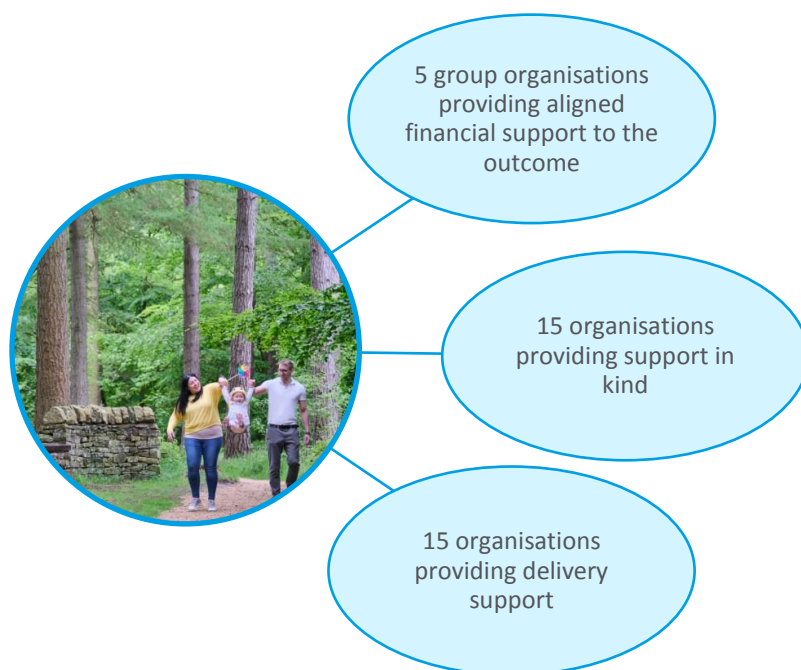
Overall we are getting three types of support from third parties:

- **Financial contributions that allow us to deliver greater benefits** – we have aligned potential funding of c.£50m from third parties which will enable us to deliver greater benefits for less in relation to bathing rivers, water resilience and flood resilient communities.
- **Technical contributions** – we have received additional support through the provision of expertise and advice as we developed our business cases. For example, the Knowledge Transfer Network (KTN) has provided support (resource and financial) to scout for new technologies to replace lead pipes.
- **Partnerships for accelerated delivery** – the novel nature of our proposed projects will require effective partnerships with a range of agencies to deliver the required outcomes at speed, particularly local councils, the Environment Agency and river trusts. Whilst looking to enlist third party support we have also been actively building these relationships so we can move at speed to deliver the customer and environmental benefits earlier than would otherwise occur.

We are committed to build on these relationships and develop additional third party relationships as we implement our business cases across the region.

The diagram below summarises the high level outcome of our partnering approach. A number of these new contacts were member organisations who then promoted our proposals across their wider membership network. For example, we discussed our proposals with Sustainability West Midlands who shared them with their wider network made up of over 75 organisations.

Figure: A wide range to third-party support



3. Our approach to engaging and working with third parties

We engaged with third party organisations throughout the development of our six business cases to maximise the benefits of our proposals for our customers and the broader community and environment.

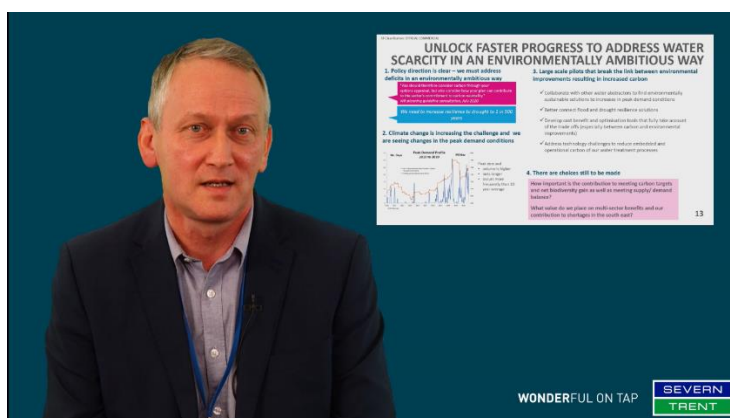
We developed a twin-track approach towards third parties, approaching both new partners and building on existing relationships. This tailored approach meant we involved a wider range of organisations compared to traditional project funding approaches.

We initially approached potential partners through a range of routes with the aim of building a wide network of contacts at all levels in the organisation to enable us to work at pace. For example, we had:

- CEO level engagement with large organisations. For example, a CEO at an International Bank.
- Engagement with our working level contacts within our existing networks. For example, Local Council flood teams and Natural England.
- Innovation and academic contacts and through them we accessed additional contacts. For example, through Sustainability West Midlands and Wildlife Trusts.
- NGO senior stakeholder engagement. For example, Severn Rivers Trust and the National Trust.

Once we had established initial contact, we then undertook a number of activities to further explore opportunities and seek what could deliver the most benefit to the business case and ultimately for our customers. This engagement included:

- An interactive online workshop to share our Green Recovery proposals. At the workshop we also sought initial feedback on each proposal as well as ideas on project assessment criteria. Due to the interactive nature of the workshop, attendees from the 24 organisations invited (listed in the Appendix) were split into smaller groups to facilitate discussions.



During the workshop we:

- sought feedback on the proposals;
 - discussed the desired benefits and relative importance;
 - discussed the options for quantifying and measuring deliver of the benefits; and
 - discussed potential overlap with stakeholder aims and plans.
- CEO engagement on a one to one basis with ten potential senior partners E.g. Bournville Village Trust.
 - Detailed one to one discussions and follow up with over 20 individual organisations to identify areas of synergy and focus for the future partnership.

Our approach helped us to identify how we could work with each third party and the benefits we could both gain. Whilst for some third parties the relationship would focus on one stage of the business case

(e.g. development), we believe that for most there will be a long term partnership that will deliver benefits throughout the lifecycle of the project. For example, working in partnership will help deliver:

- Expertise and support in kind whilst we developed our business case proposals. For example, advice received on our bathing river proposal from the Rivers Trust.
- Project implementation. For example, as we implement our pilot bathing river pilot scheme we will work alongside Stratford-on-Avon District Council on their corresponding riverside improvement scheme, maximising all opportunities to deliver 'more for less'.
- Financial support to minimise the impact on customer bills. For example, the funding pledged by the Severn River Partnership (but subject to approval of their business case) will benefit our Decarbonising Water Resources proposal.

The outcome is that we have both established new and expanded existing relationships across a range of third parties. We anticipate that the majority of these relationships will run for the long term as we work with third parties to deliver our business cases and provide long term benefits for our customers and our communities.

4. Partnerships

The following tables summarise the emerging partnerships we have developed to date with third parties and their contribution to our individual business cases. Full details of the partnership and the benefits it will bring can be seen in each business case.

Table 1: Business case: Creating bathing rivers

Partner	Expert advisor role	Financial support	Delivery role
Philip Dunne MP – Ludlow MP and local farmer / landowner	✓		✓
Rivers Trust	✓		✓
Severn Rivers Trust	✓		✓
Ludlow Town Council	✓		✓
Stratford District Council	✓	We will work with the Council on their £1.5m project	✓
Warwick District Council	✓		✓

Table 2: Business case: Decarbonising water resources

Partner	Expert advisor role	Financial support	Delivery role
River Severn Partnership	✓	✓	✓
Major landowner	✓		✓
Water Retailers	✓		✓

Table 3: Business case: Flood resilient communities

Partner	Expert advisor role	Financial support	Delivery role
Environment Agency	✓		✓
Nottinghamshire County Council	✓	c.£3.5m bid to be submitted for Mansfield flooding projects	✓
Nottinghamshire Wildlife Trust	✓		✓
Mansfield District Council	✓	Subject to outcome of Mansfield's £25m Town's Fund bid	✓
Knowledge Transfer Network (KTN)	✓		

Table 4: Business case: Taking care of supply pipes

Partner	Expert advisor role	Financial support	Delivery role
Knowledge Transfer Network (KTN)	✓	c.£10k to deliver technology scouting	
Further education college			✓
Direct Line Insurance			✓

Note, some parties who are outside the water sector may be working to different green recovery timescales, or where we will be entering a formal bid process, we will continue to work with them with a view to partnering at a later stage. Any funding from these bids is expected to be on leveraging additional benefits. Where there is a clear opportunity to reduce costs (for example flooding) we would seek for this to be taken into account at PR24 if such funding eventuated (i.e. by netting off).

In relation to our proposals for the AMI metering trial and the AMP8 WINEP acceleration, at this stage we have not pursued additional partnerships as the work is largely an extension of our existing delivery programmes.

Alongside the above, we also have some longer-term potential partnerships about how to maximise the benefits of the schemes at no extra cost to our customers. These discussions are still on-going and are summarised in the table below.

Table 5: Potential partnerships we are discussing

Business Case	Possible partner	Future benefits from partnership working
Creating Bathing Rivers	National Farmers Union	Improved catchment management and environment
	Ludlow Civic Society	Wider understanding of the scheme and better local support
	Outdoor Swimming Society	Advice and support throughout scheme delivery.
Decarbonising Water Resources	Wildlife Trusts	Support in scheme delivery with scope to deliver additional biodiversity schemes
	Severn Rivers Trust	Advice and support in scheme delivery
Flood resilient communities	Housing Associations	Aligning their social purpose with areas where reduced insurance claims would also help them
	Nottinghamshire County Council	Potential Expression of Interest to the flood and coastal resilience innovation programme
	Trent Rivers Trust	Advice and support
Taking care of supply pipes	Local Councils	Community street improvements following supply pipe replacement
	Create Streets Foundation's <i>No Place Left Behind Commission into Prosperity and Community Placemaking</i>	Input to commission to support changes to policy and practice to improve poorer communities
	Housing Associations	Facilitation of supply pipe replacements rather than repair

5. Full list of organisations engaged with

Organisation
Anchor Hanover – Normanton Lodge
Arup
Birmingham City Council
Bournville Village Trust
Bromford Housing Association
Canal and Rivers Trust
Carbon Trust
CCW
Children’s Investment Fund Foundation
Citizen Housing (Coventry)
Clarion Housing Association
Coventry and Warwickshire Local Enterprise Partnership
Coventry University – Centre of Agroecology Water and Resilience
Defra
Derbyshire Wildlife Trust
Direct Line
DWI
EnergyUK
Environment Agency
Forest Holidays
Friendship Care & Housing
Green Alliance
Guinness Partnership Housing Association
HSBC
Innovate UK / KTN
JMG Foundation
Legal & General
Midland Heart Housing Association
National Trust
Nationwide Building Society
Natural England
Nehemiah Housing Association
NFU
NHS
Nottingham City Council
Nottingham University
Nottinghamshire County Council
Nottinghamshire Wildlife Trust
Ofwat
Orbit Housing Association (Coventry)
Oxford University
Public Health England

Organisation

RAPID

River Severn Partnership

RSPB

Severn Rivers Trust

Staffordshire Wildlife Trust

Stonewater Housing Association

Stratford-Upon-Avon District Council

Sustainability West Midlands

Telford Council

The Rivers Trust

Trent Partnership

Tuntum Housing Association (Long Eaton)

Water Resources West

West Midlands Combined Authority

Wildfowl & Wetlands Trust

Wildlife Trusts

WMG SME Group

WWF

6. Full list of organisations invited to attend workshop

Organisation
Arup
Canal and Rivers Trust
CCW
Defra
DWI
Environment Agency
EA Severn Partnership
EnergyUK
Green Alliance
National Trust
Natural England
NFU
Ofwat
Oxford University
Public Health England
RAPID
Rivers Trust
RSPB
Severn Rivers Trust
Water Resources West
West Midlands Combined Authority
Wildfowl & Wetlands Trust
Wildlife Trusts
WWF