

A guide to our submission

Severn Trent
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WONDERFUL ON TAP



Contents

1. How to navigate our submission	3
2. Meeting the entry criteria	4
3. How we identified and refined our proposals	5
3.1 Accelerating AMP8 investment	5
3.2 Analysis of long-term trends	6
3.3 Customer engagement	8
4. Our proposals	9
5. Regulatory mechanisms	10

1. How to navigate our submission







The level of ambition – and size of investment – across our Green Recovery proposals is significant, and therefore the evidence that we are providing for those proposals is proportionate. This means that there are several documents providing supporting evidence for our proposals, and we know that different audiences will be looking for different information within them. This document is intended to help readers to navigate our submission, and to locate the relevant sections.

Life beyond the pandemic, the first document in our suite, provides an overview of the whole submission. Each part of our submission is designed to be read as a standalone document, so there is some repetition across documents. The whole submission will be in the public domain, with redactions in very few circumstances due to commerciality or sensitivity.

2. Meeting the entry criteria

The table below summarises how we meet the entry criteria for Green Recovery funding, and where we have provided further evidence to substantiate this in our submission.

Table 1: Location of our evidence that shows we meet the entry criteria

Criterion	Severn Trent performance	Supporting evidence
On track delivery		Annexes A01 & A02
Demonstrated social responsibility during pandemic		Annexes A01, A02 & A05
Have taken steps to accelerate AMP7 investment		Annexes A01 & A02
Have taken steps to accelerate AMP8 investment		Section 3.1 below Business case 05: Accelerating environmental improvements (AMP8 WINEP) Business case 06: Smart metering
Third party funding opportunities maximised		Annex A08
Deliverability capability		Annex A10

3. How we identified and refined our proposals

As the Covid-19 pandemic struck, we were already looking at long-term trends and reflecting on the wealth of information from PR19 customer research and day-to-day contact with customers.

Using the insights we had already gathered, we then considered the Green Recovery invitation from Defra and regulators and identified proposals that responded to all three asks:

- 1) accelerating existing AMP7 plans;
- 2) bringing forward AMP8 enhancement proposals from 2025 and beyond; and
- 3) implementing specific new innovative ideas that would benefit future generations or current customers.

Table 2: Evidence for how we identified our proposals

	Key consideration	Supporting evidence
Accelerating AMP7 investment	<ul style="list-style-type: none"> • Do we have resource/capacity to accelerate without compromising on cost or quality? • Where can we realise environmental benefits sooner? 	Annex 01: On-track delivery Annex 10: Deliverability
Accelerating AMP8 investment	<ul style="list-style-type: none"> • Where do we have the most certainty on AMP8 requirements to offer ‘no-regrets’ acceleration? 	Business case 05: Accelerating environmental improvements (AMP8 WINEP) Business case 06: Smart metering There are elements of acceleration within each of our four ‘new proposals’ – see 3.1 below for a summary
	<ul style="list-style-type: none"> • What are the trends that affect our ability to provide efficient services over the long term? 	3.2 below and more detail is available on request
	<ul style="list-style-type: none"> • What do our customers want, and how has the pandemic affected their views about our role in the short and long term? 	Annex 03: Customer engagement 3.3 below
New proposals	Set out in 3.2 below	Full business cases: <ul style="list-style-type: none"> • 01 Bathing rivers • 02 Decarbonising water resources • 03 Building sustainable, flood resilient communities • 04 Taking care of customers’ supply pipes • Annex 09 Cost Robustness and efficiency (including expenditure data tables)

3.1 Accelerating AMP8 investment

Accelerating statutory environmental obligations (WINEP) was a clear choice for accelerated investment; its statutory deadline is 2027, so we were already developing the final package of work needed. We have worked with the Environment Agency to identify the final package of work that

meets the cost-benefit criteria. The details can be found in the full business case 05: *Accelerating environmental improvements (AMP8 WINEP)*.

In our PR19 plan, we set out a 10-year programme for implementing metering across our region. With the Environment Agency currently refreshing their water stress analysis, initial indications suggest that our region is likely to be designated as ‘water stressed’, this was another clear ‘no-regrets’ investment to complete work that we know is needed during 2025-2030. The details can be found in the full business case 06: *Smart metering*.

A proportion of the total investment proposed across the ‘new proposals’ relates to investment that we would have proposed for AMP8. Table 3 summarises this information, and further detail is provided in each of the full business cases.

Table 3: Proportion of proposals which is no-regrets AMP8 acceleration

Business case	Estimated AMP8 investment	% of the total proposal	Supporting evidence
Creating bathing rivers	£44m	29%	01 Bathing rivers Section 1.8
Decarbonising water resources	£206m	100%	02 Decarbonising water resources Section 2.2
Building sustainable, flood-resilient communities	£42.5m	50%	03 Building sustainable, flood resilient communities Section 1.6 (assumed even split AMP 8/9)
Taking care of supply pipes	£90m	91%	04 Taking care of customers’ supply pipes Section 2
Accelerating environmental Improvements (AMP8 WINEP)	£168m	100%	05: Accelerating environmental improvements (AMP8 WINEP) Section 1.1
Smart metering	£21m	100%	06: Smart metering Section 2
Total	£572m	78%	

3.2 Analysis of long-term trends

Ahead of the Covid-19 pandemic, and following extensive analysis of long-term trends affecting the water sector, and of how customer and other stakeholder priorities might be expected to evolve over time, we identified five key areas of strategic focus:

- **Social values:** with trends showing continued growing concern for vulnerable customers, and for fairness (in particular in the provision of public services).
- **Sustainability:** with climate change concerns, and pressures for further pollution reductions, strongly supporting a continued and growing prominence being given to sustainability issues.
- **Resilience:** with climate change trends (including of hotter, drier summers, and more frequent extreme rainfall events) emphasising the growing importance of resilience.
- **Efficiency improvements:** with the ongoing delivery of efficiency improvements critical to the management of bill impacts as the sustainability and resilience challenges are met.

- **Our relationships with our customers:** with the cultivation of deeper and more integrated relationships likely to be increasingly important for find ways of solving challenging problems.

The pandemic has had profound implications for the UK economy and for wider society. Covid-19 has deeply impacted attitudes, with public health now a primary concern. This has led to greater focus on wider health and wellbeing, and on those disadvantaged groups who have not only been most adversely affected by the pandemic, but are also likely to struggle most in any subsequent economic downturn. Behaviours have also been greatly affected, with a significant shift to working from home, less travel and a preference for accessing services within localities. Whilst there remains uncertainty, some of these changes are likely to be long-lasting.

These changes have intensified the importance of the five key areas identified above, and the need to make progress is more urgent. Our Green Recovery proposals reflect this, and have been designed to achieve:

- Tangible and impactful improvements in environmental and health outcomes, including in the short term.
- Improved resilience delivered through the development of more holistic and sustainable approaches.
- Greater support for our vulnerable customers, including in terms of the benefits available to them, and the risks they face, which may be heightened due to financial circumstances.
- Significant innovation and learning opportunities that could result in more efficient and effective ways of working.

This final point – concerned with identifying opportunities to drive efficiency – is critical. The ongoing achievement of incremental improvements will continue to have an important role to play, and forms part of our ‘business as usual’. However, meeting the resilience and sustainability challenges ahead in fair and affordable ways will require more fundamental change, as Ofwat notes in its report *PR24 and beyond*. We believe that stepping beyond our traditional remit, and forging new, more holistic approaches to assessing and delivering societal benefits, is central to providing for this.

Table 4 signposts the evidence that shows how we are meeting the aims identified through the long-term trends analysis.

Table 4: Signposting evidence for how our new investment proposals meet the aims

	Supporting evidence
Tangible and impactful environmental and health outcomes	Documents 01-06 full business cases Annex 07: Wellbeing benefits
Improved resilience through holistic and sustainable approaches	Documents 01-06 full business cases Annex 06: Net-zero carbon
Greater support for vulnerable customers	Documents 01-06 full business cases, but particularly: 03 Building sustainable, flood resilient communities 04 Taking care of customers’ supply pipes
Innovation and sector-wide learning opportunities to boost efficiency	Documents 01-06 full business cases Annex 05: Creating jobs and improving skills Annex 11: Customer protection

3.3 Customer engagement

We have undertaken an extensive customer insight programme, building on our PR19 research and ongoing engagement channels.

Our Green Recovery proposals are a welcome opportunity to be bolder and push the boundaries of what we can achieve for our customers and region. Because of this, they also present a series of important issues for our customers: Do they support us taking action? Are we focusing on issues that are really important to them? How can we learn from them to make our proposals better? What value do they place on these improvements? And – particularly important in the current economic climate – are they affordable?

Annex 03: Customer engagement sets out the answers these questions and provides details of the approach we have taken to ensure our findings are representative of everyone we serve. The four business cases (Documents 01-04) that focus on new investment opportunities include a summary of what customers told us and how we have taken those insights into account when developing the final proposals.

4. Our proposals

There are four types of document containing information about our proposals, signposted in table 5.

Table 5: Signposting information relevant to our proposals

Document type	Supporting evidence	Applicable to which proposals
Short summaries	Four summary documents	New investment proposals: <ul style="list-style-type: none"> • Creating bathing rivers • Decarbonising water resources • Building sustainable, flood-resilient communities • Taking care of customers' supply pipes
Data tables	Annex 02: On track data submission Annex 09: Cost Robustness and efficiency	All We have completed the tables issued by Ofwat covering "on track performance" and expenditure Green Recovery expenditure has been allocated in line with the PR19 data tables WS1/WWS1 and WS2/ WWS2
Main business cases (including supporting appendices)	01-06 Full business cases	01 Bathing rivers 02 Decarbonising water resources 03 Building sustainable, flood-resilient communities 04 Taking care of customers' supply pipes 05 Accelerating environmental improvements (AMP8 WINEP) 06 Smart metering
Annexes – covering cross cutting themes across the package	A03 Customer engagement	All
	A04 Affordability and financeability	All
	A05 Jobs and skills	All
	A06 Net zero carbon	All
	A07 Wellbeing benefits	Main cases 01-04 ('new proposals')
	A08 Stakeholders and third party funding	Main cases 01-04 ('new proposals')
	A09 Cost robustness and efficiency (this includes the findings from the independent review of costs)	Main cases 01-04 ('new proposals') Main case 06 Smart metering It does not cover main case 05 Accelerating environmental improvements AMP8 WINEP) – the equivalent evidence is provided in the main business case
	A10 Deliverability	All
	A11 Customer protection	All

5. Regulatory mechanisms

As part of our submission, we have considered how our proposed activities would integrate into the existing regulatory framework, and how we ensure transparency and protection for customers.

Our proposals are set out in Annex 04: Affordability and financeability and Annex 11: Customer protection.

We have also drawn on information gathered through our research which is included in *Annex 03: Customer engagement*.

The data tables provided in Annex 02: On Track data submission also includes information on our current performance and expenditure.