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20th October 2021

Dear [X],

### **River Severn to River Thames Transfer: Response to Gate 1 draft decision**

On behalf of United Utilities, Severn Trent Water and Thames Water, we thank you for the draft decision letter and the feedback provided for our Gate 1 submission for the River Severn to River Thames Transfer SRO. We welcome your decision to allow the project to continue to Gate 2.

Further to RAPID's draft decision, we attach a formal joint response in respect of the request for additional information associated with Tripartite and Programme Management Gate 1 expenditure.

Please note, we have not responded formally regarding the quality assessment, actions and recommendations within the draft decision. We will agree and record how we address these going forward for Gate 2 separately through discussions with the STT RAPID lead, [X].

We also confirm the final reconciled Gate 1 expenditure as follows.

The STT expenditure reported for Gate 1 was based on known actuals to 31st March 2021 and forecast costs to the end of Gate 1. Following completion of the reconciliation process between the partners and third parties, we advise that the total expenditure for Gate 1 has reduced from the £4,494k reported for Gate 1 to a final figure of £4,014k1 (17/18 price base). This is a reduction of 12.5%.

The principal areas that have contributed to the reduction are lower than anticipated workstream costs at the end of Gate 1 (particularly environmental monitoring), risk provisions not realised, adjustments in third party costs and company resources based on actuals, with a commensurate reduction in company overheads associated with this overall lower spend. The reconciled Gate 1 expenditure will be split and allocated equally across the three companies.

We very much hope for a positive conclusion to the challenge regarding Tripartite and Programme Management Gate 1 expenditure and look forward to receiving RAPID's final decision.

Yours sincerely,

[X]  
[X]  
[X]

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<sup>1</sup> Whilst this figure will not materially change there may be minor amendments following the final settlement of supplier accounts.