

Response to Havant Matters Resilience and Operation

1. Introduction

Representatives of Havant Matters (havantmatters.org) met with Southern Water's CEO, Lawrence Gosden, on 10 April 2025 to discuss Revised Draft WRMP24 (rdWRMP24). During the meeting, Havant Matters provided written submissions on issues that are of key concern to them. These are:

1. Growth and demand forecasts used for the rdWRMP24
2. Alternative location(s) for Southern Water's abstraction on the River Itchen
3. The site used for locating the water recycling plant as part of the Hampshire Water Transfer and Water Recycling Project (HWTWRP)
4. Leakage reduction
5. Operational practices

We welcome Havant Matters' continued engagement on the HWTWRP. This document responds to the points raised in relation to point 5, operational practices for the HWTWRP. Havant Matters' feedback on this is summarised in four key themes, which we have responded to below:

1. Concern about the resilience of the HWTWRP to flood risk and coastal erosion;
2. Cost of the project and whether it represents best value for customers;
3. Identification and management of project risks; and
4. Operational policies for the HWTWRP, including compliance by the operator under the Direct Procurement for Customers (DPC) framework.

2. Highlighted issues

Concern about the resilience of the HWTWRP to flood risk and coastal erosion

Southern Water agrees that any new major infrastructure project, such as the HWTWRP, needs to be resilient to future changes, including those associated with climate change such as increased flooding and also coastal erosion. This is recognised in the National Policy Statement for Water Resources Infrastructure (2023) (NPSWRI), which will be the main national planning policy for the determination of the DCO application. The NPSWRI sets out policies for assessing and managing flood risk and, for projects located close to the coast, for assessing and managing the increased risk of coastal erosion.

For managing the risk of both flood risk and coastal erosion, we have applied the mitigation hierarchy throughout the design and assessment of the HWTWRP, starting with the scheme development process. As

reported in our 2022 Scheme Development Summary (published at our 2022 Consultation), we identified the search area for potential sites for the Water Recycling Plant (WRP) by, amongst other things, excluding areas of coastline susceptible to sea flooding and coastal erosion, as major infrastructure in these locations would not be resilient or suitable against a number of policy tests and consideration. This was informed by a coastal study for site selection assessment and the coastal resilience line was formed through the assessment of coastal geomorphology and management policies, to identify projected future rates of coastal change and zones susceptible to sea flooding.

This demonstrates that, from the very outset of the project, we have sought to avoid the potential for impacts on the WRP from coastal erosion and sea flooding. Further consideration to avoiding, minimising and mitigating such impacts has been considered as we have progressed through the design and assessment process.

We are assessing flood risk and climate change resilience in the Environmental Impact Assessment and Flood Risk Assessment as part of our DCO application and flood and climate change resilience will be incorporated into the design of the scheme. The indicative design includes flood protection for the pumping station at Budds Farm to tidal flood level with H++ climate change scenario. We are currently exploring what, if any further flood protection might be required at Budds Farm under the H++ climate change scenario. This will determine whether further protection at Budds Farm is required. Site 72 does not flood under the H++ climate change scenario tidal flood level.

Further information on how we have complied with these important national planning policies, including the NPSWRI, will be provided as part of our DCO application along with our Environmental Statement, which will report on the outcomes of the Environmental Impact Assessment including the Flood Risk Assessment.

Cost of the project and whether it represents best value for customers and request for further information on the financial model for the Competitively Appointed Provider (CAP) as part of the DPC framework;

Havant Matters has raised concerns about whether the cost of the project reflects best value for customers, in light of the concerns raised about operational policies and resilience to flood risk and coastal erosion.

The project has developed AACE class 3 cost estimates for the scheme. Final costings for the project can only be determined once the tendering process is complete and a preferred bidder selected.

Through development of the agreement with the CAP, we will financially model the impact on customer bills. This will be subject to considerations such as contract tenor, size of end of concession payment, etc. These details will initially be submitted to Ofwat at Stage 3 and then confirmed at Stage 4.

In particular, a query has been raised as to whether there is a discrepancy between the £1.2bn project cost in RAPID documentation and the overall cost of £3bn in Ofwat's PR24 Final Determination. The difference in these two costs is because there is an estimated capital expenditure of £1.2bn, which is reported in the RAPID documentation, compared to an estimated whole life cost of £3bn over the life of the project.

The selection of HWTWRP as the preferred option was considered as part of a comprehensive options appraisal process, which included a 'Best Value for Customers' assessment, as required by the Water Resources Planning Guidelines (WRPG). This identified HWTWRP as the preferred option, which was reported in Annex 5 of our Gate 2 submission to RAPID and the outcomes were supported by RAPID. Since the Gate 2 options appraisal, we have progressed our WRMP24 which includes development of a 'best value plan' in accordance with the WRPG, with our revised draft WRMP24 being published in September 2024.

This more recent appraisal of options as part of the WRMP process also identified the HWTWRP as part of this 'best value plan' in accordance with the water resources planning framework.

Identification and management of project risks

The assertion that the project is not considering all the project risks and mitigations to ensure the project is cost-effective and sustainable is not correct.

In accordance with good project practice, we are identifying and monitoring potential risks associated with the HWTWRP at the appropriate levels of governance for the project. This is an ongoing process and will continue as we develop the scheme and also progress through the DCO process. We have reported on key risks and mitigation measures as the project develops at each of Gate 1, 2 and 3 of the RAPID Gated Process and this was published on our website and is available for the public to see.

Operational policies for the HWTWRP, including compliance by the operator under the Direct Procurement for Customers (DPC) framework

The operation of the HWTWRP is being carefully considered. Certain constraints will be set out in the DCO, and certain constraints will be determined through detailed design once consent has been granted. Under the requirements in the DCO, the relevant planning authority will approve the detailed design in accordance with the controls that have been committed to as part of the DCO application. Importantly, the operation of the project will be secured in accordance with the Operational Management Plan, which will include commitments and mitigation controlling how the project will be operated so that it is in accordance with the scope of the outcomes of the EIA and other assessments, ensuring that any potential risks or issues are suitably managed. An outline Operational Management Plan will be submitted as part of the DCO application and will be available for public review ahead of the DCO Examination. There will be an obligation in the DCO that requires a detailed Operational Management Plan to be prepared that is substantially in accordance with the outline Operational Management Plan and this will be approved by the relevant authority.

In relation to the points raised that the CAP will be operating the HWTWRP rather than Southern Water, an important function of the DCO regime is that the DCO will consent the construction, operation and maintenance of the project. This means that the project will need to be operated within the provisions of the DCO, which will include the management plans and control documents that are secured through the DCO. The requirements of the DCO are enforceable and it is a criminal offence under the Planning Act 2008 to fail to comply with a DCO. The rigorous enforcement provisions provide confidence that, even with a third party operating the project, it will be operated in accordance with the agreed measures and controls in the DCO, which all parties will have an opportunity to provide feedback on as part of the DCO Examination process.

In addition, there are other legislative and regulatory regimes that will continue to be in place, relating to matters such as health and safety and protecting critical assets, which the operator of the project will need to comply with. An example of relevant regulatory requirements includes the Security and Emergency Measures Directions (SEMD), which require critical infrastructure to be protected from acts of terrorism.

Havant Matters has sought further detailed information on specific operational aspects of HWTWRP. We provided a preliminary project description in chapter 3 of our Preliminary Environmental Information Report (PEIR), which was published at our Summer 2024 Consultation. This provided consultees with detail on the emerging proposals to inform their statutory consultation response. We are in the process of refining and updating our proposals, as we have continued with the design and assessment of the project and in response to consultation feedback. Further information will be shared as part of the final project description that will form part of the Environmental Statement included in the DCO application. This will be published in time for interested parties to submit their 'Relevant Representation' setting out their views on the DCO application to be considered as part of the Examination.