

January 2020

# RAPID Terms of Reference

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# RAPID Terms of Reference

## Purpose

This document sets out the terms of reference for the Regulators' Alliance for Progressing Infrastructure Development (RAPID). It is intended to complement the Memorandum of Understanding and sets out:

- RAPID's vision, mission, goals, objectives and scope.
- Responsibilities surrounding information provision through stage gates
- Specific deliverables, stakeholder strategy, finance, resources and planning.

This document was approved by the RAPID Board on 5th December 2019.

## Vision and Mission

Our vision is:

**Resilient, timely, high-quality, environmentally beneficial water resources which are acceptable and affordable for customers.**

This is achieved through:

**Regulators working together to promote the development of national water resources infrastructure that is in the best interests of water users and the environment.**

## Goals and Objectives

To facilitate the **timely and co-ordinated development of strategic water resources infrastructure schemes** so that they are construction-ready early in the 2025-30 period.

- **More collaboration** – Influencing cultures to improve the regulators' and sector's collaboration on water resources planning. By 2025, ensuring that enduring arrangements are agreed for strategic water resources infrastructure.
- **Best value not least cost** - Improving the evaluation of the full potential and impacts of schemes so that the best value portfolio of solutions is developed.
- **Stakeholders are bought-in** - Ensuring that stakeholders better understand the costs and benefits of the available options and demonstrating that the scheme assessment and selection process is transparent, fair and equitable.
- **Commercially relevant** - Supporting the development of commercial frameworks for construction, operation and maintenance of schemes. Aligning with and supporting the aims of DPC (Direct Procurement for Customers).
- **Timely progress** – Dynamically monitoring progress of the portfolio of strategic schemes.

To provide **leadership and momentum**, influencing policy and recommending a future-proof regulatory framework that best supports the vision on an enduring basis.

- **Proactive** - Developing recommendations for regulatory frameworks for strategic infrastructure schemes in timescales that align with their critical paths and support the best schemes being taken forward.
- **Coherent** - Identifying and addressing any regulatory, commercial, financial and system operation barriers that may impede progress.
- **Aligned** - Supporting further alignment of RAPID with the National Framework, PR24 and WRMP24 (including the annual review process), to address the needs of schemes, break barriers to communication and collaboration, and improving the resilience of water resources regionally and nationally.

To provide a seamless regulatory interface for the strategic schemes

- **Efficient decision making** - Providing coordination to ensure the timely and efficient resolution of regulatory issues affecting strategic infrastructure development.
- **Joint-working** - Facilitating better joint working across the sector regulators, and between the regulators and respective governments.

## RAPID Scope

What RAPID will do	What RAPID will NOT do
Make informed evidence-based recommendations to the Boards/decision-makers of the constituent regulators.	Make decisions – that’s reserved for each regulator.
Work collaboratively, openly and respectfully with other organisations and be open to more formal engagement where appropriate.	Act on behalf of regulators not included in RAPID (such as NRW or Natural England).
Welcome qualifying new and innovative schemes joining the portfolio.	Propose new schemes.
Take an active interest in the development of the portfolio of schemes and probe reasons for delay.	Project-manage or develop individual schemes.
Facilitate the progress of schemes and promote solutions to regulatory barriers	Provide guarantees that schemes will progress to completion.

and gaps that may impede their development.	
If needed, make recommendations for regulatory and/or policy changes (including proposing changes to Government policy if this is the best solution).	Be confined by existing regulatory frameworks.
Ensure that regulatory decision-making is strategic, coordinated and efficient.	Quick fix, tactical and piecemeal regulatory change that does not consider the wider implications.
Ensure that the industry can collaborate and seeks strategic collaboration partnerships with other organisations whilst ensuring regulatory decisions continue to be respected.	Compromise principles of good governance or become distracted from achieving the vision.

## High Level Deliverables by RAPID Workstreams

Item	Accountable RAPID workstream	Description of deliverables
1	Programme Support	Project documentation, governance, processes and enforcing an operating culture in line with Ofwat policies. Provides independent challenge of RAPID conformance.

2	Industry Insight workstream	Plans evaluated, gateway assessment criteria design, regulatory issues resolution. Alignment with National Framework.
3	Engineering Insight workstream	Plans evaluated, gateway assessment criteria made clear, regulatory issues identification and resolution in conjunction with the Frameworks workstream. Optimisation across project portfolio and challenging progress of each project individually.
4	Frameworks workstream	Identify and make recommendations for solutions to frameworks issues with the design, build and operation of strategic infrastructure. Make recommendations for enduring frameworks which include the development of policy if necessary.
5	Engagement workstream	Stakeholder plans that allocate resources to engagement according to the strategic objectives of RAPID and which are aligned (as far as possible) with Ofwat objectives. Stakeholder interactions and insight will be shared through Ofwat CRM systems.

## **RAPID's governance, roles and responsibilities**

The sponsor regulators will agree an MOU governing RAPID's operation. This will provide for a Board, chaired by the Ofwat CEO and formed from senior representatives of the sponsor regulators. The Board is expected to meet approximately every 2 months. The Board will approve RAPID's strategy, budget and terms of reference. Day-to-day implementation of the strategy will be delegated to the Managing Director.

Prior to establishment of the RAPID Board, RAPID will be overseen by a Steering Group including representation from each regulator.

Each regulator is expected to provide secondees of suitable quality to Ofwat to achieve the objectives of the programme.

The Managing Director of RAPID is accountable for the overall success of the programme and the benefits achieved. In addition, the MD is responsible to the Ofwat CEO for adherence to Ofwat finance and operational policies, including use of Ofwat funds.

The Stakeholder and Programme Director and the Frameworks Director are each accountable for the delivery of the objectives of their parts of the programme and for managing dependencies between workstreams.

The Legal Director works across all workstreams in the programme and ensures that legal and governance issues are considered holistically and thoroughly.

The programme team will meet weekly.

While the strategic schemes funded in PR19 have been proposed by companies operating wholly or mainly in England, RAPID will work closely with the Welsh Government and Natural Resources Wales to ensure that any schemes which involve transfers that source water from Wales and/or any other schemes that may affect Wales, have due regard to the interests of Wales and its people, sustainable management of its natural resources and are consistent with the requirements of the Well-being of Future Generations Act, water company duties under the Environment (Wales) Act and wider legal duties. RAPID will consult with the Welsh Government and Natural Resources Wales on any proposals for broader regulatory reform. For any strategic schemes proposed by companies operating wholly or mainly in Wales, RAPID will work with Natural Resources Wales to seek to develop an equivalent process for their assessment within the context of Welsh Government policy and Welsh legislation.

RAPID will agree a process for engagement and tracking progress with NRW and the Welsh Government on matters affecting Wales. NRW and/or Welsh Government may be required to attend RAPID meetings or workstream in the capacity of advisory members where actions and decisions need to be made that affect Wales.

## **Stakeholders**

Regular interaction with stakeholders will be important. RAPID is expected to engage with Defra, the Welsh government, other regulators/agencies, regional groups, project promoters and with wider stakeholders on a national basis. Stakeholder plans



will allocate resources to engagement according to the strategic objectives of the organisation, aligned to the plans of sponsor regulators where possible.

All stakeholder engagement activity will be captured in Ofwat CRM systems. This will help identify and address potentially conflicting interests early to reduce the potential impact on the wider organisations.

## **Resource**

The Programme is envisaged to have approximately 16 FTE. A combination of Ofwat permanent staff, secondees, interims and contractors will be used to fill these roles. It is anticipated that RAPID will exist as a programme for at least 4 years.

## **Finance**

The programme is resourced in 2019/20 through an approved business plan of £2.93m. For future years, funding will be agreed through Ofwat's usual budget-setting process.

## **High level project plan to Gateway 1**

**July – Sept 2019** – Recruit team, establish scope and remit, engage industry

**Oct – Dec 2019** – Analyse strategic scheme proposals, develop assessment criteria

**Dec 2019 – Gateway 1** – Provide support to strategic schemes to navigate regulatory issues so the schemes that best deliver the overall outcomes progress.

**Crystal Moore – Director, Stakeholders and Programme**

**FINAL Version December 2019**

## Annex: Principles for Information Provision

### Strategic scheme owners and regional water resource groups

RAPID's work will be founded on information provided at the stage gates and, just as importantly, in the intervening periods. The detail will be developed in collaboration with the industry, but is expected to be along the lines set out here:

- **Meeting stage gate requirements** - Strategic projects owners are responsible for fulfilling the requirements of each of the stage gate. The requirements include providing assurance of historical and forecast expenditure, pre-planning and planning information and output data. As the schemes progress through stage gates, the information requirement will become more detailed and specific.
- **Constructing information templates** – some of the information required by RAPID would be most usefully expressed in template form to assist in cross-comparison.
  - **Inputs into the stage gate process** - For example, whole lifecycle costs of projects, including development costs, capex and opex requirements per unit of output delivered. Templates should draw on the common assumptions (e.g. demand / supply) and RAPID will facilitate this process. We anticipate that templates will focus on project specific and regional information.

**Information required outside of the stage gate process** – RAPID will require basic planning, outturn and other select information within a common format outside of the stage gate process. This will assist RAPID in understanding the combined status of the 'portfolio' of projects, to identify best practice and to present the status of the portfolio to different stakeholders.

**Quality of information provision** – RAPID requires succinct, evidence based submissions that meet the requirements of each specified activity and which are transparent. For some submissions we may require third party assurance. RAPID does not require volumes of extraneous information as this often obscures understanding.

**Confidentiality** – All information provided to RAPID that is confidential should be marked accordingly. RAPID will keep each of the sponsor regulators apprised of all information it holds that they will need to carry out their respective functions within RAPID's terms of reference. In doing this, RAPID will observe all of the legal requirements about disclosure of information in relation to commercially sensitive and personal information, and will consult each of the sponsor regulators about any

wider disclosure of confidential information they share with RAPID. RAPID is bound by the FOIA and EIR and will comply with their terms in relation to the information it holds.

## **RAPID's involvement in regional planning**

RAPID, working alongside the regional planning stakeholder groups,<sup>1</sup> will provide regulatory oversight of a set of regional water resource management plans that will adopt consistent assumptions to form a nationally coherent view. In particular, RAPID will contribute to:

- **Identifying valid water resource configurations** – Water resources cannot be considered in isolation but form part of a configuration of interconnected assets. We anticipate that there will be several 'valid' configurations based on geographical location, sequencing and the avoidance of functional duplication. It is important that we do not filter out options too early and that water resource options are not unnecessarily excluded prior to regional assessment.
- **National alignment of schemes** – RAPID will facilitate the regulatory evaluation of plans, in conjunction with the National Framework. This will demonstrate the overall cost and resilience of valid water resource configurations and ensure that the regional plans are coherent and contribute to best value outcomes across England and Wales. The tools needed for this evaluation will be considered by RAPID, whether procured directly or sourced elsewhere.
- **Total benefits model** – Each of the regional and company plans will need to take a consistent approach to assessing the wider societal, environmental and other benefits of each valid water resources configuration. RAPID will facilitate this consistency, looking to streamline the approach where appropriate and ensure best value (including wider benefits) is considered prior to option selection rather than as an add-on subsequently. When used in conjunction with the national planning assessment, the total benefits model will provide a holistic measure of the 'best' configuration of water resources.

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<sup>1</sup> In particular, the Senior Steering Group and the Regional Coordination Group established under the National Framework, which are expected to have an ongoing role

Ofwat (The Water Services Regulation Authority)  
is a non-ministerial government department.  
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January 2020

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