

Regulators' Alliance for Progressing
Infrastructure Development

March 2021



Forward programme 2021-22



About this document

This document sets out the 2021-22 delivery priorities for the Regulators' Alliance for Progressing (water supply) Infrastructure Development (RAPID). It covers the period 01 April 2021 to 31 March 2022. The RAPID forward programme fits within Ofwat's [2021-22 forward programme](#) and contains more detail about how we will deliver the RAPID milestones in that programme. The 2021-22 programme builds on RAPID's progress against its 2020-21 forward programme. This will be set out in RAPID's annual progress report.

RAPID was set up in 2019. It is a partnership made up of the three water regulators in England – Ofwat, the Environment Agency (EA) and the Drinking Water Inspectorate (DWI). We work with stakeholders, taking opportunities to improve regulation and remove barriers, helping the sector respond to long term water resources challenges while promoting the best interests of water users, society and the environment.

The RAPID programme is intended to benefit England and Wales. The 2021-22 programme builds on RAPID's work in 2020-21 when we engaged with Welsh Government, Natural Resources Wales (NRW) and companies serving Wales. In 2020, NRW joined the RAPID advisory group enabling us to work more closely going forward.

1. The water resource resilience challenge and the role of RAPID

Climate change is a present reality. Changes to weather patterns as a result of climate change mean that rainfall distribution is becoming less reliable across the country. The predicted shift to hotter drier summers and warmer wetter winters will affect overall water availability. And water is a basic necessity of our daily lives. While water shortages are forecast to be most acute in the south and south east of England, widespread severe drought is a nationwide risk that needs to be managed.

The [National Framework for Water Resources](#) produced by the EA sets out the long-term water needs for England, including public water supplies. Meeting this need will require significant investment in infrastructure to increase supplies coupled with ambitious action to manage water demand. Managing demand will include helping people and industry to use water efficiently and reducing losses from water company and customer pipes. Investing to increase supply will include new options to produce, store and move water to where it is needed. The options developed also need to aid nature recovery, delivering environmental net gain and using the power of nature where appropriate.

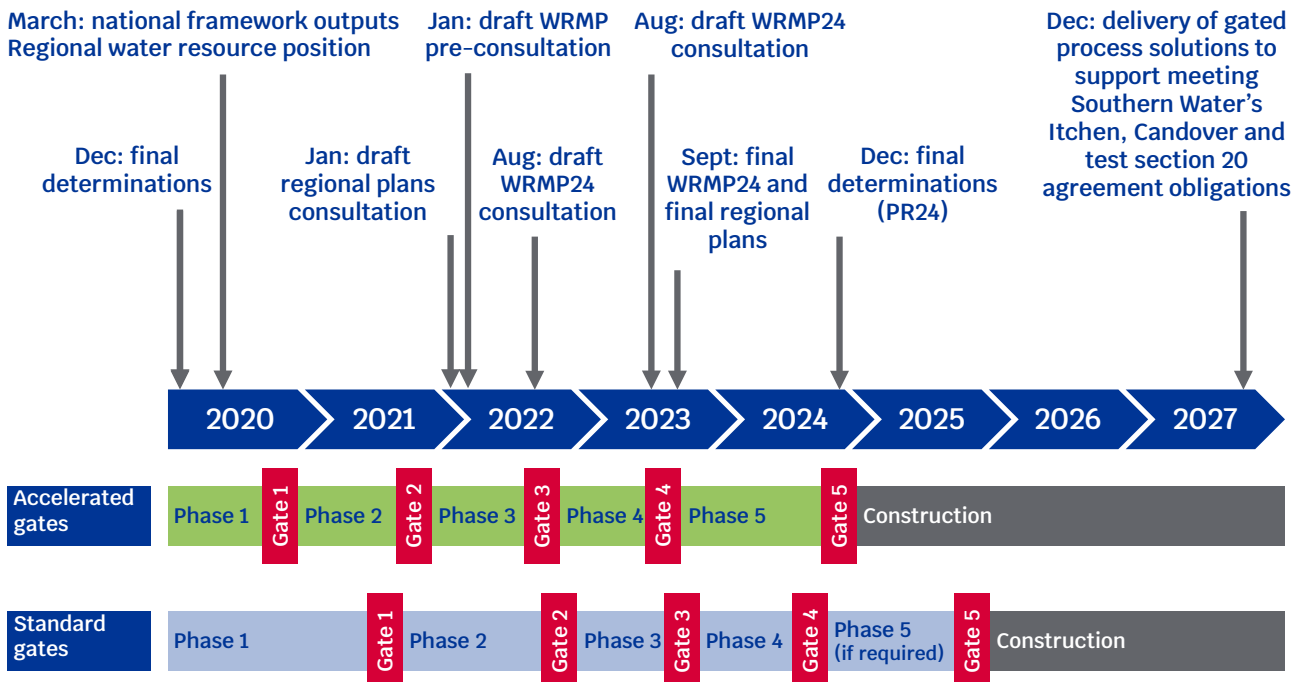
RAPID has been set up to facilitate cross-regulatory collaboration on the development of strategic water supply infrastructure projects and to address issues relating to their development with a view to establishing an enduring regulatory framework for such projects. RAPID is overseen by a Board chaired by the Ofwat CEO, with members from the senior leadership teams of each of the partner regulators (Ofwat, EA and DWI). RAPID has three roles, which inter-relate:

1.1 Delivery of the gated process

RAPID's first role is to provide oversight of the gated process established to support, review and challenge the development and delivery of the strategic water resource solutions funded as part of the 2019 price review. These solutions should be construction ready in the next price control period, 2025-30, except for those on the accelerated track which should be operational by the end of 2027. 18 solutions have been proposed so far – 17 as outlined in the [PR19 final determinations: strategic regional water resource solutions appendix](#) and an additional solution of a direct transfer from Havant Thicket reservoir which joined at accelerated gate one. We encourage further solutions to join during the programme. If the solutions in the programme progress to construction, the sector will be investing up to £14 billion in new infrastructure.

RAPID leads the assessment of the solutions at each gate and makes recommendations to Ofwat on solution funding. RAPID's assessment seeks to ensure that the solutions are on track and progressing in a way that offers value to customers and the environment. Where appropriate our recommendations may include interim measures to manage shorter-term risks identified through the solution owners' work.

Figure 1.1 Gated process for potential strategic regional water resource solutions



1.2 Implementing the National Framework

The second of RAPID’s roles is to act as an enabler to the effective implementation of the Water Resources National Framework. This includes co-ordinating the collaborative work of the five regional water resources groups and supporting the independent chair of the Senior Steering Group. It also includes identifying, tracking and mitigating risks associated with the development of regional plans and supporting coordination across government and regulators in England and Wales.

Defra, Welsh Government and the partner regulators are committed to working with water users to help deliver a transformed approach to water resource planning, aligning national, regional and local needs. RAPID seeks collaborative solutions to issues that emerge, working with a wider pool of regulators including NRW and Natural England (NE). The programme of strategic water resource solutions which progress through the gated process should emerge through the regional planning process.

RAPID is also developing and using evidence to help shape regional plans, particularly where a national perspective is required, such as the national water resources modelling.

1.3 Developing the regulatory and commercial framework for water resource infrastructure

RAPID's third role is developing the regulatory and commercial framework to support the timely delivery of water resources infrastructure. We are asking the water sector to develop water resources in a new way recognising that the current regulatory and commercial arrangements may need to change to support this.

This degree of change will inevitably expose challenges and issues. We have committed to improving the existing regulatory framework so that emerging issues, be they opportunities, gaps or barriers, are addressed through our work in support of each partner regulator. This work may uncover risks to customers or the environment in the shorter-term, before the infrastructure in the RAPID programme is delivered. Where this arises, we will work with the partner regulators and the companies to facilitate risk mitigation.

We expect a number of solutions to be construction ready early in the next price control period. The Green recovery agenda may also prompt acceleration of some solutions. In light of this we have thought carefully about how we prioritise the work needed to support the water resource planning and price setting cycles. This includes considering whether the current cyclical approach to regulation remains appropriate for delivery of long-term customer and environmental outcomes or whether a longer term approach would offer greater benefits.

2. Forward programme 2021-22 – what RAPID will do this year

2021-22 will be an exciting year. RAPID is planning an ambitious programme, which will be matched by a number of important milestones in the water resource management planning agenda, including the regional groups publishing draft regional plans for consultation for the first time. The context of the ongoing pandemic also means that the programme may need to flex in response.

As in the 2020-21 forward programme, we have grouped our delivery priorities into five themes:

- developing a positive culture and driving performance;
- providing effective oversight of the strategic solutions;
- engaging people and organisations;
- achieving effective long-term water resources resilience; and
- exploring and addressing regulatory and commercial opportunities, gaps and barriers.

Keeping the themes consistent throughout the life of RAPID will enable us to evaluate our impact, particularly by identifying trends over time. We describe each of these areas in more detail in subsequent pages and summarise the key deliverables in table 1.

2.1 Developing a positive culture and driving performance

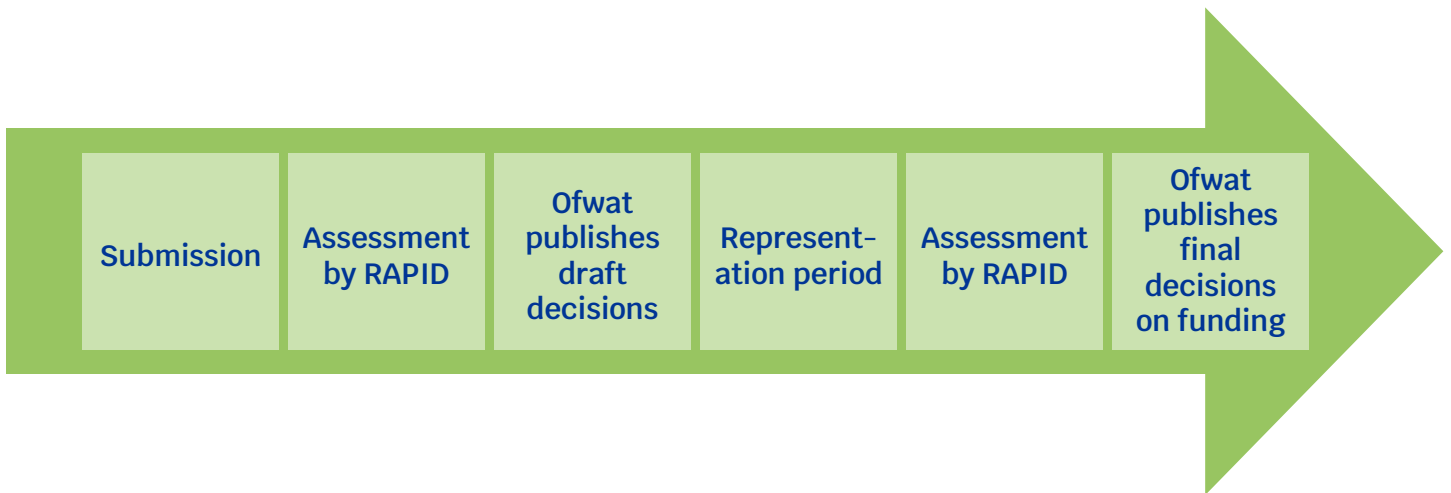
We want to make RAPID a great place to work. We now have a strong team populated by staff from the three partner regulators and seek to build on this by bringing in early talent in engineering, economics, project management and regulatory policy, moving to a culture of ‘grow our own’ rather than buying in expertise. As a combined team we can offer our people excellent opportunities to develop their skills and experience. We will assess our progress using both the civil service people survey and an [‘insights discovery’](#) survey.

2.2 Providing effective oversight of the strategic solutions

As illustrated in figure 1.1, two gates occur in the 2021-22 period – standard gate one submissions in July and accelerated gate two submissions in September. We will also review the delivery of company remediation measures from accelerated gate one.

RAPID will work with the partner regulators to assess the progress made in the timely development of each solution and to provide advice and recommendations to Ofwat to enable Ofwat to make decisions on continued ring-fenced funding for solution progression, as illustrated in figure 2.1. We will work with NRW so that Welsh legislative and policy considerations are part of the assessment process for those solutions which affect or could benefit Wales. We will publish what we have learned from the gate assessments and use our experience to enhance our preparations for running the process for the next gates and to feed in to our programme under the other RAPID themes.

Figure 2.1 Gate assessment process for strategic regional water resource solutions



2.3 Engaging people and organisations

To be effective, we need to listen to and talk with a broad range of people and organisations. We will continue to engage with national stakeholders to develop relationships, seek views and understand their perspectives, including CCW and Welsh stakeholders.

We will continue to refine and develop our approach to working with the partner regulators and the broader regulatory community.

We will promote our approach to transforming water resources by publicising the national framework, shift to regional planning and the gated process and evaluate our impact through replicating our 2020 survey.

2.4 Achieving effective long-term water resources resilience

While each of the regional groups focuses on regional needs, RAPID will continue to focus on the national picture including by identifying, tracking and mitigating risks associated with the development of regional plans while challenging the groups to innovate and explore opportunities to deliver wider benefits. We will build coordination across regulators to bring about strategic, timely and joined up feedback to the regional groups as well as other interventions where necessary.

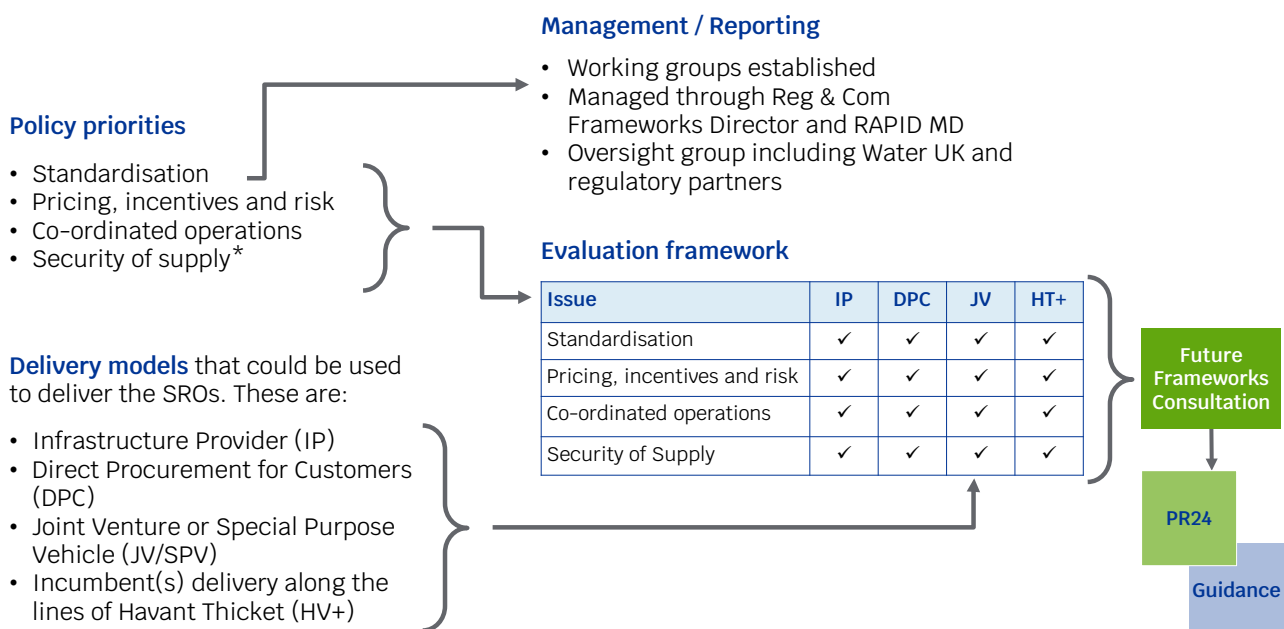
To support long-term decision making, RAPID will provide strategic direction to the development and use of evidence such as of the outputs of national scale water resources modelling, the [options gap analysis](#) project and large water infrastructure cost benchmarking, to help shape and challenge regional plans. RAPID will continue to act inclusively in our governance of these evidence projects, using representatives from the water sector to help steer the work and recommendations. We will also work with companies, CCW and governments to develop policy on how customer insight should be taken into account in decisions relating to the optimal option or programme of options.

2.5 Exploring regulatory and commercial opportunities, addressing gaps and barriers

RAPID will continue working collaboratively with the regulators to shape the commercial frameworks for strategic resource options and to consider where there are tensions and policy trade-offs between local impact and national need.

In 2021-22, we are taking forward policy priorities that will have implications for the future regulatory framework through working groups: standardisation; pricing, incentives and risk; co-ordinated operations; and security of supply. Our approach is illustrated in figure 2.2 below.

Figure 2.2 Regulation and Commercial Frameworks Programme




* Security of supply work is being taken forward across the regulators initially

We will support the work of each regulator to develop its regulatory framework, including RAPID inputting policy recommendations to the development of the PR24 framework.

We will continue to draw on expertise, fresh thinking and innovation from the sector, other water-using sectors, consultancy and the Ofwat advisory panel.

Table 1 Summary of delivery plan 2021-22

Theme	Deliverables Quarter 1	Deliverables Quarter 2	Deliverables Quarter 3	Deliverables Quarter 4
Developing a positive culture and driving performance	Focus on staff well-being and development and forging a supportive culture	Bring in early talent using the Ofwat graduate and apprenticeship programmes	Feedback confirms RAPID is a great team to work with and grow within	Assess how well RAPID has developed staff returning to partner regulators
Providing effective oversight of strategic solutions	Facilitate progressing solution issues through regulator and company engagement	Gate 1 assessment for standard track solutions	Gate 2 assessment for accelerated track solutions	Publish learning from 2021 gates. Build learning into approaches for future gate assessments.
Engaging people and organisations	Identify stakeholder challenge and encourage development of new solutions	Refine, widen and further develop cross-regulator working, including with CCW, NE, and NRW	Promote and test RAPID learning with stakeholders	Survey stakeholders, report performance and set out plans for the year ahead
Achieving effective long-term water resources resilience	Development of national scale water system simulation modelling capability is progressed	Support regional groups to align plans and to manage risks and issues	Development of large scale infrastructure cost-benchmarking capability is progressed	Support regulators, UK and Welsh governments to align draft regional plans with policy expectations
Exploring regulatory and commercial opportunities, addressing gaps and barriers	Consult on initial thinking on regulating multi-party, multi-sector, large-scale water resources infrastructure	Input policy recommendations to the development of the PR24 framework and engage on co-ordinated planning and operation work	Future frameworks consultation on regulatory and commercial issues	Policy recommendations and potential for revised guidance on pricing and contracts



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