

Regulators' Alliance for Progressing
Infrastructure Development

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Strategic regional water resource solutions: lessons learnt from accelerated gate one



About this document

This document sets out our reflections from the gated process for strategic regional water resource solutions. It follows the first checkpoint in the gated process – the assessment of solutions submitted for the accelerated gate one, which concluded in January 2021.

The intended readership of this document includes water companies, other regulators and wider stakeholders with an interest in strategic water resource solutions. We intend to build on the lessons we have learned from the experience so far to improve the future stages of the process and to tackle the policy issues revealed.

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1. Introduction

The conclusion of the first checkpoint of the gated process – the accelerated gate one for solutions that benefit Southern Water’s western area – has allowed RAPID and the solution owners to consider the how well the processes we set up worked in enabling the acceleration of the solutions. We have also been able to reflect on how well we have worked together to make this happen, and on our respective expectations.

This publication reflects feedback from solution owners and other interested parties alongside our own internal reviews. We want to learn from our collective experiences of the accelerated gate one and use them to improve the gated process going forward. Our collective ambition is to work together most effectively to enable the solutions to be ‘construction ready’ in 2025–30, with those on the accelerated track to be operational by 2027.

We have summarised the finding of our lessons learnt review into three areas. The first area covers practical improvements to processes and documentation we have already acted on. They are reflected in the updated templates and guidance for the 2021 gates, which we have published on [our website](#) following a comprehensive review by the industry. The second area covers learnings that reinforce the need for ongoing engagement and collaboration to help us achieve better outcomes. The final area of learning is that the gated assessment process has served to identify early some issues that may not have come to light until much later had the solutions been following a typical water resources management plan (WRMP) delivery route.

A summary of the key learnings is presented in Figure 1.

Figure 1: Key lessons learnt

	Key lessons
Improvements to processes and documentation	Improved gate submission templates Updated guidance for 2021 gate submissions Revised assurance needs and requirements
Working together to achieve better outcomes	Collaborative working to avoid any surprises in the process Balancing sufficiency of information and concise submissions Maintaining focus on outcomes rather than the gate in itself Clarification of the purpose of the gate submission assessments Regulators working together to reach a shared view
Early identification of issues via the gated process	Tackling policy issues revealed

2. Improvements to processes and documentation

- Improved gate submission templates
- Updated guidance for 2021 gate submissions
- Revised assurance needs and requirements

The accelerated gate one was the first checkpoint in the gated process for strategic regional solutions. Although we designed the processes and materials in full collaboration with companies, going through the “real thing” highlighted areas for improvements and we have worked with the industry to further improve the submission templates. We agreed with the companies last year to tackle this part of the lessons learnt early to minimise any potential impact on the programme for solutions entering gate one in 2021. We have accepted all suggestions of change unless there was a good reason not to, and the revised templates have been published on our website. The submission templates for [gate one](#) and [the accelerated gate two](#) have been updated in collaboration with the solution owners to remove areas of repetition and to clarify areas of uncertainty.

It became clear from the assessment of the accelerated gate one submissions that too much focus is being placed on the actual gated submissions to the detriment of what the process has been set up to achieve – that is, accelerating the development of the solution. We have therefore reviewed and revised the guidance to shift the focus to outcomes and to ensure that the submission at the gate would not detract from achieving those outcomes. '[Strategic regional water resource solutions: guidance for 2021](#)' is now published on our website following consultation with the solution owners and regulators. The improvements include updated and revised assessment criteria that we use to assess the quality of the submissions. We have also provided additional detail about ‘what does good look like’ for each of the assessment criteria so that our expectations are clearly presented and there are no surprises for solution owners. The guidance also provides a clear description of the overall process for the gate submissions taking place in 2021 – that is, for the standard gate one (July 2021) and the accelerated gate two (September 2021).

At each gate, we are seeking an assurance statement from the Board of each solution owner to be included in the submission. We have worked with solution owners to agree the points that should be included in the assurance statement from each of the Boards. We have amended the assurance process in response to feedback, to make it work better for companies so that assurance is focused on the desired outcomes rather than being a check on how well the submission templates have been completed.

We have provided more guidance regarding the information that we expect to be submitted to support the assessment of efficiency of expenditure. We have agreed with solution owners that costs incurred for gate activities will be presented in the 2017-18 price base and will be

aligned to the agreed gate activities (as listed in Annex 2 to the [PR19 final determinations: Strategic regional water resource solutions](#)). We have clarified that expenditure should be further broken down if any cost line is greater than £0.5 million in value. The guidance further sets out the factors we will consider in our assessment of expenditure.

In response to feedback from both solution owners and regulators, we have increased the window for raising and responding to queries. We will continue to work closely with solution owners throughout the assessment stage to address any areas of uncertainty.

It is our intention that the lessons we have learnt from the accelerated process (as incorporated into the revised guidance and templates) will help solution owners to look beyond the gate submissions and focus instead on the overall solution progression.

3. Working together to achieve better outcomes

- Collaborative working to avoid any surprises in the process
- Balancing sufficiency of information and concise submissions
- Maintaining focus on outcomes rather than gate submissions
- Clarification of the purpose of the gate submission assessments
- Regulators working together to reach a shared view

The gated submission process has emphasised the importance and value in solution owners and RAPID working collaboratively throughout all stages to avoid any surprises and keep focus on the intended outcomes. This has highlighted the need for ongoing engagement between gate submissions, in addition to greater dialogue during the assessment process.

We are engaging with all solution owners through a series of regular checkpoint meetings between the gates. These are designed to maintain the dialogue, raise any issues promptly and maintain a clear understanding about what to expect in the gated submissions. We have also allowed more time during the assessment stage to address any concerns with the submission, raise queries and liaise with solution owners. While we have set dates for the submissions, we have clarified in the guidance our expectation that the gated process is not intended to create additional requirements but is in place to ensure the strategic water resource solutions progress at pace and make efficient use of development funding. We have also clarified the flexibility of the process in terms of making decisions outside of the gate assessment windows, if required. We will continue to work closely with solution owners as the solutions develop and will consider any suggestions put forward by solution owners on a case-by-case basis.

There is a balance to be struck between the volume of the submission and its sufficiency. The tendency from the solution owners is often – if in doubt, provide more. We've been clear from the outset that submission should be short and to the point, to enable timely assessments that focus on the things that matter to solutions progression.

RAPID's role in the gated process (working with partner regulators) is to assess the progress made in the development of each solution. We are working together as regulators to reach consensus decisions and provide advice and recommendations on the continued ring-fenced funding for solutions to progress faster and, ultimately, strengthen the resilience of our water resources. The work on the accelerated gate one has demonstrated that we worked well on reaching shared views. The setting up of the National Appraisal Unit at the Environment Agency has been helpful in being able to coordinate a strategic level view across the Environment Agency while ensuring that specific needs of each area and region are being met. However, the gated process also highlighted that there is a need for the solution owners to maintain a continuing engagement with individual regulators on matters directly within

their remit, for which engagement with RAPID is not a replacement. We will use our checkpoint meetings with solution owners to provide clarity on the roles where needed.

We welcome the step change in engagement that we are now observing as the solutions develop between gate submissions. We fully expect that other organisations will be engaged as part of the early decision-making process including Consumer Council for Water (CCW), Natural England and Natural Resources Wales.

4. Early identification of issues via the gated process

The assessment of the accelerated gate one submission has uncovered some issues that otherwise might not have been identified until much later in the planning process. While it is beyond the scope of this publication to resolve the individual issues, this enabled both regulators and solution owners to identify policy areas which require further collaborative work to resolve both for future gates and the broader RAPID programme.

The accelerated gate one assessment has focused minds both in Southern Water and the regulators. Uncovering programming issues now should give Southern Water sufficient time to reassess its programme. This should ensure that one or more of the solutions included in the gated process is in place and operating in time, or that appropriate risk mitigation measures can be put in place to reduce any customer and environmental impacts until a solution can be delivered.

The accelerated gate one submissions also presented solution costs that were significantly higher than the costs published in the 2019 WRMP. Southern Water has indicated that the increase was due to greater clarity in the technical/delivery considerations and inclusion of optimism bias in the assessment. Without this gated assessment, it is unlikely that these significant increases in the cost estimates would have come to light. While solution cost is not a determining factor for decisions at gate one, we do expect solution owners to flag changes to regulators as part of our “no surprises” approach. We are also working with the industry to develop an approach such that solution cost estimates are robust enough so that, when it comes to making investment decisions on solution choices, we can all, (as regulators, solution owners and customers), have confidence in the costs that have been used.

We want to ensure that RAPID continues its role as an organisation that facilitates timely progress of the strategic solutions and helps to overcome regulatory barriers. We will continue learning from our experiences and will work together with the industry and other stakeholders to make sure that our collective learnings are used to make our processes as effective, transparent and easy as possible, and that we promptly tackle any policy issues revealed along the way.



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