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By email

Andy Willicott  
Chief Executive Officer  
Cambridge Water

8 December 2021

OFFICIAL

Dear Andy,

## **Strategic regional water resource solutions: Standard gate one final decision for Cambridge Water**

I am writing to inform you of our final decisions in respect of the following strategic regional water resource solution:

- Fens Reservoir

The RAPID partner regulators would like to thank Cambridge Water for submission timeliness, its collaborative approach and positive engagement which has helped drive the quality and speed of progression of this solution.

This letter should be read in conjunction with the final decision document for this solution, which is published alongside this letter. Both this letter and the final decision document are published on our website on 8 December 2021.

The solution sponsors and other interested parties had the opportunity to respond to the draft decisions during the representation period, which followed the publication of the draft decisions on 14 September 2021. We have taken all relevant representations into account in making our final decisions.

The table below summarises the elements of our final decisions in respect of the Cambridge Water-sponsored solution. Further details are contained in the accompanying final decision document.

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## Final decision summary in respect of Cambridge Water-sponsored solution

| Recommendation item   | Fens Reservoir and Anglian to Cambridge transfer |
|---|--|
| Solution sponsors   | Anglian Water and Cambridge Water                |
| Should funding be allowed for the solution to progress to gate two?   | Yes  |
| Is there evidence all expenditure is efficient and should be allowed? | N/A  |
| Delivery incentive penalty?   | N/A  |
| Is there any change to partner arrangements?                          | N/A  |
| Is there a need for a remediation action plan?                        | No   |

### Solutions' progress and funding

Our decision in respect of the Fens Reservoir solution is to allow funding for it to join the RAPID programme. Funding is allowed for the Fens Reservoir solution to continue to be developed to standard gate two.

The following options are to be investigated:

- Fens Reservoir 99 Ml/d water resources benefit option as per the gate one design
- Anglian to Cambridge transfer

The costs allowance for the Fens Reservoir and Anglian to Cambridge transfer is shown in the table below for gates one to four.

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|                                      | Gate one  | Gate two  | Gate three  | Gate four   | Total   | Total Anglian Water | Total Cambridge Water |
|--------------------------------------|---|---|---|---|---|---------------------|-----------------------|
| <b>Fens reservoir</b>                | N/A   | £3.78m  | £8.82m  | £10.08m   | £22.68m   | £11.34              | £11.34m               |
| <b>Anglian to Cambridge Transfer</b> | N/A   | £0.47m  | £1.09m  | £1.24m  | £2.8m   | Nil                 | £2.8m                 |
| <b>Adaptive planning allowance</b>   | 10% allowed for gate one  | -£158k  | -£368k  | -£419k  | -£943k  | -£943k              | Nil                   |
| <b>Total</b>                         | N/A   | £4.09m  | £9.54m  | £10.91m   | £24.55m   | £10.4m              | £14.14m               |
| <b>Comment</b>                       | 10% of Fens Reservoir's share of the adaptive planning allowance allowed for gate one | 15% of combined lower estimate of £28.31m minus Fens Reservoir's share of the adaptive planning allowance | 35% of combined lower estimate of £28.31m minus Fens Reservoir's share of the adaptive planning allowance | 40% of combined lower estimate of £28.31m minus Fens Reservoir's share of the adaptive planning allowance | 90% of combined lower estimate of £28.31m minus Fens Reservoir's share of the adaptive planning allowance |                     |                       |

Funding for the Fens reservoir will be shared equally between the solution sponsors, Anglian Water and Cambridge Water. Funding for the Fens Reservoir to Cambridge Water transfer is allocated in full to Cambridge Water. Cambridge Water is therefore allocated a funding allowance of £14.1m in respect of this solution.

We note that Essex and Suffolk Water is an active stakeholder in the Fens Water Partnership and associated technical workshops and that it will decide whether to become a partner in the Fens reservoir at gate two.

### Submission quality

Whilst not part of the RAPID gated process a submission was made for the Fens Reservoir at gate one. Our overall classification is that the submission is "good (meets expectations)".

## Remediation

A list of remediation issues is provided in the Appendix to each final decision document divided into priority actions, actions and recommendations. Priority actions are those that should have been completed at gate one and must now be addressed on a short timescale in order to make sure a solution stays on track.

We have not identified any priority actions in respect of the Fens Reservoir.

Should you have any questions about this letter or final decisions, please e-mail [rapid@ofwat.gov.uk](mailto:rapid@ofwat.gov.uk) and someone from the team will be in touch.

Once again, Ofwat would like to thank Cambridge Water for the work that it has carried out over the gate one period.

Yours sincerely,

**David Black**  
**Interim Chief Executive Officer**

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