

Regulators' Alliance for Progressing  
Infrastructure Development

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# Strategic regional water resource solutions guidance for gate three



## Contents

|       |  |    |
|-------|--|----|
| 1.    | Introduction to guidance .....                                   | 3  |
| 1.1   | Gate Three Assessment .....                                      | 4  |
| 1.1.1 | Gate Three Timeline .....  | 5  |
| 1.1.2 | Submission.....  | 6  |
| 1.1.3 | Assessment .....   | 6  |
| 1.1.4 | Submission categories.....                                       | 7  |
| 1.1.5 | Delivery Incentives .....  | 7  |
| 1.1.6 | Efficiency of Expenditure .....                                  | 11 |
| 1.1.7 | Early Gate Four Spend.....                                       | 12 |
| 1.1.8 | Solution Progression.....  | 12 |
| 1.2   | Queries .....  | 13 |
| 1.3   | Draft Decisions and Representations .....                        | 14 |
| 1.4   | Final Decisions .....  | 14 |
| 1.5   | Expectations of Transparency .....                               | 14 |
| 2.    | Solution Design.....   | 16 |
| 2.1   | Background and objectives.....                                   | 17 |
| 2.2   | The preferred solution option .....                              | 17 |
| 2.2.1 | Utilisation.....   | 18 |
| 2.2.2 | Water Resource Benefit.....                                      | 18 |
| 2.2.3 | Long term opportunities and scalability .....                    | 19 |
| 3.    | Drinking Water Quality .....                                     | 22 |
| 4.    | Environmental .....  | 23 |
| 4.1   | Water Framework Directive (WFD) Assessment .....                 | 23 |
| 4.2   | Habitats Regulation Assessment (HRA).....                        | 23 |
| 4.3   | Environmental Impact Assessment (EIA): .....                     | 23 |
| 4.4   | Environmental Considerations.....                                | 24 |
| 4.5   | Environmental regulators statutory planning consultee roles..... | 24 |
| 5.    | Carbon.....  | 25 |
| 6.    | Programme and Planning.....                                      | 28 |
| 6.1   | Project Plan .....   | 28 |
| 6.2   | Key risks and mitigation measures.....                           | 28 |
| 6.3   | Proposed gate four activities and outcomes .....                 | 28 |
| 6.4   | Planning.....  | 29 |

|      |  |    |
|------|--|----|
| 7.   | Procurement and Operation Model .....    | 31 |
| 8.   | Solution Cost and Benefits .....         | 32 |
| 8.1  | Best Value and solution benefits .....   | 33 |
| 9.   | Stakeholder and Customer Engagement..... | 35 |
| 10.  | Board Statement and Assurance.....       | 36 |
| 11.  | New solutions .....                      | 37 |
| 11.1 | General principles.....                  | 37 |
| 11.2 | Criteria questions .....                 | 38 |
| 11.3 | New Solution Timeline .....              | 39 |
| 11.4 | Ofwat decision process .....             | 39 |
| 12.  | Flexibility.....                         | 40 |

## 1. Introduction to guidance

At PR19 Ofwat announced a £469 million ring-fenced development fund for companies to investigate and develop strategic water resource solutions (solutions) that benefit customers, protect and enhance the environment and benefit wider society. This funding provides companies with the ability and certainty to accelerate the development of solutions to be ‘construction ready’ for the 2025–2030 period; it encourages joint working, enables additional analysis where required and provides outputs with greater certainty than would be available without it.

Delivery of these solutions is subject to a formal gated process where decisions are made on delivery penalties and solution funding progression. The details of gate allowances, activities at each gate and delivery incentives are described in more detail in [PR19 final determinations: Strategic regional water resource solutions](#).

The Regulator’s Alliance for Progressing Infrastructure Development (RAPID) supports and oversees the development of the solutions that benefit from this funding. RAPID’s role in the gated process (working with the partner regulators, the Consumer Council for Water (CCW), Natural England and Natural Resources Wales) is to assess the progress made in 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. This guidance covers solutions in or affecting England, Wales or both.

The purpose of the gated process is to ensure at each gate that:

- companies are progressing strategic water resource solutions that have been allocated funding at PR19 or have subsequently joined the programme;
- costs incurred in doing so are efficient; and
- solutions merit continued investigation and development during the period 2020 to 2025.

The gated process includes customer protection to ensure that funding is returned for non-delivery and if solutions are no longer suitable to progress.

The gated process interacts with the regional planning and statutory company-level water resource management plan (WRMP) development processes. The water resource management planning processes drive companies' decisions regarding which solutions they promote and the choice of solutions in the RAPID programme. The gated process is intended to support companies in progressing investigation and development of solutions in the RAPID programme to a high standard with the aim of solutions being construction ready for the 2025–2030 period and includes decisions about whether companies should continue to receive funding for this purpose. Solutions will require planning and environmental consents before going ahead.

The purpose of this guidance is to describe the gate three process and set out the expectations for solutions at gate three. Section 1.1 explains the gate three assessment process. Sections 2 – 10 set out the evidence to be included within gate three submissions of work carried out on gate three activities. Section 11 sets out the process for promoting new solutions to join the RAPID programme and the criteria for them to join. Section 12 explains the flexibility within the process.

This guidance should be read alongside the All Company Working Group (ACWG) Design Principles and Process which details overarching Design Principles of the National Infrastructure Commission (Climate, People, Place, Value). Solution owners should address the principles, targets and indicators set out in this document in their submission to meet the expectations set out in this guidance. Where the Design Principles document suggested flexibility in meeting a gate two indicator by gate two, solution teams should note that these are expected to be complete by gate three. Relevant existing guidance, where applicable, is referenced throughout the document.

## 1.1 Gate Three Assessment

Gate three of the RAPID programme represents a checkpoint on the way to solutions being prepared for Development Consent Order (DCO) or Town and Country Planning Act (TCPA) applications<sup>1</sup>. It will therefore fall within the pre-application period for solutions following the DCO planning process (in accordance with the Planning Act 2008), at a point where pre-application activities are being progressed and have a clear programme through to completion and application.

Gate three's timing and objective, as set out above, is to ensure that there is no duplication between gate three submission activities, and planning, consenting and construction ready activities. This avoids inefficient spend of the RAPID allowances by the solution teams, and de-risks discrepancies arising between the two submissions.

Our assessment at gate three will focus on breadth and comprehensiveness of activities being undertaken in preparation for planning application submission, activities progress including programme through to their completion, and consideration of specific activities to address particular risks or issues associated with a solution. Activities not covered by the planning and consenting process, such as commercial arrangements and procurement, may still be assessed for quality. This focus acknowledges that the gate three assessment moves away from the technical focus of gate one and two assessments, as this would duplicate the role of The Planning Inspectorate, Planning and Environment Decisions Wales (PEDW), and local authorities where they are involved. This is to distinguish the RAPID gated assessment as separate and not influencing of the planning process, including the autonomy of statutory consultees and The Planning Inspectorate within the planning process.

The assessment will also consider how the solution is represented in final WRMPs and Regional Plans (draft WRMPs and Regional Plans for accelerated gate three). This is to ensure the solution is progressing through gate three, whilst adhering to a suitable

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<sup>1</sup> This document will refer to 'planning applications', meaning both DCO, and TCPA routes.

solution-proposed programme, which takes the solution through to planning application. The WRMP process makes decisions on solutions, and options within them, and establishes the need for the infrastructure solution.

Companies should use reasonable endeavours to provide accurate information at their gate three submission, and in undertaking activities and programmes to maintain this information. This also applies to information given at previous gates which may influence gate three, such as gate timing requests. This recognises that some uncertainties will exist at the point of submission, and may arise during pre-application activities. Our approach to flexibility is also discussed in Section 12 of this document.

### **1.1.1 Gate Three Timeline**

Solution sponsors should have proposed their gate three timelines in their gate two submission. Solutions on preferred pathways in regional plans and WRMPs should then have proceeded to develop planning and consent applications, commercial arrangements and engagement consultations, with demonstratable progress of these at gate three. A programme should also show the planning activities through to their completion. The programme should align with target dates for planning application, construction ready, and resource benefit need. The gate three timeline for these solutions should therefore be determined by the project plan and DCO timeline or local planning permission equivalent.

Solutions on alternative pathways should have continued with evidence investigations and any other gated activities which enable the solution owners to switch to delivering these solutions, in line with trigger points and decision points in their regional plan or WRMP as appropriate. The funding allowance for these alternative pathway solutions should have been reduced accordingly and solution owners should have set out proposals for this in their gate two submissions. Alternative pathway solutions should have proposed a gate three date in their gate two submission which accommodates trigger and decision points. PR19 committed to funding solutions through to completion of development, including those on alternative pathways, which has been reiterated in the draft PR24 methodology.

Where a solution is not planned to be construction ready in the 2025–30 period but has not left the programme because some expenditure is required to enable the development work to be picked up when required later (e.g. continued monitoring), the solution owners should present expenditure accounts and evidence of the quality of the work at a time consistent with PR24 reconciliation requirements. A solution 'paused' in this manner, is therefore considered in a similar way to those on alternative pathways. Solutions should flag if they are expected to be 'paused' and not construction ready beyond 2030 period, as this is not covered in PR24 commitments, and RAPID will hold specific discussions with the solution team.

## 1.1.2 Submission

Solution owners should make a submission for each solution. It should be structured in line with the forthcoming template, which will be published on the RAPID website, using the headings and sub-headings in this guidance document.

Submissions and any supporting annexes should be published on the solution owners' website and submitted to us via the submission portal no later than the agreed submission date. All information about the solution in the submission and its annexes should be consistent with the relevant regional plan and company water resource management plan (WRMP). Where there is a divergence, this should be clearly explained and justified.

## 1.1.3 Assessment

We will make recommendations to Ofwat based on our assessment of each solution on the following points:

- whether appropriate progress has been made in investigating and developing the solution in terms of the work in progress or completed and if not, what remedial actions are required to get the solution back on track. Progress assessments may also consider comprehensiveness of activities, covering issues and risks known from earlier RAPID gates, checkpoints, and associated priority actions, actions and recommendations.
- activities not covered by the planning and consenting process, such as commercial arrangements and procurement, may still be assessed for quality
- the level of delivery incentive penalty, if appropriate, that should apply in the light of the completeness of the evidence
- whether expenditure has been allocated to the solution in line with the PR19 final determination
- whether the solution (and which of its options) should progress through the gated process and continue to use the development allowance to support this and if so whether there should be any adjustment to its allowance
- whether there should be any change to solution partnering arrangements; and
- confirmation of subsequent gate activities for the solution.

The assessment is made on the basis of evidence presented in the submission and query responses. All information that solution owners wish to be taken into account must be referenced in your submission. We may also refer to information within published regional plans and WRMPs, but this will be by exception and solution owners should not rely on us doing this.

At gate three, solutions should be within the pre-application phase of the DCO process, or local planning permission equivalent, with a clear programme to complete activities in time for their intended DCO or local planning permission applications. This equates to solutions having completed non-statutory pre-application engagement and/or pre-

application consultation, planned or commenced statutory consultation and engagement, and have developed scheme design and preliminary environmental information in line with DCO or TCPA schedules.

Assessment and decisions will also be made at the gate regarding:

- whether new or alternative solution and/or options should enter the gated process if proposed by solutions owners;
- what activities are required for the next gate; and
- the penalty incentive mechanism to be applied for subsequent gates.

### 1.1.4 Submission categories

The submissions will be assessed into the following categories:

| Category   | Description  |
|--|--|
| <b>Meets expectation</b>                                 | Submissions that document that the expected activities have been either completed or progressed to an acceptable position to maintain the solution owners' recommendation of timelines required through to planning application and construction ready, or stop progressing the solution. Activities are also comprehensive in addressing risks known from earlier RAPID gates, checkpoints, and associated priority actions, actions and recommendations. This category could also include submissions with minor issues but where there is compelling justification and/or explanation. Submitted on time. |
| <b>Falls short of meeting expectations in some areas</b> | Submissions with incomplete or insufficient evidence to give full confidence that satisfactory progression of activities against the solution owners' recommendations has been made. Some activities may be incomplete in progression expectations or not comprehensive in addressing risks, priority actions, actions or recommendations from previous RAPID gates. Other aspects may be considered complete, of satisfactory progression or comprehensive. Submitted on time.  |
| <b>Falls short of meeting expectation in many areas</b>  | Submissions with significant lack of progression in activities, that does not support solution owners' recommendations of timelines through to planning application and construction ready; does not acknowledge previous RAPID risks, priority actions, actions or recommendations; and/or late submission.   |
| <b>Unacceptable</b>                                      | Submission where such poor progress is made that it's not possible to assess.  |

### 1.1.5 Delivery Incentives

At gate three, we will apply up to 30% of each company's total efficient spend (for the gate) as a penalty for submission delay or failure to capture successful delivery of outcomes.

The delivery incentive at gate three is similar to gates one and two. It considers the submission timing, and the successful delivery of outcomes through a two-stage assessment. The initial stage, stage A, is a simple test of whether companies have submitted material by the gate submission deadline. This test is binary, companies either pass or fail, with a fail incurring the maximum 30% penalty. The second stage, stage B, focuses on capturing successful delivery of outcomes.

The table below contains the key deliverables that we will use to assess progress for incentives purposes at gate three. Companies can choose to propose additional bespoke deliverables to us for agreement in their gate two submission aligned to their programme plan to get to "construction ready" in the 2025-30 period.

| Assessment Area                | Key Deliverables  |
|--------------------------------|---|
| <b>Solution Design</b>         | <ul style="list-style-type: none"> <li>• A single option, with a preferred source element, a preferred route (where applicable) and scalability defined</li> <li>• Major risks associated with the design, including route, identified and costed in</li> </ul>   |
| <b>Costs &amp; Benefits</b>    | <ul style="list-style-type: none"> <li>• Clear presentation of robust costs, benefits and benefits minus costs, and clear use of appropriate methodologies</li> <li>• Clear quantitative demonstration that the preferred option is better value than the options that have been disregarded referencing the best value approach supported by a clear qualitative narrative</li> <li>• Information provided reflects and aligns with those set out in the final WRMP submissions</li> </ul>   |
| <b>Planning and consenting</b> | <ul style="list-style-type: none"> <li>• Section 35 direction applied for where required/ appropriate and received by gate three submission</li> <li>• Confirmation that pre-application non-statutory planning consultations have been undertaken (with statutory consultations planned or underway). Related stakeholder engagement is also underway. As in line with Planning Act 2008 requirements, and schedules through to planning application.</li> <li>• Confirmation of preferred site(s) and understanding of impact on cost estimates</li> <li>• Updated land and planning strategy as per section 6.4.</li> <li>• Breakdown of estimated costs included in cost estimate for acquisition of land rights and</li> </ul> |

|   |   |
|---|---|
|   | <p>compensation – this is for all land required for the delivery of the project including where land is required for related purposes (e.g. public realm, landscaping, net biodiversity gain etc) where these are likely to be planning requirements. This may include a mitigation package cost estimate.</p>  |
| <p><b>Programme and procurement</b></p> | <ul style="list-style-type: none"> <li>• Initial draft “heads of terms” developed for commercial arrangements between partners, including third parties (see procurement section for more details)</li> </ul> <p><b>For projects to be delivered by DPC (or SIPR):</b><br/>To have submitted prior to gate three and accepted by Ofwat</p> <ul style="list-style-type: none"> <li>• Strategic Outline Case (control point B in the DPC process)</li> <li>• A procurement plan (control points C in the DPC process)</li> </ul> <p>[Note we do not require these documents to be resubmitted as part of gate three]</p> <ul style="list-style-type: none"> <li>• Outline scope of the project to be delivered under DPC that is sufficient to enable us to designate the DPC project</li> </ul> <p><b>Where a project not suitable to be delivered by DPC (and Ofwat has agreed):</b></p> <ul style="list-style-type: none"> <li>• Early market engagement completed</li> <li>• Preferred procurement route/procedure identified</li> <li>• Procurement and commercial strategy completed</li> </ul> |
| <p><b>Environment</b></p>               | <ul style="list-style-type: none"> <li>• There is adequate temporal and spatial evidence in which to assess the risk of the solution on the environment.</li> <li>• Where significant risks remain uncertain, a programme of works to address these should be agreed with environmental regulators.</li> <li>• Progress on applications for relevant permits and licences with regulators.</li> </ul>   |

|                               |  |
|-------------------------------|--|
| <b>Drinking Water Quality</b> | <ul style="list-style-type: none"> <li>• Assessment of overall effect of project on drinking water quality.</li> <li>• Well-developed drinking water safety plan (DWSP) with hazards and risks (including emerging contaminants) identified, mitigation considered and costed in</li> <li>• Well- developed and progressed customer engagement</li> <li>• Identification of any elements of the treatment design which may require Regulation 31<sup>2</sup> approval (ie: membranes) &amp; where there is no approval in place, evidence of ongoing engagement with manufacturers on this.</li> </ul> |
|-------------------------------|--|

Penalties will apply to the partner that causes the late submission, or progress issues. We acknowledge that this may be difficult to ascertain and expect that as part of the joint working agreements between companies, the process for identifying and agreeing the cause of any issues is described. In the event that we consider that it is unclear which party or parties have caused any delay or quality issue for a solution then all partners involved will receive the penalty.

Penalties will be applied through the PR24 reconciliation mechanism, as described in 'PR19 final determinations: Strategic water resource solutions'<sup>3</sup>.

For solutions that progress to gate three and beyond, cost sharing is applied to the ring-fenced development allowance for each solution on a cumulative basis. This cumulative cost sharing after gate two applies to efficient underspend or overspend and will use a 50% sharing rate with customers. For example, if we allocate £10m at gate three, and the company spends £12m, the overspend of £2m will be split equally between customers and the water company. Likewise, if only £8m is spent due to efficient underspend, then £2m will be split equally and given back to customers and the water company.

Where we have raised expenditure cost challenges at gates one and/ or two, we may apply asymmetric cost-sharing at gate three to provide additional protection to customers from over-spend.

At gate three risk to customers and the environment from delay or other deficiencies is significantly higher than at earlier gates. For this reason, there will be no opportunity to remediate deficiencies identified at the assessment in order to defer penalties.

<sup>2</sup> [Regulation 31 - Drinking Water Inspectorate](#)

<sup>3</sup> Ofwat, '[PR19 final determinations: Strategic water resource solutions](#)', December 2019

## 1.1.6 Efficiency of Expenditure

For gates three and four, we are making two key changes.

Firstly, we are merging gate three and four allowances to enable a smooth progression of project planning. Solution owners will need to account for the allowances separately to enable reconciliation. Gate three accounts will nevertheless still need to be finalised by gate three final decisions, and cannot be changed thereafter.

Secondly, we will not assess the level of expenditure at each gate. We will instead agree with solution owners a list of development activities for the gate that are appropriate and necessary. We expect solution owners to agree this list of development activities with us up front and to provide us with expenditure estimates for the activities they deem necessary for the gate, within your total allowance. Any activities estimated over £0.5 million may warrant further discussion with us in checkpoint meetings. We will consider changes to the gate allowance in very limited circumstances, including, 1) if land acquisition required (see further below) or 2) if there is a material change to the scope of the solution.

Placing greater emphasis on agreeing the required activities will better enable solution development and the desired outcomes of the gated process at this stage, and as a 50% cumulative cost sharing mechanism applies for these gates, the risk to customers of any inefficient expenditure is significantly lower than at previous gates.

The activities that need to be carried out in order to investigate and develop a solution to gates three and four are listed in Annex 2 to the 'PR19 final determinations: Strategic regional water resource solutions'<sup>4</sup>, and in this guidance. We expect solution owners to clearly identify which activities they deem necessary for each gate, dependant on whether they are preferred or alternative solutions. Solution owners should discuss with us any change in activities planned in advance, including activities that are considered not needed, and those that may be required but were not included in the agreed list of activities. Any agreed change in the activities to be undertaken will be confirmed in writing by us.

The gate three and four allowances do not include funding for land acquisition, except in the case of the backup solution on the accelerated track. Solution owners should flag when and how much will be required, including setting out any uncertainty or associated risk and an efficient allowance will be provided.

While we are no longer assessing efficiency of the expenditure, we require solution owners to complete the Efficiency of Expenditure template for each solution detailing incurred costs for each gate activity. We ask solution owners for this information not only for transparency, but also to collect valuable benchmarks for development expenditure and thus enhance our learning for future gated processes.

Activities should be allocated to the categories of Programme and Project Management; Finalised Feasibility and Developed Design; Environmental Assessment;

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<sup>4</sup> [PR19-final-determinations-Strategic-regional-water-resource-solutions-appendix.pdf \(ofwat.gov.uk\)](#)

Data Collection, Sampling, and Pilot Trials; Planning and Land; Commercial and Procurement; Stakeholder Engagement; Legal, and Other. Further guidance for activities that belong in each category is included in the template. We may request further detail if it is unclear which gate three activity expenditure relates to and should it become evident that any expenditure has been incurred on activities outside the gate activities, then this will be disallowed.

Incurred expenditure for the gate activity should be presented in the 2017-18 price base and provided aligned to the agreed gate activities within each category listed above. Expenditure should be further broken down if any line is greater than £0.5 million in value.

### **1.1.7 Early Gate Four Spend**

The PR19 final determination allows solution owners to spend gate four allowances during the assessment and decision period for gate three, in line with their submission recommendations for progression of the solution. In some cases, solution owners may need to undertake some gate four activities during the gate three period before submissions are made. In principle this is acceptable and should be discussed with us before expenditure is incurred. Such expenditure should be clearly delineated as gate four spend when completing the efficiency of expenditure annex and in gate accounts.

In order to keep investigation and development of a solution on track to be construction ready in the 2025-30 period, particularly if this is required early in the period, some solution owners may need to procure work for gate four activities before submissions are made.

This should be discussed in advance with us. We will consider requests of this nature on a case basis, taking account of the position of the solution in the regional plans and bearing in mind that RAPID funding is additional to base funding provided to deliver WRMP19 and develop WRMP24. Contracts should include break options so that if the solution does not progress beyond gate three, wasted spend can be avoided.

### **1.1.8 Solution Progression**

We expect solution owners to make recommendations for which solution(s) and option(s) should progress through a gate and continue to receive funding for their investigation and development.

These recommendations should be made on the basis of the outcome of solution owners' investigations and assessments to date both as part of the gated process and the solution's status in the regional plan and WRMPs. Clear reasons should be given for recommendations with supporting evidence clearly identified.

The focus at gate three is to have commenced pre-application application activities for DCO or local planning for solutions and meet criteria that test the need for accelerated development and regulatory oversight and support. In assessing the solution owner's

recommendation to progress or not progress in the gated process on the standard track, we will consider the following:

- Is the solution in a preferred or alternative pathway in relevant regional plan or WRMP (where applicable) to be construction ready in 2025-30?
- Is there value in accelerating the solution's development to be "construction ready" in 2025-30?
- Does the solution need continued enhancement funding for investigations and development to progress?
- Does the solution need the continued regulatory support and oversight provided by the Ofwat gated process and RAPID?

In assessing the solution owner's recommendation to progress or not progress in the gated process on the accelerated track, we will consider the following:

- Is the solution in a preferred or alternative pathway in relevant regional plan or WRMP to be operational by 2027 (or as soon after as is practicable)?
- Does the solution need continued enhancement funding for investigations and development to progress?
- Does the solution need the continued regulatory support and oversight provided by the Ofwat gated process and RAPID?

When compiling their submissions the solution owners should link their recommendation for progression, including date for gate four, with the information in section 7 (programme and planning).

## 1.2 Queries

Similar to previous gates, there will be a short, quick response query process based on the approach used for the price review where solution owners will have two working days to respond to any query we raise. Throughout the remainder of the assessment period, we may raise queries, but the solutions owners will agree the response time with us on receipt of the query.

Where solution submissions do not contain sufficient evidence to be scored a three (good) for progress or to clearly answer progression criteria, a query may be raised to investigate the area further.

Solution owners should aim to include all information required for assessment in their submissions and should not plan to supplement their original submission with additional material during this process. We will carry out our assessment on the basis of the submission made and answers received to our queries.

Queries will be sent to the nominated lead contact for each submission and answers to queries should be submitted via the submission portal in line with deadlines.

## 1.3 Draft Decisions and Representations

RAPID, working with the partner regulators and with Natural Resources Wales, Natural England, Historic England, Cadw, the Forestry Commission and CCW, undertakes the assessment of submissions and makes recommendations to Ofwat for each of the solutions assessed. Ofwat then considers these recommendations and publishes its draft decisions for representations.

Representations, including relevant evidence, on the draft decisions are invited from solution owners and all interested parties and should be submitted to us at [RAPID@ofwat.gov.uk](mailto:RAPID@ofwat.gov.uk)

For gate three, representations should be mindful that decisions are made in the context of progression of activities: assessment of quality in planning applications are the remit of The Planning Inspectorate, PEDW, and associated statutory consultees.

We encourage stakeholders to also provide feedback on specific solutions directly to the water companies through their consultations on WRMPs and to regional groups through the regional plan consultation process, which started in January 2022.

## 1.4 Final Decisions

At the end of the representation period, we will review all representations and make further recommendations to Ofwat. Ofwat will consider the representations received and RAPID's recommendations before reaching a final decision, which it will publish on the website along with the representations.

## 1.5 Expectations of Transparency

Solution owners must publish their submissions including submission template, and cover letter if it includes information forming part of the submission and annexes / appendices, at the same time as submitting them to us. Query responses must be published by the date on which Ofwat publishes its draft decisions. Where we consider that we have raised a query to seek evidence that should have been included in the submission or its published annexes, we may require earlier publication of the query response.

The submission template will be developed following the publication of this gate three guidance.

The submission template and cover letter must be unredacted (other than in respect of personal information). Information may be redacted from annexes / appendices, but we expect companies to provide its stakeholders and us with strong, robust reasons for why it has been redacted. These reasons must be specific to the information concerned. They must also be consistent with exceptions available under the Environmental Information Regulations 2004, taking into account the presumption in favour of disclosure and the inherent public interest in transparency and making as

much information about the solutions available to customers and stakeholders as possible. We expect companies to keep the extent of redaction to a minimum.

Where redactions are made, an explanation as to the nature of the information redacted and the reason why information has been redacted must be provided to stakeholders. This will ideally be within the relevant document, alongside the redaction, for example as a footnote or as a replacement for the text redacted. Companies should also consider whether an accompanying note would assist stakeholders in better understanding the reasons for redactions.

When solution owners publish their gate submission, they must include all costs information unless it is information that has been redacted in WRMP24 tables in line with the instructions on completing those tables.

We expect that, at all times, companies will seek to be transparent with customers and stakeholders and will respond to any requests for further information in accordance with their obligations under the Environmental Information Regulations 2004.

We are subject to both the Environmental Information Regulations and the Freedom of Information Act 2000 and will need to consider any requests for information in accordance with our obligations. If we receive a request for information, we will consult with solution owners at the time of the request and will take full account of their views, but we cannot give an assurance that we can maintain confidentiality in all circumstances.

## 2. Solution Design

We expect solutions to be designed to the following standard:

- Solution design information should be developed to a standard suitable for pre-application planning consultation as per planning policy in England and/or Wales as appropriate.
- Solution owners should have narrowed down their solution to a firm single, potentially scalable, option including clearly defined location and included in final regional plans and WRMPs (draft plans for accelerated gate three).
- Solutions should be developed in line with Stage 3 of the RIBA plan of works<sup>5</sup>, and ACWG Design Principles<sup>6</sup> (where stated that indicators may also be relevant to gate three for some solutions). Solutions are not expected to have submitted planning applications, which is noted as the outcome of RIBA Stage 3.
- Solutions should be undertaking the pre-application stage of the NSIP process<sup>7</sup> or sought pre-application planning advice from relevant Local Planning Authorities
- Consideration of all applicable [The Network and Information Systems \(NIS\) Regulations 2018<sup>8</sup>](#) and [Security and Emergency Measures Direction \(SEMD\) requirements](#).

We remind companies that we expect to see that security requirements for new assets and systems have been fully considered and are kept under regular review during the preferred solution design, construction and operational phases of the project, and we will in any event not consider this criteria to be met unless suitable basic protective security measures is provided for all new assets and systems.

DWI have been transferred the function to undertake the operational Competent Authority (CA) duties to regulate OESs on behalf of Secretary of State (for England) and the Welsh Government (for Wales).

All NIS incidents need to be reported to DWI at [DWI.NIS@defra.gov.uk](mailto:DWI.NIS@defra.gov.uk)

Suitable and effective engagement concerning the asset and system dependencies from and to other companies and/or stakeholders (DWI, EA and Canal & River Trust, Natural Resources Wales) should be undertaken and maintained, with advice and

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<sup>5</sup> [RIBA Plan of Works 2020](#)

<sup>6</sup> All Company Working Group (ACWG) Design Principles, Process and Gate 2 Interim Guidance

<sup>7</sup> [National Infrastructure Planning Process Guidance](#)

<sup>8</sup> The NIS Regulations 2018 provides legal measures to protect essential services by improving the security of the network and information systems that support the continuation of these services. Drinking water supply and distribution has been designated an essential service within Schedule 1 of these Regulations. A water company supplying potable water to more than 200,000 people are classed as Operators of Essential Services (OES). OESs must take appropriate and proportionate measures to manage risks to their network and information systems and to prevent and/or minimise the impact of incidents to those systems.

guidance sought from the Centre for the Protection of National Infrastructure (CPNI) and National Cyber Security Centre (NCSC) as appropriate.

## 2.1 Background and objectives

The submission should outline what requirements and objectives this solution is aiming to address, including requirements and objectives set out by the Environment Agency for England in the [National Framework for Water Resources](#), published in 2020 and the [Water Strategy](#) for Wales.

The submission should demonstrate alignment with regional and company plan(s), explaining clearly how the regional and company planning process has informed the development of the solution, and how the solution is reflected in the final plans.

Proposals that affect Wales will have regard to the interests of Wales, in particular sustainable management of its natural resources and Welsh legislation and policies including the [guiding principles](#)

## 2.2 The preferred solution option

The submission should provide design information about the preferred option for the solution and evidence justifying its selection with respect to the range of options considered in previous gates. This should include:

- Solution description, updated from gate two where necessary.
- Rationale and evidence for selection of the preferred solution option, and scalable elements where justifiable, in reference to the range of options considered.
- Configuration of the preferred solution option and its elements including a description of how the solution and its elements will be operated and how that operating strategy has influenced design.
- A description of the site selection process, and routing where relevant, for the preferred solution option, how multi-disciplinary input has been integrated into the process and noting any outstanding risks or constraints and how these will be addressed.
- Site specific vision and design principles.
- A description of the key assets to be constructed as part of the preferred solution including relevant diagrams/schematics and site general arrangement design drawings and maps, consistent with any pre-application submissions. This may include process diagrams, or completing RAPID-issued cost data tables, as requested.
- Evidence of, and any assumptions relating to interactions within the solution, as well as between other proposed water resource solutions, in terms of system connectivity / impacts and mutual inclusivity / exclusivity. This should be described

in the context of outcomes of regional groups reconciliation, and any further development on agreements made since.

- Scalability within the preferred solution option, as well as between other proposed water resource solutions, in terms of dependency and phasing.
- Development of a digital twin with an explanation of how testing through this process will influence design, construction and operation
- Recommendations and output from an independent design review where proportionate, and how these have been taken into account.

At gate three we expect information on solution utilisation and water resource benefits to be provided in the submission, aligned with information in final published WRMPs. Uncertainties should be thoroughly explored and understood, and actions in place to manage these through the design and operation of the solution.

### **2.2.1 Utilisation**

Information on utilisation should include the following:

- Quantitative presentation of finalised anticipated operational utilisation rates determined from the final, or most up to date company and / or regional modelling and aligning with regional resource need.
- Utilisation rates for dry year annual average operation, for events such as 1:500yr droughts, peak demand or as part of emergency response, in addition to standby, or normal-year operation.
- Where uncertainty exists in utilisation rates, utilisation rates should be provided for range of clearly defined scenarios representing the uncertainties. Further work should be detailed to address uncertainties, or statements made where uncertainties may remain in the long term.
- Final conclusions around third party options which have been explored to increase utilisation and value from solution supply.
- Where multiple users (public water supply or third party) form part of the utilisation of the solution, the submission should set out the preferred prioritisation rules with clear justification how these have been developed, and an indication that users and prioritisation agreements has been considered in the solutions commercial model (the detail of which may be presented in section 7).
- A clear description of the risks and assumptions in the utilisation figures presented, their impacts and how these will be managed in the detailed design and operation of the solution.
- A clear explanation of how asset management plans are being developed to ensure the solution will provide the intended deployable output when required, especially when utilisation may be infrequent such as in severe droughts.

### **2.2.2 Water Resource Benefit**

The water resources benefit should be quantified to a high degree of confidence, with uncertainties explored, quantified and mitigated where feasible. Calculations on water

resources benefit should be aligned with linked solutions, regional and company water resources modelling and planning.

- Water resource benefit should be aligned and consistent with the need and justification presented in final published company and regional water resource plans (draft plans for accelerated solutions).
- Finalised water resource benefit assessment including conjunctive use benefit where relevant, consistent with information provided to regional groups to support assessment of regional water resource benefit.
- Submission presents the water resource benefit of the solution, as a deployable output. Where solutions have previously presented a yield, water resource benefit assessments should now incorporate areas supplying and receiving yield to present a deployable output of the solution as a whole.
- Deployable output is presented for the dry year annual average and critical periods, for events such as the 1:500 year drought, considering spatial coincidence where relevant.
- If the solution concerns offsetting a change or redirection of supply, deployable output is presented to ensure the water resource benefit is sufficient to maintain consumer supply;
- The methods and calculations are well evidenced, for example with modelling that utilises appropriate inflow sequences to test relevant drought events; up-to-date demand forecasts; and includes environmental and operational constrictions to the water resource benefit, and constraints from other users of the resource. Assumptions in the calculation are clearly stated.
- An assessment of the risks and uncertainty associated with the water resources benefit of the solution, including the likelihood and impact on solution deployable output due to climate change, and how risks and uncertainties will be managed through design and operation of the solution.
- The Level of Service against which the water resource benefit is calculated is explained.
- The submission demonstrates where the water resource benefit is received, and by whom. The water resource benefit is contextualised (and its need justified) through the impact it has on the forecast supply-demand balance of the benefiting area.
- An explanation on how outage may be considered for the solution in the context of describing its water resource benefit, in the event this would be calculated any differently or separately to other assets within the water companies' assets or WRMP.

### 2.2.3 Long term opportunities and scalability

The scope and potential for wider benefits is dependent on solution type, some solutions having much greater potential in this area than others.

#### Wider benefits

Wider benefits include benefits to public water supplies beyond the primary goal of increasing drought resilience, for example enhancing the operational supply resilience,

flexibility and adaptability of supply systems. It also includes benefits to third parties such as social and environmental benefits from the solutions, and benefits associated with providing water supplies to other sectors. Some benefits will be realised through adjustments to the asset design, others through the operational aspects.

At gate three it is expected that opportunities to realise wider benefits and benefits to third parties will be being, or have been, explored through stakeholder consultation, including cross-border stakeholder engagement with Wales (see Stakeholder and engagement section), and integrated into the solution design and proposed modes of operation. Progress on any modifications or enhancements to the solution design to realise these benefits should be clearly set out, together with a justification for their inclusion, and associated costs. Benefits should be aligned with, but not limited to, best value planning metrics (see section 8), noting also the aspects to consider in compiling a best value plan in Section 9 of the Water Resource Planning Guideline.

Possible benefits could include, but are not limited to:

- Environment, biodiversity and natural capital benefits (and where solutions affect Wales, enhancing biodiversity and ecosystem resilience, showing a clear link to supporting delivery of Wales's Well-being goals)
- Amenity, community, access and recreation benefits including cultural consideration in Wales.
- Providing water supplies to other sectors (for example industry and agriculture)
- Operational supply resilience, flexibility and adaptability (beyond drought resilience alone)
- Climate change adaptation
- Flood resilience benefits
- Water quality benefits
- Enabling capacity increases in future

Where wider benefits are proposed to be provided to third parties, proposals should be submitted demonstrating how those parties propose to contribute a fair share of the costs according to their own responsibilities and the benefits they realise, and evidence of engagement and commitment by those third parties.

### **Solution scaling**

Where options were available for scaling a solution to accommodate future capacity needs, or modify the solution in future to mitigate uncertainties, justification should be presented for the preferred proposed option. This should include an appraisal of the costs and benefits of different scaling options, and their potential timings.

As part of this justification, the cost differential of including scalability should be provided. Solution owners should identify where the scalability costs move from marginal (and therefore good value) to significant cost increases which could outweigh the benefits. This trigger point should be clearly outlined in the solution cost tables.

A preferred scaling option should be clearly justified based on assessments undertaken.

The preferred option should have given consideration to incorporating critical components that would be difficult to upgrade at a later date into the design from the outset, to enable modular build.

### **Infrastructure Resilience to the Risk of Flooding and Coastal Erosion**

All infrastructure associated with the solutions must be designed to be resilient to flooding over the life of its design and delivered in accordance with the National Planning Policy Framework / National Policy Statement for England and Wales, not being sited in an area at unacceptable risk of flooding or coastal erosion if the design has not taken sufficient account of the risk and suitable mitigation measures provided to deal with those risks. For solutions that affect Wales, the Water Strategy for Wales<sup>9</sup> sets out expectations in this area.

Evidence on an initial flood risk assessment is expected. Evidence should be provided on the flood and / or coastal erosion risk for the solution (flooding the solution is exposed to, and flooding which the solution may cause or exacerbate) and set out a strategy for mitigating risks during the detailed design phase. Gate three submissions may signpost out to standalone, published, flood risk assessments for further detail where available. In the case of reservoirs, a summary of the potential safety risks and how these will be managed during design and operation should be provided.

We expect solution owners to assess and identify where infrastructure associated with the solutions can be designed to optimise and deliver wider flood risk management benefits, either as stand-alone or in partnership with other organisations including other Risk Management Authorities (RMAs). This could include for example, designing infrastructure to attenuate flood waters or working with other RMAs to deliver collaborative infrastructure plans.

Evidence should be provided on whether or how the solution may be used or adapted to realise wider flood risk management benefits, through design and / or operation, and the steps required to incorporate this in the detailed design and operation of the solution. This should be considered and applied across the entirety of the solution, where the solution may span many spatial areas, and particular consideration to where solutions may affect cross-border areas and Wales.

All infrastructure associated with solutions should be designed taking into account the latest UK Climate Projections (UKCP). The Environment Agency, Welsh Government and Natural Resources Wales provide guidance on how to incorporate climate change allowances within flood risk assessments<sup>10</sup>.

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<sup>9</sup> [Welsh Government \(2019\) Water Strategy for Wales](#)

<sup>10</sup> Incorporating climate change allowances within flood risk assessments. Available from: [Technical advice note \(TAN\) 15: development and flood risk \(2004\) | GOV.WALES](#)

### 3. Drinking Water Quality

Submissions should provide updated assessments of drinking water quality considerations and potential risks to drinking water quality and supply issues and resilience, including:

- Well-developed Drinking Water Safety Plans.
- Details of proposed mitigation for any emerging contaminants identified.
- Evidence of consultation with stakeholders and consumer engagement, paying particular attention to consumers and stakeholders who will receive water from a different or blended source.
- A plan for continued engagement and any required mitigation provided.
- Details of any specific concerns from company drinking water quality teams and how they will be addressed.
- Details of any specific concerns from the Drinking Water Inspectorate (DWI) and how these will be addressed.
- In scenarios where there is expected to be a change of source water, that testing has been carried out to ascertain any risks that may come with this change.
- Deployable output expected from the solution, consistent with the regional plan and WRMP.
- Where remineralisation is being undertaken prior to mixing with another source of water, that any risks associated with this are captured in the DWSP.
- Consideration of the requirements of [Regulation 31](#) and tracking of any products required for use.
- Consideration of the requirements of Regulation 15.
- Ensure alignment with Resilience of water supplies in Water Resource Planning - Guidance Note ([dwi.gov.uk](http://dwi.gov.uk)) on long term planning, and The Water Supply (Water Quality) Regulations 2016 ([legislation.gov.uk](http://legislation.gov.uk)) for England and The Water Supply (Water Quality) Regulations 2018 ([legislation.gov.uk](http://legislation.gov.uk)) for Wales. This should be considered in the concept design report.

## 4. Environmental

Environmental assessments of the solution should be sufficiently advanced to support DCO or local planning pre-application stages after the gate. Evidence base requirements, risks, and relevant mitigation measures should be thoroughly explored and discussed with environmental regulators.

### 4.1 Water Framework Directive (WFD) Assessment

You must be assessing your solution to ensure it complies with and supports the achievement of The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 requirements and objectives as set out in the River Basin Management Plans. This specifically means:

- Evidence (including monitoring evidence) that the solution will meet WFD objectives
- If necessary, evidence that Regulation 19<sup>11</sup> test criteria will be met.
- If uncertainties remain in your assessment, you must provide a plan to gather further evidence in a timely manner.

### 4.2 Habitats Regulation Assessment (HRA)

Habitat Regulation Assessment should be sufficiently advanced to represent the solutions position within DCO or local planning pre-application stages, and follows the latest HRA guidance. Please note that the source and receiving water bodies, as well as any transfer will need to have compatible HRAs, where applicable.

### 4.3 Environmental Impact Assessment (EIA):

For most solutions a statutory Environmental Impact Assessment (EIA) will be required to support planning and permitting applications. EIA should be sufficiently advanced to support EIA scoping requirements.

We recommend consulting with Local Planning Authorities, PEDW, or referring to The Planning Inspectorate guidance for DCO applications. The Planning Inspectorate provides Advice Notes<sup>12</sup> on a number of topic areas relating to environmental assessments and the roles of statutory consultees and other advisory bodies. Advice Notes 3 and 7<sup>13</sup> are specifically related to EIA.

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<sup>11</sup> [The Water Environment \(Water Framework Directive\) \(England and Wales\) Regulations 2017 \(legislation.gov.uk\)](https://legislation.gov.uk)

<sup>12</sup> Planning Inspectorate National Infrastructure Planning website available here: <https://infrastructure.planninginspectorate.gov.uk/>

<sup>13</sup> The Planning Inspectorate Advice Notes [Advice notes | National Infrastructure Planning \(planninginspectorate.gov.uk\)](https://planninginspectorate.gov.uk)

## 4.4 Environmental Considerations

Biodiversity net gain (England only): This should support the net gain actions in the Government's 25 year Environment plan, meet the requirements of the Environment Act 2021 and any national planning policy requirements set out in the NPPF and/ or National Policy Statement<sup>14</sup> where relevant.

Ecosystem resilience and Wellbeing (Wales only): Where the solution affects Wales you should consider your duties under the Environment (Wales) Act section 6 & 7 and support delivery of the Well-being of Future Generations (Wales) Act (WFG Act). This includes following the principles of Sustainable Management of Natural Resources (SMNR – Environment (Wales) Act 2016 and the Sustainable Development Principle (WFG Act), maximising your contribution to the four long term aims of SMNR (See [Natural Resources Wales / State of Natural Resources Report \(SoNaRR\) for Wales 2020](#)) and the Well-being Goals ( [Essentials Guide: Sustainable Management of Natural Resources and our Well-being \(gov.wales\)](#)). This would contribute to the priorities within the Natural Resources Policy, including decarbonisation and adaption to climate change and enhancing biodiversity (which supports the resilience of ecosystems). The requirement of Welsh legislation is set out within the Water Resources Planning Guidance and Env/Society Supplementary Guidance Note for Wales.

## 4.5 Environmental regulators statutory planning consultee roles

The Environment Agency, Natural England and Natural Resources Wales are statutory consultees within the planning system. They will provide bespoke advice on individual projects in accordance with their pre-application advice services<sup>15</sup>.

The Environment Agency and Natural Resources Wales will provide bespoke advice on Environmental Permitting requirements in accordance with their pre-application services<sup>16</sup>.

Advice provided by environmental regulators on environmental assessments used to support the RAPID gated process is given on a 'without prejudice' basis to any future advice they provide in fulfilling their statutory planning consultee roles or in determining any other regulatory consent, environmental permitting applications or other licence requirements.

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<sup>14</sup> [https://consult.defra.gov.uk/water/draft-national-policy-statement/supporting\\_documents/npswaterconsultdocument.pdf](https://consult.defra.gov.uk/water/draft-national-policy-statement/supporting_documents/npswaterconsultdocument.pdf)

<sup>15</sup> Environment Agency and Natural England Pre-application advice information. Available from: <https://www.gov.uk/guidance/developers-get-environmental-advice-on-your-planning-proposals>

<sup>16</sup> Environment Agency advice service for Environmental Permitting. Available from: <https://www.gov.uk/guidance/get-advice-before-you-apply-for-an-environmental-permit>

## 5. Carbon

Solution development to gate three should continue to build from the gate two submissions. In particular, you should continue to follow the [Water Resources Planning Guidelines for WRMP24 section 8.3.2 \(published on April 2022\)](#) which states expectations for accounting for and reducing greenhouse gas emissions. In Wales, expectations are set out in section 3 of the [guiding principles \(published April 2016\)](#) for WRMPs.

The following additional guidance should be considered as per the [Water Resources Planning Guidelines for WRMP24 section 8.3.2](#):

- UKWIR (2012) [Framework for accounting for embodied carbon in water industry assets](#) (12/CL/01/15)
- For carbon costs associated with the projected emissions you should use the [latest government guidance](#) on the cost of carbon. In particular you should consider the [Green Book Supplementary Guidance](#)
- The [Carbon Accounting \(Wales\) Regulations 2018](#)
- [Environmental reporting guidelines: including streamlined energy and carbon reporting guidance](#)
- [PAS 2080: Carbon management in infrastructure](#)
- [HM Treasury infrastructure carbon review](#)
- [Towards a science-based approach to climate neutrality in the corporate sector](#)
- ACWG Cost Consistency Methodology (August 2020), section 5
- ACWG Carbon Ambition
- [Water UK's Net Zero 2030 Routemap](#)
- Respective company and/or regional commitments
- Emissions factors for materials and activities taken from ICE CESMM price book and other recognised databases (such as Ecoinvent)
- Operational carbon from annual quantities and UKWIR carbon assessment workbook (v16) framework for whole life carbon reducing both operational and embedded emissions in tandem.
- The most up to date [carbon costs and values](#) as per government guidance (eg Valuation of greenhouse gas emissions: for policy appraisal and evaluation).

On 6 January 2022, Ofwat published its [net zero principles position paper](#). Solutions should be designed in line with these principles. In particular companies are encouraged to ensure solutions:

- are reflective of national government targets on net zero

- prioritise the reduction of GHG emissions before the use of offsets, doing so in line with the IEMA GHG Management Hierarchy<sup>17</sup>and;
- clearly address both operation and embedded emissions

### Assessments of the whole life carbon cost of the solution

- Gate three submissions should make clear: Estimations of carbon costs
- The operational and embodied carbon of solutions (in tCO<sub>2</sub>e). This should be done for all options presented.
- How whole life carbon reductions have been considered .
- How carbon has been considered in the best value planning approaches, metrics and decision making associated with a proposed solution.
- That operational and embedded carbon emissions have been considered as part of the best value assessment.
- That due consideration has been given to the seven Kyoto Protocol greenhouse gases.
- how relevant policies, frameworks and approaches have been used to consider reductions on carbon emissions. how solutions are embracing innovative designs and opportunities to generate or be powered by renewable energy and/or sequester carbon and explore joint opportunities with other sectors.
- whether a focus on carbon reduction has been able to drive down solution costs<sup>18</sup>. The key emission areas and what opportunities there are for reducing emissions. We expect the submission to demonstrate consideration of Scope 1, 2, and 3 emissions.
- how materials have been selected and whether the lowest carbon options have been considered as part of solution design. It should be made clear why the lowest carbon solutions are not taken forward.
- How water companies will work with the supply chain to deliver lower carbon materials where they may not be readily available.
- The role of monitoring and reporting due the life cycle of the solution, particularly with a view to ensure transparency and continual improvement

### Reflecting the governance and environmental needs of Wales

Where the solution is within or affecting Wales, there must be consideration of the Welsh statutory targets to reduce greenhouse gases as prescribed in [The Climate Change \(Wales\) Regulations 2021](#). The proposal(s) should therefore include an assessment of their carbon impact in Wales from the outset. See section 8.3.2 of water resources planning guidance for more information: [Water Resources Planning](#)

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<sup>17</sup> The [GHG Management Hierarchy](#), as detailed by the Institute of Environmental Management and Assessment (2020 version), is a framework organisations can use to guide the scoping and strategic planning of their energy and carbon management activities.

<sup>18</sup> The level of uncertainty associated with the solution carbon assessments will be expected to reduce as solutions are refined through the gated process.

[Guideline \(cyfoethnaturiol.cymru\)](#). Any specific enquiries regarding the requirements should be addressed to [decarbonisationmailbox.gov.wales](mailto:decarbonisationmailbox.gov.wales)

## 6. Programme and Planning

### 6.1 Project Plan

A clear project-level plan that sets out the key solution-specific milestones to delivery and includes key activities and outputs that need to be undertaken and achieved prior to each subsequent gate should be provided. It should contain sufficient detail to support assessment of progress in relation to delivery incentives (ie, clarity around important milestones and interdependencies) and include:

- The date when solution is required (based on company and regional plans, as appropriate), and any updates if this changes.
- The phasing of key activities and decisions.
- Summary of all key risks and mitigation plans.
- The assumptions and dependencies within the programme.
- Information about construction activities (such as scoping, detailed design, planning route and direct procurement for customers (DPC)).
- The planned construction start date within the 2025-30 period.
- The earliest possible deployable output date (assuming planning started today) – which might be significantly earlier than the required date.
- An assessment of progress against the project plan that indicates whether or not it is on track. Reasons should be provided for any missed milestones and impacts on the overall programme caused by delays.
- An estimate of overall project delivery timescales for subsequent gates.
- Missing information – outline any information that is missing from the project plan and how this will be addressed before gate four.

### 6.2 Key risks and mitigation measures

An assessment of key risks to the solution's planned progress to completion (including requirements at gates) and an assessment of risks to costs and realisation of the benefits of the solution should be provided. This should include consideration of potential regulatory barriers to the solution's progress. The risk assessment should include proposed mitigation measures, which should, where appropriate, have been agreed with relevant regulators and costed in. It should present original risk scores and residual risk scores following mitigation. It must also be consistent with information presented in quarterly dashboards.

### 6.3 Proposed gate four activities and outcomes

Solution owners should propose dates for gate four onwards aligned with the solution project plan. Those solutions which are required to be construction ready earlier should

propose an earlier gate four date. Those planned for later in the 2025–30 period should propose later gate dates.

By gate four, solution owners should be submitting for DCO or local planning permission for a firm single solution, including location, as included in final regional plans and WRMPs.

We expect companies to have tested their design through a digital twin. Procurement and commercial arrangements should be sufficiently progressed to enable construction to begin at the construction-ready date. The starting point for gate four activity proposals should be the list of activities included in the [PR19 final determinations water resource solutions appendix](#).

Solution owners should set out proposals for gate four activities and outcomes, depending on whether they are on preferred or alternative pathways, penalty scale, assessment criteria and contributions. This should include explicit consideration of solution delay impacts.

## 6.4 Planning

An updated land and planning strategy for the solution should be provided. This should cover:

- An explanation of the preferred planning route for the solution and the key planning steps. Where a section 35 direction is required, this should have been applied for and received by gate three submissions and prior to starting the pre-application stage of the DCO process. If this has not been done, an explanation of the delay (including events outside solution owners' control), risk mitigation, the timetable for achieving it, and how this fits in the overall programme plan.
  - Where solutions may have cross-border impacts or capital works, the preferred planning route should consider whether Welsh planning policy or bodies should be included, and consult with Planning and Environment Decisions Wales (PEDW) as appropriate.
- The plan for obtaining other regulatory consents needed for construction and operation. This should include a very high-level summary of the consents needed (i.e. types of consent) and indicative application timings. For solutions utilising the DCO process, the submission should indicate if there are any consents that must be obtained outside the process and briefly explain how you will gain those consents and indicate how they fit in the overall programme plan.
- The land lifecycle, including the strategy and plan for effectively delivering it and explaining how the approach will support the effective and efficient delivery of planning consent, acquisition of required land rights, and delivery of the programme.
- Explanation of how you are managing the land and planning process, including providing assurance that you have (or will have) adequate systems and resources and that there are effective and efficient processes and governance arrangements.

- An explanation of how you are proposing to manage the "journey" for all those who will be directly affected by the construction and operation of the solution, and how solution owners will continue to ensure a good experience for them.
- The key risks and issues relating to land and planning and explaining how the strategy supports the management/mitigation of the risks. This may require the solution owner to provide us with information that is commercially sensitive where it identifies a material risk or issue to the delivery of the solution. In such a situation, this information can be redacted or removed from the published submission documentation.

In addition, the submission should provide:

- an update on work done to date to support the proposed land and planning process, including the outcome of pre-planning application activities, and how this has affected the land and planning strategy for the solution.
- a breakdown of estimated costs included in the solution cost estimate for acquisition of land rights and compensation and the likely timing of this expenditure; the level of risk around these costs; and explain the basis for the estimates.

## 7. Procurement and Operation Model

Following gate two submissions we expect companies to continue to develop the procurement arrangements for the project and present an updated procurement strategy.

Where a competitive delivery model such as Direct Procurement for Customer (DPC) or under the Specified Infrastructure Project Regulations (SIPR) was identified at gate two as the preferred procurement route, companies are required to follow Ofwat's DPC process, which can be found [here](#). By gate three we expect companies to have submitted and had accepted by Ofwat:

- A Strategic Outline Case (Control point B in the DPC process)
- A Procurement Plan (Control point C in the DPC process)

We do not require this information to be resubmitted as part of the gate. Where things have significantly changed between the achievement of the above control points and the gate three submission, provide a summary of the changes (and their driver); and an overview of the revised commercial structure and risk allocation.

In addition, provide the following within the submission:

- initial draft heads of terms for the CAP agreement as well as those between the project partners and where appropriate other third parties; and
- an outline scope of the project to be delivered under DPC that is sufficient to enable us to designate the project a DPC project.

Where the solution has previously not been identified as suitable for delivery under DPC or SIPR, and has been agreed by Ofwat provide an updated procurement strategy for the project setting out:

- the preferred procurement route/procedure with rationale for approach.
- an explanation of the commercial strategy – including a high-level approach to risk allocation and incentives at a company and contractor level and initial draft heads of terms between the relevant parties (including between the water company partners, any third parties as well as between the company and contractor).
- a summary of market engagement exercises that have been undertaken and feedback received showing (amongst other things) market appetite, supply chain availability, and views on proposed commercial arrangements.
- an updated detailed procurement timetable, with an explanation of how it supports the overall critical path including highlighting any dependencies and how risk of delay may be mitigated.
- an explanation of how the procurement route and commercial strategy will maximise competition and deliver best value for customers;
- an assessment of risks and issues associated with the preferred delivery route

## 8. Solution Cost and Benefits

At gate three, solution owners should present updated key cost information provided at gate two for the preferred option with reduced uncertainty in costs and benefits and an explanation of any material change in costs, including where optimism bias has been reduced as costs firm up.

- Overall costs of construction and operation for the preferred option and options that have been discarded in order to demonstrate that the preferred option is best value
- Detail of capital expenditure
- Detail of operating expenditure - include an indication of design life of the asset and any significant maintenance liabilities during operational life.
- Optimism bias
- Assumptions and exclusions
- Cost of all environmental and water quality mitigations should be costed in
- An indication as to whether solution costs are in line with relevant methodologies agreed with regulators and relevant green book guidance.
- Cross-comparison of updated solution costs as tested in regional or national modelling
- Clear description of where solution cost scalability moves from marginally more expensive to substantially more expensive (tipping points)

Solution owners should complete and provide the template developed by the All Company Working Group (ACWG), consistent with the cost profiles information included within the WRMP24 Table 5<sup>1920</sup>, as an annex. Cost profile information includes capex, opex, financing cost, optimism bias, costed risk, discount rate, as well as fixed and variable opex and capex unit costs. Solution owners must ensure that the costs of any proposed mitigations to identified risks are included in the reported costs of the solution.

Solution owners can reflect on costs uncertainty and volatility given changing input prices such as energy, and can discuss these in checkpoints in the run up to gate three submission.

For each of the cost components contained within the ACWG cost template, solution owners should provide a comparison of the value submitted at gate two and the updated value for the preferred solution at gate three. Solution owners should also

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<sup>19</sup> [Water Resources Planning Tables \(WRMP24\) - Ofwat](#)

<sup>20</sup> <https://www.ofwat.gov.uk/publication/water-resources-planning-tables-instructions/>

discuss the cost-effectiveness of the preferred option relative to the other options considered at gate two.

Solution owners should also fill out the template provided by RAPID requesting solution design and cost information.

When solution owners publish their gate submission, they should include all costs information unless it is information that has been redacted in WRMP24 tables in line with the instructions to complete those tables. These instructions provide for publication of water resource planning tables to help regulators, water company customers and other organisations understand and appraise the plan. They provide that the only information that should be redacted is information that the Secretary of State or Welsh Ministers have determined to be commercially confidential under section 37B(2) of the Water Industry Act 1991 and information where its publication would be contrary to the interests of national security.

## 8.1 Best Value and solution benefits

The aim of the WRMP and regional planning process is to develop and present a best value plan both in the short and long term and to select the best value programme of solutions, including strategic and non-strategic options. As explained in the introduction and solution design sections of this guidance, the choice of whether a solution should be implemented is not made within the RAPID gated process. This decision is taken within the regional plan and WRMP process.

The RAPID process draws on the assessments in the regional and company plans regarding best value considerations. Therefore, the gate three submissions should include a summary of the best value considerations relevant to the preferred option for each solution included in all the individual company WRMPs and regional plans where the solution appears. This should include the consideration of financial cost and how it will achieve an outcome that increases the overall benefit to customers, the wider environment and overall society. Benefits to consider could include any amenity or recreation value, regional economic impact, multisector benefits, and other societal benefits.

Gate three submissions should clearly present a summary of the following:

- Which best value metrics have been applied to the solution within regional plans and individual company WRMPs. Any differences should be identified and explained.
- A summary of the best value metric evaluation outcomes include:
  - Weights and scoring applied

- Non-monetised and monetised (where possible) best value benefits consistent with WRMP24 Table 5 for the solution within each company WRMP and regional plan where the solution appears
- Any significant differences in best value evaluation outcomes for the solution between plans should be identified and explained
- Any changes from the gate two submission with respect to the above bullets should be clearly highlighted and explained.
- Evidence that approaches used for scoring and weighting metrics are consistent with those used within associated WRMPs and regional plans.
- An explanation of how the solution features within each WRMP and regional plan that it is included in. The explanation should clearly identify whether it appears in preferred or alternative pathways and the timing of its selection.

## 9. Stakeholder and Customer Engagement

By gate three submission solutions should have completed non-statutory consultation, and be undertaking statutory pre-planning consultation for DCO solutions, or equivalent for local planning. Solution owners should begin engagement with all relevant statutory bodies as early as possible to de-risk solutions and ensure opportunities are not missed.

Gate three engagement should include:

- pre-planning statutory consultation as outlined in as described in The Planning Inspectorate Advice note 11 and Annexes A-H<sup>21</sup>
- Plans showing ongoing and continued engagement, that have been shared with public and statutory bodies, including any required enhanced advisory services.
- customer engagement, particularly on changes of source where relevant.
- Engagement with all stakeholders affected by the solution's development.

Solution submissions should also describe specifically what stakeholder concerns have been raised in representations to date and how they date have been addressed at gate three or will be addressed at future gates.

Under the Water Industry Act 1991, water suppliers have a statutory duty to supply water used for domestic purposes, including drinking, cooking, food preparation and washing, that is wholesome.

Wholesomeness is defined in regulation 4 as water that does not contain concentrations or values of the parameters listed in Schedule 1 of the Regulations that exceed or otherwise do not meet the prescribed concentration or value. Water must also not contain any microorganism, parasite or substance at a concentration that is a potential danger to human health.

Changes to a potable water source can lead to changes in the water chemistry impacting on the taste, odour, colour or feel of water supplied to customers, leading to complaints to water companies and/or regulators, customer anxiety and a lack of trust in the company.

Concerns can be allayed by water companies engaging with stakeholders and customers at an early stage, before any changes are made to their supply. This engagement should highlight any potential changes to their supply, clearly explain why this is happening and whether this will be a permanent, intermittent, or temporary change.

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<sup>21</sup> [Advice notes | National Infrastructure Planning \(planninginspectorate.gov.uk\)](https://www.planninginspectorate.gov.uk/advice-notes/)

## 10. Board Statement and Assurance

At gate three, an assurance statement should be provided from the Board of each solution owner, in its own words.

Statements for solutions on the standard track should address the following points:

- it supports the recommendations for solution progression made in this submission and the recommendations for which option within the solution should be progressed;
- it is satisfied that progress on solution is commensurate with the solution being "construction-ready" for 2025-2030;
- it is satisfied that the work carried out to date is of sufficient scope, detail and quality as would be expected of a large infrastructure scheme of this nature at this stage; and
- it is satisfied that expenditure has been incurred on activities that are appropriate for gate three and is efficient.

Statements for solutions on the accelerated track should address the following points:

- it supports the recommendations for solution progression made in this submission and the recommendations for which option within the solution should be progressed;
- it is satisfied that progress on solution is commensurate with the solution being in place and operating by the end of 2030;
- it is satisfied that the work carried out to date is of sufficient scope, detail and quality to support delivery of the solution by the end of 2030; and
- it is satisfied that expenditure has been incurred on activities that are appropriate for gate three and is efficient.

All solution owners are assuring the whole submission, not just their respective contributions.

Assurance statements should be signed by the Board or on behalf of the Board. Where an assurance statement is signed on behalf of the Board it should be clear that the person signing the statement has delegated authority to sign on behalf of the Board.

The assurance statement(s) should clearly set out the evidence, information and external and/or internal assurance that the Board has considered in providing assurance. This should be explained separately for each of the four points of the statement. Joint solutions will require supporting statements from all partners' Boards.

## 11. New solutions

New solutions that have the potential to play a significant role in long-term resilience and can benefit more than one company or sector should be identified through the regional plan and the WRMP process. Many of these will then be progressed through the regional planning and WRMP process. It is not expected that all future water resources solutions will follow the RAPID strategic water resource solutions structured development process.

RAPID welcomes proposals from water companies for any new strategic solutions that will help to increase the resilience of the public water supply in England and Wales. Reducing the abstraction pressures on chalk streams and rivers, making best use of water resources in the north and solutions that will provide a benefit to Wales are just some of the issues RAPID would like to see explored.

Those proposing new solutions should engage early with regulators before significant work is undertaken on a new proposal. This engagement should include discussions to scope out what investigations, monitoring and evidence are required before submission at gates. This is important as the later a solution enters the gated process the greater the level of evidence required will be (in line with the indicative gate activities specified in the final determination).

Engagement should include the Environment Agency, Natural Resources Wales (if appropriate), the Drinking Water Inspectorate, Natural England and Ofwat. However, you may also need to engage with other regulators such as Historic England, Cadw, the Forestry Commission or Ofgem for example.

Where a new solution impacts on another company's water resource position or options or on another sector, we expect the solution to be submitted as a joint proposal. Where this is not the case, the proposer should explain how feedback from engagement has been taken into account.

### 11.1 General principles

- RAPID will allow solution owners to submit evidence to justify inclusion of new solutions in the process at each gate, up to the original date of gate three (October 2023). The earlier the solutions enter the RAPID programme, the easier it will be for a new solution to be incorporated and more benefits gained from its acceleration.
- The development allowance can be used, with Ofwat agreement, on alternative proposed solutions. New solutions can be identified by companies which already have a solution in the portfolio but also by those that are currently not funded through this programme.
- We expect that gate activity deliverables up to the point of substitution will be available for the transferring-in solution to allow Ofwat to make a decision about whether this is a suitable use of funds.

- The development allowance for strategic regional water resources solutions is set to the maximum of £469 million for 2020-25. Therefore, any solution and/or partner substitutions and potential additions will be considered within this limit.
- Any work completed before a solution enters the programme will be covered out of companies' base costs and will not be part of the Ofwat end of period reconciliation process.

## 11.2 Criteria questions

New solutions should be submitted in the standard submission template for the relevant gate. In addition, RAPID requires a separate supporting note containing information to answer the following questions:

- Is there value in accelerating the solution's development to be 'construction ready' for the 2025-2030 period?
- Does the solution need additional enhancement funding for investigations and development?
- Does the solution need the additional regulatory support and oversight provided by the Ofwat gated process and RAPID?
- Does the solution provide a similar or better cost / water resource benefit ratio compared to current solutions?
- Does the solution have the potential to provide similar or better value (environmental, social and economic value – aligned with the Water Resources Planning Guideline) compared to current solutions?

## 11.3 New Solution Timeline

| When   | What's required  | Lead responsibility                         |
|--|--|---|
| As early as possible but at least 4 months prior to the gate | Conversation with RAPID to highlight any proposed new solution(s) that are likely to be presented at the upcoming gate.  | Water companies (and region if appropriate) |
| 3 months prior to the gate                                   | Basic written summary of the solution (similar level of information required for a feasible scheme in a WRMP using the solution overview format and including answers to the questions above). | Water companies (and region if appropriate) |
| 2 months prior to the gate                                   | Written confirmation that the solution will be submitted at the gate. Further discussion with RAPID on the proposed solution (based on information submitted) and confirmation of next steps.  | Water companies (and region if appropriate) |
| Gate   | Submit information using standard templates meeting requirements for that gate. Submit supporting note explaining how the solution meets the new solution criteria.                            | Water companies                             |
| Gate   | Follow gate process and recommendation criteria  | RAPID and Ofwat                             |
| Close of gate process  | Confirm solution acceptability and funding decision (for PR24). Letter identifying any additional information required prior to next gate.   | Ofwat                                       |

## 11.4 Ofwat decision process

The decision about whether a solution should be added to the programme will be made by Ofwat (alongside the other decisions that Ofwat will make at the gate) taking into account RAPID's recommendation. The evidence the solution owners provide will be tested against the appropriate gate requirements and the criteria questions set out above.

The reconciliation mechanism enables the reallocation of funding for changes in solutions or solution partners, up to gate three. This reconciliation includes the potential to reallocate funding to solutions and solution partners that were not identified at the time of the final determination.

## 12. Flexibility

The gated process is intended to ensure that strategic water resource solutions progress at pace and make an efficient use of the development funding; it is not intended to create additional requirements. To maintain the focus on acceleration and efficiency RAPID is open to flexibility in the timing of assessments and decisions. This could include, for example, making some decisions outside of gate assessment windows such as dealing with showstoppers that emerge long before the gate submission or decisions to drop options within a solution which have a financial impact on gate allowances. RAPID will consider suggestions put forward by solution owners on a case basis. Any assessment would follow the same process as has been outlined in this guidance.



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