Regulators' Alliance for Progressing
Infrastructure Development

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RAPID

Ofwat

Environment
Agency

dwi

About this document

This document sets out the lessons learnt from gate one and accelerated gate two of the gated process for strategic regional water resource solutions.

The intended readership of this document includes water companies, other regulators, and wider stakeholders with an interest in strategic water resource solutions. This is our second 'lessons learnt' document, we aim to continue to refine our assessment approach through both introspection and extrinsic observations. Following consultation sessions, we intend to build on and improve our understanding as we move to subsequent stages of the gated process.

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1.   Introduction

In March 2021 we published [RAPID accelerated gate one lessons learnt](#) following the conclusion of the first checkpoint of the gated process. Since then, we have carried out two more gates – gate one and accelerated gate two.

The completion of gate one and accelerated gate two provides an opportunity to reflect on all aspects of the process. We can analyse which approaches were successful, how actions measured up against expectations and where to focus more time and training to ensure continued improvement. This publication illustrates feedback from regulators and external consultants alongside our own internal review. Findings have been summarised into three sections, each of which relate to a key stage of the submission assessment process. We want to apply lessons learnt to improve future gated processes. Our collective ambition is to work together to enable assessed solutions to be 'construction-ready' by 2025-2030.

This document highlights that the two most common challenges observed were inconsistent approaches and challenges with prescribed timetabling. As a result of feedback and review, the gate two process will involve more refined training with walk-through examples to ensure a consistent approach to all aspects of assessment. It will also see amended timings and clearly communicated deadlines.

During consultation sessions with water company representatives, it was recognised that RAPID's work had resulted in positive changes and opportunities across the industry. The provision of platforms to showcase new and innovative approaches, enhanced collaborative working and increased insight into issues faced across the sector were all cited as areas which have progressed. The gated process is seen to have provided forward momentum for solutions which had previously been labelled as too ambitious or technically challenging. The increased collaboration across different regions has resulted in a collective sense of working towards a common goal.

We are continuing to learn from the process and have considered how well we learned the lessons from accelerated gate one and what we and the solution owners have learned from gate one and accelerated gate two.

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

Table 1: Key lessons learnt

	Key lessons
Communication of expectations	• **Transparency** Including submission publication; redaction; signposting. • **Board assurance** Including sign-off procedures. • **Guidance** Including key themes; gate two guidance; gate three guidance.
Assessment process and timing	• **Assessment duration** Including decision publication timing; gate two duration • **New solutions** Including new solution expectations; interim updates to option discontinuation. • **Gate timings** Including gate three and four timings. • **Queries** Including level of detail; query publication.
Working together to achieve better outcomes	• **Consistency** Including progression criteria. • **Engagement** Including checkpoints; stakeholder engagement. • **Seeing things through** Including actions follow-up.

2.   Improvements made since accelerated gate one

In March 2021 we published RAPID accelerated gate one lessons learnt following the conclusion of the first checkpoint of the gated process. We have continued to implement the following improvements identified in our first lessons learnt publication. These are grouped into the following categories:

- Improvements to processes and documentation
- Working together to achieve better outcomes
- Early identification of issues via the gated process

2.1   Improvements to processes and documentation since accelerated gate one

Although we designed the processes and materials in full collaboration with companies, working through the process at accelerated gate one highlighted areas for improvements and we worked with the industry to further improve the submission templates. We accepted all suggestions of change unless there was a good reason not to. This included updating the submission templates and guidance for gate one and the accelerated gate two in collaboration with the solution owners, to remove areas of repetition, and to clarify areas of uncertainty. This streamlining and focus ensured that the gate submissions would not detract or distract from the achieving the solution development outcomes themselves.

The lessons we learnt from the accelerated gate one process (as incorporated into the revised guidance and templates) helped solution owners to look beyond the gate submissions and focus instead on the overall solution progression.

2.2   Working together to achieve better outcomes

The accelerated gate one submission process emphasised the importance and value in solution owners and RAPID working collaboratively throughout all stages to avoid any surprises and keep focus on the intended outcomes. We have continued to see collaboration and ongoing engagement between gate submissions, in addition to greater dialogue during the assessment process.

We welcome the step change in engagement with solution owners and partner regulators that we are now observing as the solutions develop between gate submissions, and the transparency that has brought in working through issues. Other organisations are being engaged as part of the early decision-making process including Consumer Council for Water (CCW), Natural England and Natural Resources Wales.

2.3   Early identification of issues via the gated process

The assessment of the accelerated gate one submission uncovered some issues that otherwise might not have been identified until much later in the planning process. Gate one and accelerated gate two continued to focus the minds of solution owners and helped to facilitate timely progress of the strategic solutions and to overcome issues and regulatory barriers. Some of these identified barriers are set out in RAPID's Forward Programme.

In September 2021 following the publication of Ofwat's draft decisions on gate one we published Standard gate one key themes and assessment overview. One of the purposes of this document was early identification of the areas of focus for solution owners before gate two.

3. Lessons learnt from gate one and accelerated gate two

Gate one on RAPID's standard pathway in autumn 2021 was the first gate assessment to follow on from accelerated gate one discussed in section two of this document. This was the first gate for most RAPID's solutions (with a 2025-2030 construction ready target) to pass through, and submissions reflected initial feasibility and concept design stage.

Accelerated gate two then followed in spring 2022, with solutions that focus on addressing Southern Water's deficit presenting more detailed feasibility and design submissions for assessment. At the same time, two new solutions (Mendips and Upper Derwent Valley Reservoir Expansion) put forward a gate one submission for consideration to enter the RAPID programme.

We have summarised the findings of our lessons learnt review from these gates into three areas:

- Communication of expectations
- Assessment process and timing
- Working together to achieve better outcomes

3.1 Communication of expectations

Transparency

At gate one and accelerated gate two solution owners interpreted our expectations of transparency in different ways. This led to some concerns being raised by stakeholders, and in one case this resulted in extending our draft decision consultation period for one solution. We are clear that we expect solution owners to be transparent with stakeholders. We have reviewed our approach and strengthened our expectations in this area in the gate two guidance, including our expectations that the gate submission templates and covering letters are published and unredacted, and that annexes are published at the same time as the submission to RAPID. For gate two, publication is at the point of submission, so it aligns with publication of WRMP's. Redactions in appendices are by exception, and companies are expected to provide its stakeholders and RAPID with strong, robust reasons for why it has been redacted.

To make navigating documents easier for stakeholders, we will also be reminding the solution teams that signposting to where information can be found in the submission or it's annexes, is key to a good and transparent submission.

Board assurance

We are continuing to work with companies to agree the points that should be included in the assurance statement from the Board of each solution owner. In response to feedback, we have reviewed what we expect and have made it clear in the gate two guidance that assurance may be signed off on behalf of the Board, as well as by the Board itself, as the solution determines is appropriate.

Guidance

In September 2021 following the publication of Ofwat's draft decisions on gate one we published Standard gate one key themes and assessment overview. This improved how we communicated the common themes that emerged across the submissions and assessments and the areas of focus before gate two, which should be acted upon by the solution sponsors.

We published gate two guidance in April 2022 in response to needing to improve communication with solution teams on the activities and content expected through the gate and in their submissions. Feedback has suggested the published guidance has been useful to set expectations, but that more timely guidance, published in time for accelerated gates and for activities with longer programmes, would be beneficial. In response, we have published gate three guidance during summer 2022, ahead of standard gate two and accelerated gate three. This also included a draft publication consultation period with the water companies. We will begin work on gate four guidance for publication in spring 2023.

3.2   Assessment process and timing

Assessment duration

Solution feedback has commented on the length of time between solution gate submissions and draft and final decisions being published. We recognise the uncertainty experienced by solutions during this period and have emphasised measures to maintain programme certainty such as allowing spend while decisions are produced, and permitting early gate spend for some activities. There is also a desire to publish decisions at the same time to treat solutions consistently, which prevents publishing simpler decisions early.

For gate two, decision publication dates are constrained by anticipated Water Resource Management Plans (WRMP's) consultation periods, during which publications on RAPID

solutions that are also represented in the WRMP's would be inappropriate. Alignment with the WRMP process is important to demonstrate the needs case for the solutions.

New and discontinuing solutions

Feedback from new solutions entering the RAPID programme is that it is difficult to justify current construction ready criteria is met, and it can take a long period of time for RAPID to confirm acceptance into the programme, and to then ramp up to gate standards.

Currently, new solutions entering the standard RAPID programme have been asked to meet the same gate expectations, despite solution maturity, to ensure consistency across assessments and ensuring programme is maintained to meet construction ready and water resource delivery needs. We have used mechanisms such as priority actions to accommodate some flexibility of expectations at assessments where appropriate, although understand the difficulties that remained for the solutions. We acknowledge that as the standard RAPID programme progresses, justification against current RAPID programme criteria may become harder for some new solutions to meet. We are currently looking at shaping the next evolution of a RAPID-style programme through PR24 that will accommodate newer solutions and will provide clarity of this at the end of 2022.

Solution teams have requested greater clarity on the process of using interim updates to request the discontinuation of options which face insurmountable issues. Feedback indicates a concern that time, and resources are required to write up and communicate discontinuation. RAPID will review and clarify how this matter is conveyed. However, interim updates are required for transparency to record evidence of showstoppers, and present why the solution no longer represents a feasible and better value solution to others in the RAPID process. The interim updates themselves avoid inefficient spend by preventing work continuing up to a gate.

Gate timings

It has been acknowledged by regulators and solution teams, that staggering gate timings would put less pressure on resources and supply chains. At gate two, solutions will be required to recommend their own gate three and gate four timings, to align with their pre-planning activity programmes through to planning application. We will assess these gate timing recommendations and confirm timings that best serve the solution programme's needs, and the resources of the solution teams and regulators a like.

Queries

The query process during the assessment has been acknowledged as a useful and appropriate was to engage and offer clarity during the assessment, however some queries

may have extended into detail not yet explored for the gates in question. Having now publishing gate guidance expectations in advance of the gates, we can better align the level of detail requested in queries against expectations for the gate.

Conversely, it has also been noted that some queries sought information that should have been included in the gate submission as standard. Where this is deemed the case, RAPID may ask for the query response to be published earlier than the other queries, as is now set out in gate guidance.

Funding allowances

There has been a general concern from solution teams that the proportional split of funding allocations between gates is too arbitrary and does not represent the balance of work done at each gate. This is reflected in underspends realised at gate one, compared to projections for gate two. In response, we have allowed carry over of gate one underspends to gate two, and for solutions progressing beyond gate two, we will start to look at spend against total allowances.

3.3   Working together to achieve better outcomes

One of the purposes of the [Standard gate one key themes and assessment overview](#) was to enable stakeholders with an interest in more than one solution to understand common themes without needing to read all the draft decision documents and letters.

Consistency

At gate one, feedback from regulators noted difficulty in concurring views on scoring, due to the single score conflating aspects on both submission quality and progression concerns. For accelerated gate two, we separated out progression criteria, to reflect that a submission, and the activities undertaken for it, could be of good quality, but that concerns remain on the progression of a solution. Progression criteria have been adopted for standard gate two and incorporated into gate two training to better inform regulators on how to apply these. Progression criteria outcomes will also be incorporated into published decision documents.

Engagement

We have reflected that now the engagement process is more embedded, the RAPID regulators meet regularly and align views and concerns. Regulators engagement with solution teams and water companies has also become more ingrained in day-to-day activities, and we have encouraged new forums for this engagement to happen, such as

RAPID bringing special items to the All Company Working Group, or water companies presenting at RAPID's Quarterly Liaison Meetings.

We will continue to focus on building a transparent relationship between regulators and solution teams through checkpoints and have improved internal procedures to ensure queries are responded to in a timely manner.

There has been a degree of confusion from stakeholders over the scope of the RAPID gated process, and how it interacts with other water resource planning processes. In response, we have created a dedicated stakeholder area on RAPID's website, to help include stakeholders in the process, including directing to submissions, and knowing when and how to get involved in consultations and representation periods. RAPID have also stepped-up engagement with public-body stakeholders, to map out their engagement in the RAPID programme where appropriate.

Seeing things through

It was noted at accelerated gate two, that priority actions, actions and recommendations had no natural re-assessment point at the following gate. Although progress against these is discussed during checkpoints, we will now incorporate review of these during regulators plenaries, and published decision documents will also show progress against previous actions.

4.   Next steps

Forthcoming gates

RAPID have a number of upcoming gates in the remainder of 2022 and 2023, including standard gate two (November 2022), new solutions gate two, and accelerated gate three (both currently scheduled for Spring 2023).

The lessons learnt discussed in this document, have been implemented ready for the start of standard gate two. RAPID will review the success of the changes implemented for standard gate two, as well as drawing on further lessons learnt in the gates planned for 2023. This will draw from all stakeholder in the gated process, to give a wide view on improvement. A subsequent lessons learnt document will follow later in 2023.

Gate three

Moving from gate two to gate three represents a change in focus for the activities undertaken by the solution teams, from exploring feasibility of solutions and their best value assessments, to planning focussed activity, including detailed field investigations, stakeholder engagement, and market engagement. RAPID are looking at the assessment approach for gate three, to revise as appropriate, and will draw on stakeholders to the programme in doing so.

Accelerated gate three is currently the first occasion where this would be implemented, and a lessons learnt exercise will focus on identifying successes and improvements for standard gate three that will follow.

PR24

The PR24 draft methodology set out Ofwat's intention to fund the development of strategic water resources in the 2025-30 period, where the options form part of a best value plan to meet the evidenced need. It set out that we would follow a streamlined gated process, building on the lessons that we have learned to date. RAPID will use the lessons learned from this gated process to inform the development of the future framework. We will engage with the solution owners to discuss the funding framework for AMP8 in due course. Where appropriate, we will use our specialist advisory panel to provide advice to help shape the future arrangements.