

Regulators' Alliance for Progressing
Infrastructure Development

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Strategic regional water resource solutions guidance for gate four version 1



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1. Introduction to guidance

At the 2019 price review (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; 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 PR19 gate allowances, activities at each gate and delivery incentives are described in more detail in [PR19 final determinations: Strategic regional water resource solutions](#). The funding arrangements for the 2025–2030 period will be set out as part of the PR24 final determinations.

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 2030.

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

RAPID's role is to assess the progress of solutions solely to determine the extent to which ring-fenced funding should be continued for solution progression. The gated process is intended to evaluate the quality of the work undertaken to progress design and development work and does not replace or override the statutory water resources planning process, or the statutory functions of the RAPID partner regulators (Ofwat, the Environment Agency and the Drinking Water Inspectorate) or other public bodies with respect to Development Consent Order (DCO), Town and Country Planning Act (TCPA) or

where relevant Development of National Significance (DNS) applications¹ in Wales or any other statutory applications for permits and consents for the solutions. Accordingly, RAPID's gated process only seeks representations from interested parties on matters that are so substantial that they could affect the continuation of ring-fenced funding for solution progression, and does not seek representations on issues that are properly within the ambit of these statutory processes.

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 and includes decisions about whether companies should continue to receive funding for this purpose. Gate four is the final gate in the gated process, after which oversight of the solutions will pass to Ofwat's Major Projects team. Solutions will require planning and environmental consents before going ahead.

The purpose of this guidance is to describe the gate four process and set out the expectations for solutions at gate four. Section 2 explains the gate four assessment process. Section 2.5 sets out the evidence to be included within gate four submissions of work carried out on gate four activities. Section 11 explains the flexibility within the process.

Gate four will occur after solutions have made DCO or TCPA applications or where relevant DNS applications² in Wales and RAPID partner regulators must maintain their regulatory independence in responding to those applications. Consequently, the assessment of gate four submissions will be different to previous gates. Although submissions at gate four will be made to RAPID and in accordance with RAPID guidance, assessment of the submissions will be carried out by Ofwat which will also issue gate four decisions. Neither RAPID nor the partner regulators other than Ofwat will have any involvement with the gate four submissions following their receipt.

¹ [What we do: Planning and Environment Decisions Wales | GOV.WALES](#)

² [What we do: Planning and Environment Decisions Wales | GOV.WALES](#)

2. Gate four Assessment

Gate four of the RAPID programme represents a checkpoint for solutions approximately 56 calendar days after the date when their DCO, TCPA or DNS application has been submitted to the Planning Inspectorate or the relevant local planning authorities or Welsh Government.

Gate four's timing is to ensure that there is no duplication between gate four submission activities and activities on DCO, TCPA, DNS or other permit and consent applications and no assessment by Ofwat of the merits of these applications. This is to avoid inefficient spend of the RAPID allowances by the solution teams, and to respect the roles of the examining and decision-making bodies for these applications.

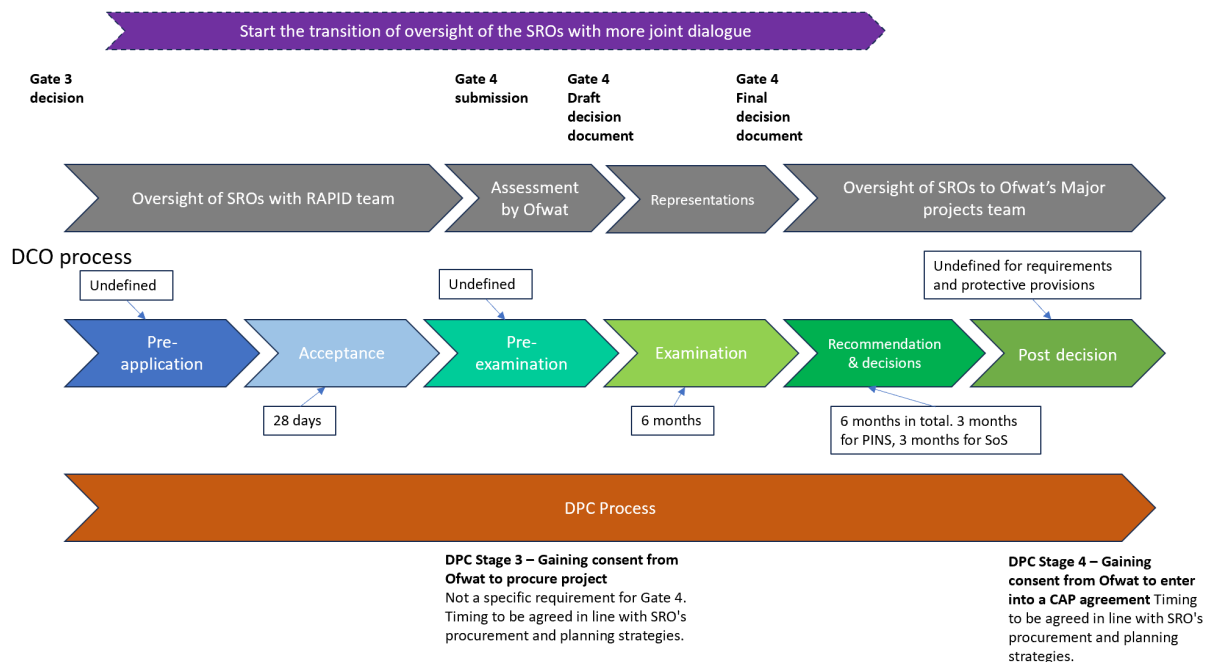


Figure 1 Planning inspectorate DCO process alongside the RAPID gated process and Direct Procurement for Customers (DPC) process

Ofwat's assessment at gate four will focus on activities that are not covered by the DCO, TCPA, DNS or other permit and consent applications. Activities not covered by these consenting processes, such as cost assessment and efficiency of spend, will still be assessed for quality. This focus acknowledges that the gate four assessment moves away from the technical focus of previous gate assessments, as this would duplicate the role of The Planning Inspectorate, Planning and Environment Decisions Wales (PEDW), and local planning authorities where they are involved. This is to distinguish the RAPID gated assessment as separate and not influencing of the planning process,

and to ensure that the autonomy of statutory consultees and bodies with examination and decision-making roles in the planning process is respected.

Companies should use reasonable endeavours to provide accurate information at their gate four submission, and in undertaking activities and programmes to maintain this information. This also applies to information given at previous gates which may influence gate four, such as gate timing requests. This recognises that some uncertainties will exist at the point of submission. The approach to flexibility is also discussed in section 11 of this document.

2.1 Gate four Timeline

Solution sponsors should have proposed their gate four timelines in their gate three submission. Solutions on preferred pathways in regional plans and WRMPs should then have proceeded to develop DCO, TCPA, DNS and other permit and consent applications, commercial arrangements and engagement consultations, with demonstrable progress of these at gate four. The solution's programme should show the programmed activities through to their completion. The programme should align with target dates for the DCO, TCPA or DNS application, the solution being construction ready, and with water resource benefit need. The gate four timeline for these solutions should therefore be determined by the project plan and timeline for the submission of the DCO, TCPA or DNS application.

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 three submissions. Alternative pathway solutions should have proposed a gate four date in their gate three 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 final 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 construction ready beyond 2030, as this is not covered in PR24 commitments, and RAPID will hold specific discussions with the solution team.

If a solution's DCO, TCPA or DNS application is withdrawn or not accepted in the anticipated timescale, the solution owner must inform RAPID as soon as this is known and share the feedback it has received and its remediation plan including likely

timescale for resubmission or achieving acceptance of the existing application. The remediation plan should cover any consequences on the timings of the solution's programme, activities for the solution or impacts on construction cost. Additional funding for development to remediate the issue will not be provided by Ofwat if an application is withdrawn or not accepted, even if gated allowance remains. Ofwat will review this position if there are material issues outside management control that could not have been expected or identified pre DCO submission.

2.2 Submission

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

If the solution requires more than one main TPCA application, the gate four submission should be 56 calendar days after the submission of the first main TPCA application. However, we will consider flexibility on this timetable if necessary on a case by case basis.

Submissions and any supporting annexes should be published on the solution owners' website and submitted to RAPID 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. Submissions may also refer to information published as part of the DCO, TPCA or DNS applications where relevant.

2.3 Assessment

Ofwat will base its assessment of each solution on the following points:

- progress assessments may consider comprehensiveness of activities, including how risks and issues have been addressed from earlier RAPID gates, checkpoints, and associated priority actions, actions and recommendations. This may include signposting to work completed as part of the planning application.
- cost assessment and efficiency of spend will be assessed for quality.
- activities covered by the planning and environmental consenting process will not be assessed for merits or quality but Ofwat will need to see evidence on progress made i.e. dates applications have been made and evidence of acceptance/validation.
- activities covered by commercial arrangements and procurement will not be assessed for quality but Ofwat will need to see evidence of progress made. Where projects are being delivered via Direct Procurement for Customers (DPC) or

Specified Infrastructure Project Regulations (SIPR), evidence can be provided directly to Ofwat’s Major Project’s team via the existing process.

- updates of strategies originally required by the environmental section in the [Strategic regional water resources solutions guidance for gate three](#), will not be assessed for merits or quality but Ofwat will need to see evidence of progress made i.e. key milestones met.
- evidence on progress made in working through the land acquisition strategy and progress in supporting this with a compulsory purchase order, if required, either made by the water company (if supporting a TCPA process) or included in the solution's DCO or DNS application. The merits or quality of any compulsory purchase order will not be assessed.
- whether expenditure has been allocated to the solution in line with the relevant price review determination.
- evidence solution owners have started development of a digital twin and evidence solution owners have considered how the solution will integrate with existing operations. The detail and stage of development of the digital twin will be drawn up by RAPID after discussion with the All Company Working Group. There is useful information on the use of digital twins in the Transforming Infrastructure programme³.

The assessment will be 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 their submissions. Ofwat may also refer to information within published regional plans and WRMPs, but this will be by exception and solution owners should not rely on this. Submissions may also refer to information published as part of their DCO, TCPA or DNS application where relevant.

2.4 Submission categories

The submissions will be assessed into the following categories:

Category	Description
Meets expectation	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 to construction ready, or stop progressing the solution. Activities are also comprehensive including 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.

³ [Infrastructure and Projects Authority - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

<p>Falls short of meeting expectations in some areas</p>	<p>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 including in addressing risks, priority actions, actions or recommendations from previous RAPID gates. Other aspects may be considered complete, of satisfactory progression or comprehensive.</p>
<p>Falls short of meeting expectation in many areas</p>	<p>Submissions with significant lack of progression in activities, that do not support solution owners' recommendations of timelines to construction ready, or do not address previous RAPID risks, priority actions, actions or recommendations.</p>
<p>Unacceptable</p>	<p>Submission where such poor progress has been made that it's not possible to assess.</p>

2.5 Key deliverables and penalties

At gate four we may apply penalties for failure to capture successful delivery of outcomes. In line with the PR19 final determinations, these penalties will be capped at up to 30% of efficient spend between gates three and four for each company. We will no longer apply a penalty for submission delay as companies have the ability to request to move the gate timing.

The table below contains the key deliverables that Ofwat will use to assess progress for incentives purposes at gate four. Failure to meet these key deliverables may result in penalties. Companies can choose to propose additional bespoke deliverables to us for agreement in their gate three submission aligned to their programme plan to get to "construction ready".

<p>Assessment Area</p>	<p>Key Deliverables</p>
<p>Costs & Benefits</p>	<ul style="list-style-type: none"> • Clear presentation of robust costs, benefits and benefits minus costs, and clear use of appropriate methodologies. • Information provided reflects and aligns with those set out in the final WRMP submissions.
<p>Planning and Land</p>	<ul style="list-style-type: none"> • DCO, TCPA or DNS application submitted to and accepted/validated by the relevant authority. Where a DCO or DNS is the relevant route, proof of acceptance of the application is required. Where TCPA is the relevant route, proof of local planning application validated (proof of acceptance) by local planning authority is required.

	<ul style="list-style-type: none"> • Updated breakdown of estimated and (where relevant) actual costs included in cost estimate for acquisition of land, rights in land and 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, biodiversity net gain (England), maintained and enhanced ecosystems (Wales), Habitat's Regulations Assessment (HRA) mitigation) where these are likely to be planning or environmental requirements. This may include a mitigation/compensation package cost estimate. • Progress made on working through land acquisition strategy including progress with voluntary acquisitions and extent of support by compulsory purchase order made by the company or incorporated in DCO or DNS application.
<p>Environment</p>	<ul style="list-style-type: none"> • Projects are likely to require other consents from regulators for construction and operational commencement. Certain prescribed consents can be consented separately or included in a DCO subject to agreement from the relevant consenting body. We expect applicants to have entered into discussions with relevant regulators during early pre-application stages to confirm these consenting requirements and agree application timescales. Application for Environmental Permits and any other key permits and consents required for operational commencement should be made before or concurrently with DCO, TCPA or DNS applications. This is to ensure that the examining and decision making authorities for the DCO, TCPA or DNS applications can obtain a reliable indication of the maturity of these separate consent applications, the likelihood of these consents being approved and an understanding of matters remaining to be agreed prior to approval. If the solution is utilising existing consents (with or without an application for variation of those consents) this should be included in the narrative in the environmental section. • Progress made on working through the strategies required by the environmental section of the Strategic regional water resources solutions guidance for gate three.
<p>Programme and Procurement</p>	<ul style="list-style-type: none"> • For projects to be delivered by DPC or SIPR: solutions will follow the DPC process post RAPID gate three and therefore no further submission on

	<p>procurement is required under the RAPID gated process. We do not require DPC stage 3 to be completed before gate four is submitted. However, we would expect the gate four submission to demonstrate that the solution is on track to deliver its stage 3 submission in line with the rest of its programme plan.</p> <ul style="list-style-type: none"> • However, by gate four we expect the relevant companies to have had the solution designated a DPC project or where relevant specified under SIPR, unless Ofwat has agreed different timing. • If a Bulk Supply Agreement (BSA) is required by the solution and has not already been provided via the DPC process, please provide a copy of the agreed BSA via the DPC process. Where it has not yet been executed, we would expect evidence that negotiations are largely complete and a copy of the draft agreement to be provided to Ofwat via the DPC process. • Where a project is not suitable to be delivered by DPC (and Ofwat has agreed): <ul style="list-style-type: none"> • Confirmation of the procurement route and programme, including which price review the solution is obtaining funding through. • Where the solution is for the benefit of more than one company, provide: <ul style="list-style-type: none"> ○ An overview of the arrangements between companies, including any adaptations required to the regulatory framework, • A copy of the agreed BSA is to be provided to Ofwat via the Major projects team. Where the BSA is not yet executed, we would expect evidence that negotiations are largely complete and a copy of the draft agreement to be provided to Ofwat via the Major projects team.
<p>Digital twin development</p>	<ul style="list-style-type: none"> • Evidence solution owners have started development of a digital twin • Evidence solution owners have considered how the solution will integrate with existing operations. • The detail and stage of development of the digital twin will be drawn up by RAPID after discussion with the All Company Working Group.
<p>Stakeholder and customer engagement</p>	<ul style="list-style-type: none"> • A plan for the remaining activities that the solution intends to complete to communicate any changes of water source to stakeholders and customers.

	<ul style="list-style-type: none">• This plan will not be assessed as part of gate four assessment by Ofwat and cannot attract a delivery penalty.
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Penalties will apply to the partner that causes 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 Ofwat consider that it is unclear which party or parties have caused quality issues for a solution then all partners involved will receive the penalty.

Penalties will be applied through the relevant revenue reconciliation mechanism or in period adjustment mechanism determined as part of the price review.

For solutions that progress to gate four and beyond, please refer to the final decision document for gate three for the solution regarding gate four allowance, incentives, and cost sharing. These arrangements may be updated as a result of the PR24 final determinations.

At gate four, 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, Solutions need to address the deficiencies at their own cost.

2.6 Efficiency of Expenditure

For gates three and four, we have two key changes.

Firstly, we will move to look at the cumulative gate spend against the cumulative total allowance, across all gates consistent with the activities being undertaken. For example, any gate four allowance that is brought forward towards gate three should be for the purpose of early gate four activities. 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 their total allowance. Any activities estimated over £0.5 million may warrant further discussion with us in checkpoint meetings.

Placing greater emphasis on agreeing the required activities will better enable solution development and the desired outcomes of the gated process at this stage.

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, 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 from the previous gate. Any agreed change in the activities to be undertaken will be confirmed in writing by us.

The PR24 final determinations will set out the funding arrangements for those development activities to gate four that occur in the 2025–30 period. Separately, the PR24 final determinations will also set out the funding arrangements for land acquisitions and other associated pre-construction costs that are incurred in parallel to gate four.

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; Developed Design; Environmental Assessment; Data Collection, Sampling, and Pilot Trials; Planning and Land; Commercial and Procurement; Stakeholder Engagement; Legal, and Other. We may request further detail if it is unclear which gate four 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. For gate four's in AMP7 it should be in the 2017–18 price base. For gate four's in AMP8 it should be in the 2022–23 price base. Data should be submitted separately and 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.

2.7 Solution Progression

The PR24 final determinations will set out the arrangements for funding preconstruction activities where a solution progresses beyond gate four. The arrangements will be developed in consultation with the water companies and other relevant stakeholders to ensure that solution owners can recover their efficient costs in line with the approaches set out in [Ofwat's PR24 final methodology](#). We will update this guidance document once the details of those arrangements are known.

2.8 Queries

Similar to previous gates, there will be a five week, quick response query process where solution owners will have two working days to respond to any query Ofwat raises. Throughout the remainder of the assessment period, Ofwat may raise queries, but the solutions owners will agree the response time with Ofwat on receipt of the query.

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. Ofwat will carry out its assessment on the basis of the submission made and answers received to their 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.

2.9 Draft decisions and representations

Ofwat will consider the gate four submissions against the deliverables described in this guidance. Ofwat will publish its draft decisions for representations.

Representations, on the draft decisions should be submitted to Ofwat at RAPID@ofwat.gov.uk.

For gate four, representations should be mindful that decisions are made in the context of progression of activities: assessment of quality in DCO, TCPA and DNS applications are the remit of The Planning Inspectorate, relevant local planning authorities, PEDW, and associated statutory consultees. Representations should not be made on these through the gated process. Representations should not relate to merits or matters normally addressed through the relevant WRMP, DCO, TCPA, DNA and other consenting processes. Representation regarding these matters should be raised in response to water companies' public consultations and application submissions.

2.10 Final decisions

At the end of the representation period, Ofwat will consider the relevant representations received before reaching a final decision, which it will publish on its website along with the representations.

2.11 Expectations of Transparency and Access to Information

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. Queries and query responses must be published no later than 20 days after the query period closes. Where Ofwat considers that it has raised a query to seek evidence that should have been included in the submission or its published annexes, Ofwat may require earlier publication of the query response.

The submission template and cover letter must be unredacted (other than in respect of personal information). Information may be redacted from annexes / appendices, but Ofwat will expect companies to provide its stakeholders and Ofwat 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 and Freedom of Information Act 2000, 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. Ofwat expects 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, as specified in section 6, 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 and Freedom of Information Act 2000.

Companies should be aware that RAPID and its partner regulators 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 their obligations. If RAPID or its partner regulators receives a request for information, they will consult with solution owners at the time of the request and will take full account of their views, but they cannot give an assurance that they can maintain confidentiality in all circumstances.

3. Relationship to Development Consent Order, Development of National Significance and Town and Country Planning Act applications

3.1 Development Consent Order (DCO) applications

Companies must notify RAPID via email within two working days of when the Planning Inspectorate have notified the applicant that they have accepted the application and have published the associated documentation on the Planning Inspectorate's National Infrastructure Planning website.

3.2 Development of National Significance (DNS) applications

Companies must notify RAPID via email within two working days of when Planning and Environment Decisions Wales (PEDW) have notified the applicant that the application is valid and have published the associated documentation on their website.

3.3 Town and Country Planning Act (TCPA) applications

For those strategic options which are not proceeding with a DCO or DNS application, will seek permission under the Town and Country Planning Act (TCPA). Companies must notify RAPID via email within two working days of when the local planning authority have validated the application and published the associated application documents.

For clarity, gate four is not connected with, and RAPID does not need to be notified of, any planning applications related to 'enabling work' development, prior to the applications for the principal development.

3.4 Permissible under permitted development

Where permitted development rights are to be used, it is good practice for the solution owner to obtain written confirmation from the local planning authority that they agree that permitted development rights apply. Companies must notify RAPID via email within two working days of when the local planning authority have agreed that permitted development rights apply.

3.5 Statutory consultee roles of regulators

3.5.1 Environmental Regulators' involvement in DCO, TCPA and DNS application stages

The Environment Agency, Natural England and Natural Resources Wales (NRW) are statutory consultees within the planning system. Each organisation has their own remit and responsibilities to provide advice to applicants and planning/examining authorities during pre-application and determination/examination stages.

Each organisation is also a statutory consultee on specific areas of environmental assessment, such as Environmental Impact, Habitats Regulations, Water Framework Directive Regulations Assessments and in relevant Welsh planning and environmental legislation.

For projects requiring a DCO, the Planning Inspectorate has produced Advice Note 11 'Working with public bodies in the infrastructure planning process' detailing each organisation's responsibilities and how they will engage with the application process.

- [Annex A](#), Natural Resources Wales
- [Annex C](#), Natural England
- [Annex D](#) Environment Agency

3.5.2 The role of Ofwat in DCO, TCPA and DNS application processes

Ofwat is a statutory consultee on DCO applications likely to affect the water industry. It does not have any other statutory role in the DCO, TCPA or DNS application process.

3.5.3 The role of Drinking Water Inspectorate (DWI) in DCO, TCPA and DNS application processes

The DWI does not have a statutory role in the DCO, TCPA or DNS application process.

3.6 Environmental and other consents required for operational commencement

Projects are likely to require other consents from regulators for construction and operational commencement. Certain prescribed consents can be consented separately or included in a DCO subject to agreement from the relevant consenting body. We expect applicants to have entered into discussions with relevant regulators during early pre-application stages to confirm these consenting requirements and agree application timescales. Application for main Environmental Permits and any other key permits and consents required for operational commencement should be made before or concurrently with DCO, TCPA or DNS applications. This is to ensure that the examining and decision making authorities for the DCO, TCPA or DNS applications can obtain a reliable indication of the maturity of these separate consent applications, the

likelihood of these consents being approved and an understanding of matters remaining to be agreed prior to approval⁴. It is recognised, that there may be other minor consents that could be applied for later in the process. If the solution is utilising existing consents (with or without an application for variation of those consents) this should be included in the narrative in the environmental section.

⁴ For DCO applications, the Planning Inspectorate have Advice Note 11 'Working with public bodies in the infrastructure planning process,' under which the Annexes for each environmental regulator provides more information on the types of consents they are responsible for and how to engage with them. They also have Advice Note 15 'Drafting Development Consent Orders' gives guidance on the drafting of 'protective provisions' and Planning Act 2008: guidance on the Pre-application process (Published by the former Department for Communities and Local Government, March 2015) also provides advice on drafting the DCO to make provision for separate consents that may be required.

4. Programme and project planning

4.1 Project Plan

A clear and up to date 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 for the rest of the project is required at gate four. It should contain clarity around important milestones and interdependencies and include:

- The date when the solution is required (based on company and regional plans, as appropriate), and any updates if this changes.
- The phasing of all remaining key activities and decisions.
- Summary of all key risks, alone and in combination and mitigation plans.
- The assumptions and dependencies within the programme.
- The phasing of construction activities.
- The planned construction start 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 the remainder of the project.
- Missing information – outline any information that is missing from the project plan and how this will be addressed.

4.2 Key risks and mitigation measures

An assessment of key risks to the solution's planned progress to completion and an assessment of risks to costs and realisation of the benefits of the solution should be provided. This should include consideration of any remaining 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 pre-mitigated risk scores and residual risk scores following mitigation. It must also be consistent with information presented in quarterly dashboards.

4.3 Proposed activities after gate four and outcomes

Gate four is the final gate in the RAPID gated process. There is no gate five as previously described because solutions will leave the gated progress after gate four and move into Ofwat's major projects process. This will not impact the work you need to complete to

deliver the solution, simply how Ofwat will oversee that work. There will be a transition period as illustrated in figure 1.

Funding of solutions beyond gate four will be through PR24 business plans.

By gate four, solution owners should have submitted and have had accepted applications for DCO, TCPA or DNS permission for a firm single solution, including location, as included in final regional plans and WRMPs.

At gate four, in addition to assessing the solution's submission as described in this guidance, Ofwat will decide whether the solution has exited the gated process. If Ofwat is not satisfied in full with the solution's submission at gate four, it may decide that the solution has not exited the gated process and set priority actions for the solution to complete before the solution may do so. When a solution considers it has completed the priority actions, the solution may provide evidence of this to Ofwat and ask it to consent to the solution then exiting the gated process. The solution will not exit the gated process until Ofwat so consents. Ofwat will decide the incentives to complete gate four and exit the gated process through the PR24 process.

Ofwat may decide that the number and/or nature of priority actions it has set at gate four are such that a conditional review point should be held to assess the solution's progress on completing the priority actions. If the solution considers that it has completed the priority actions at the conditional review point, it may provide evidence of this and ask Ofwat to consent to the solution exiting the gated process at the conditional review point. The solution will not exit the gated process until Ofwat so consents. If Ofwat is not satisfied in full with the solution's progress at the conditional review point, it may set additional or alternative priority actions for the solution to complete before it can exit the gated process.

We expect companies to have started development of a digital twin and considered how the solution will integrate with existing operations. The detail and stage of development of the digital twin will be drawn up by RAPID after discussion with the All Company Working Group.

4.4 Land Acquisition, Construction and Operational Impacts

An overview of where the solution is in the process of acquiring land and rights over land, including:

- a summary of what has already been acquired, and what remains to be acquired and the strategy and timing for gaining the remaining land and rights over land.
- where land strategy at gate three has indicated compulsory purchase orders (CPO) is to be used, confirmation that these have been applied for either as part of a DCO process or that a separate CPO has been made alongside a local planning application. Our expectation is that where CPO is needed, applications

for CPO powers will have been made by gate four as we expect planning and CPO processes to run side by side.

- a breakdown of estimated costs included in the solution cost estimate for acquisition of land and rights over land including all associated compensation and the likely timing of this expenditure (including expenditure already incurred), the level of risk around these costs and the basis for the estimates.
- an update on proposed compensation policies (high level policies are sufficient) covering all areas of statutory and non-statutory compensation which the solution is planning to offer, highlighting where the approach has changed from gate three submissions (if relevant and if there are deviations from a common methodology agreed with other water companies and/or other infrastructure promoters).
- An explanation of any material changes to the approach set out in gate three for managing 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, including how they will mitigate adverse impacts.

5. Procurement and Operation Model

Where a competitive delivery model such as Direct Procurement for Customer (DPC) or under the Specified Infrastructure Project Regulations (SIPR) was identified at gate three as the preferred procurement route, companies are required to follow Ofwat's DPC process. For gate four we are not expecting separate deliverables under the RAPID gated process and we do not require stage 3 to be submitted by gate four submissions. However, if a Bulk Supply Agreement (BSA) is required by the solution and has not already been provided, please provide a copy of the agreed BSA to Ofwat via the DPC process. Where it has not yet been executed, we would expect evidence that negotiations are largely complete and a copy of the draft agreement to be provided to Ofwat via the DPC process.

Where the solution has previously not been identified as suitable for delivery under DPC or SIPR and it has been agreed by Ofwat that it is not suitable for delivery via DPC or SIPR, please provide:

- Confirmation of the procurement strategy and plan, including:
 - identification of any changes from gate three;
 - a high-level summary of risk allocation and incentives between companies and contractors;
 - how the procurement plan aligns with the overall solution programme plan and supports the overall critical path, highlighting any dependencies and how risk of delay may be mitigated; and
 - an explanation of how the procurement route and commercial strategy will maximise competition and deliver best value for customers.
- Where the solution is for the benefit of more than one company, provide:
 - an updated overview of the arrangements and risk allocation between companies, including any adaptations required to the regulatory framework; and
 - a copy of the agreed BSA to Ofwat via the Major projects team. Where the BSA has not yet been executed, we would expect evidence that negotiations are largely complete and a copy of the draft agreement to Ofwat via the Major projects team.

6. Solution Cost and Benefits

At gate four, solution owners should present updated key cost information provided at gate three 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. The key cost information should include:

- overall costs of construction and operation for the preferred option;
- detail of capital expenditure;
- detail of operating expenditure, including 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, carbon, social and water quality mitigations including initiatives and enhancements;
- an indication as to whether solution costs are in line with relevant methodologies agreed with regulators and relevant green book guidance;
- a cross-comparison of updated solution costs as tested in regional or national modelling;
- a clear description of where solution cost scalability moves from marginally more expensive to substantially more expensive (tipping points); and
- a comparison of how costs have changed through each RAPID gate for reconciliation purposes.

Solution owners should provide updated WRMP24 Table 5⁵⁶, 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 should also fill out the gate four template provided by RAPID, requesting cost information. For each of the cost components, solution owners should provide a comparison of the value submitted at gate three and the updated value for the preferred solution at gate four.

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

⁵ [Water Resources Planning Tables \(WRMP24\) - Ofwat](#)

⁶ <https://www.ofwat.gov.uk/publication/water-resources-planning-tables-instructions/>

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.

7. Stakeholder and Customer Engagement

By the gate four submission, solutions should have completed non-statutory and statutory pre-application consultation for DCO, TCPA or DNS processes, therefore stakeholder and customer engagement will not be assessed at gate four.

However, changes to drinking water sources can lead to changes in the water chemistry impacting on the taste, odour or the feel of water supplied to customers, leading to acceptability issues, 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. Therefore, Ofwat expect to see a plan for the remaining activities that the solution intends to complete to communicate any changes of water source to stakeholders and customers. This plan will not be assessed as part of gate four assessment by Ofwat and cannot attract a delivery penalty.

8. Solution Design, Environmental and Carbon Assessment

At previous gates solution design, environmental and carbon assessment have been assessed. These areas will be assessed through the DCO, TCPA or DNS application process, therefore are not assessed as part of gate four.

In [Strategic regional water resources solutions guidance for gate three](#) RAPID laid out guidance for solutions that may affect National Parks, The Broads or Areas of Outstanding Natural Beauty position, we expect an update of the position provided at gate three.

We expect companies to have started development of a digital twin and considered how the solution will integrate with existing operations. The detail and stage of development of the digital twin will be drawn up by RAPID after discussion with the All Company Working Group.

9. Drinking Water Quality

At previous gates drinking water quality has been assessed. By gate four we expect the development of Drinking Water Safety Plans to have been sufficiently developed to inform any new treatment and required mitigations to have been factored into the design. This will not be assessed as part of gate four.

Regulation 15 risk assessments will need to be submitted to the Drinking Water Inspectorate as part of the statutory process in advance of any new source being brought online.

The Drinking Water Safety Plans which will inform the Regulation 15 risk assessments should be continually reviewed and updated.

10. Board Statement and Assurance

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

Statements for solutions should confirm that the Board of each solution owner is satisfied that each solution owner has undertaken sufficient assurance and due diligence and the Board is therefore confident in making the following statements:

- it supports the recommendations for solution progression made in the submission at gate four;
- it is satisfied that a realistic and achievable programme for the solution is in place, there are no insurmountable obstacles to the delivery of the solution in accordance with that programme and that progress on the solution at gate four in accordance with that programme is commensurate with the solution being "construction-ready" for by the agreed date;
- it is satisfied that all significant risks to the delivery of the solution in accordance with the programme and within current cost projections have been identified and that those risks are managed well;
- it is satisfied that the work carried out at gate four is of sufficient scope, detail and quality to ensure that the applications which have been made for development consent orders, consents for development of national significance, town and country planning and other necessary statutory consents and permits can be progressed in accordance with the programme; and
- it is satisfied that expenditure has been incurred only on activities that are appropriate for gate four and is efficient and cost effective.


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 five points of the statement. Joint solutions will require assurance statements from all partners' Boards.

11. 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 and/or Ofwat are 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. RAPID and/or Ofwat will consider suggestions put forward by solution owners on a case-by-case basis. Any assessment would follow the same process as has been outlined in this guidance.



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