



RAPID, Ofwat Office  
11 Westferry Circus  
Canary Wharf  
London  
E14 4HD

12 August 2025

Dear RAPID,

### **South-East Strategic Reservoir Option (SESRO) Gate Three submission**

The South East Strategic Reservoir Option (SESRO) is recognised as a critical asset to Southern Water Services Ltd (SWS). It will play an essential role in our long-term strategic plan, contributing towards the supply-demand solution to water stressed South-East England, and more specifically to SWS's customers in Hampshire.

SESRO, when combined with a separately planned and funded strategic pipeline will support reduced abstraction from sensitive ecosystems associated with the world-renowned chalk-based rivers Test and Itchen. Known as the Thames to Southern Transfer (T2ST), the strategic pipeline to Hampshire is being developed as a Strategic Resource Option (SRO) by SWS to provide benefit to SWS customers from 2040 as selected in our Final Draft WRMP24 (fdWRMP24), which is currently being reviewed by the Secretary of State before a decision is taken on permission for final publication.

Development and delivery of SESRO is being led by Thames Water, with Affinity Water as a co-Sponsor, and more recently SWS has become a directly funded co-Sponsor via PR24 provision from the start of AMP8. Although this is after the design freeze milestone upon which the Gate Three submission is based, SWS has been actively involved in SESRO development since September 2023 through senior management and Director level engagement and at a more detailed level through participation via a series of working groups.

Accordingly, SWS recognise and are content that at the point of Gate Three design freeze in October 2024, SESRO development has taken a significant step forward relative to RAPID Gate Two in terms of understanding scope, construction methodology and cost risk. SWS also recognise that, as would be expected through this major project development phase, activities are ongoing to protect construction readiness and beneficial use for SWS customers.

SWS has supported development of submission material and has had access to the three lines of assurance outputs. In particular, SWS note the external assurance report prepared by Arup Binnies (ref: J696-ARB-XXXX-XXXX-RP-AU-000001 Version P02), which concludes:

“The Gate 3 submission complies with RAPID’s Gate 3 reporting requirements and guidelines issued”.

“...the work carried out to date is of sufficient scope, detail and quality which would be expected of a large infrastructure scheme of this nature at this stage.”

“The work carried out at Gate 3 is commensurate with the solution being ‘construction ready’ for AMP8”

“The expenditure that has been incurred in generating the Gate 3 submission appears efficient and relevant to the development of the submission”.

SWS has engaged fully in supporting and conducted detailed reviews of the SESRO project. These have been led by our senior management, our project delivery team, subject matter experts across the company and supported by second line assurance reviews from our independent risk audit and assurance team.

SWS has actively participated in the SESRO joint programme meetings and solution development activities through senior management and Executive Director engagement. As part of this process high level strategic risks have been reviewed and challenged at the Joint Sponsor Board. Risks are also discussed at the quarterly RAPID checkpoints.

The SWS project team attends monthly technical reviews and sponsorship coordination meetings to ensure continued awareness of, and support for, the solution as it progresses. Any material changes to the design development and construction are brought to the Joint Sponsor Board.

The SWS project team has been involved in the deep dive joint reviews between the co- Sponsors and supported the review of the Project Cost and Risk Envelope (PCRE) with HR Wallingford/Chandler KBS and Ofwat. The SWS project team has also challenged and reviewed the development of the Gate 3 documentation through the monthly sponsor co-ordination meetings, technical working groups and the quarterly Joint Sponsor Board to review and challenge deliverables.

Based on submission information and associated assurance evidence made available by the lead developer (Thames Water), and the detailed due diligence carried out by the SWS team, the SWS Board is satisfied with progress on solution development for Gate Three, and agrees with the following statements:

SWS Board Statements	Assurance evidence to support Board Statement
It confirms that Southern Water are developing the T2ST SRO to provide up to 120MI/d of new, potable water into Hampshire from c2040. This requires a new source of raw water from Thames Water.	<ul style="list-style-type: none"><li>• Statement based on the SWS Board approved statement for SESRO Specified Infrastructure Project Regulations (SIPR) Stage 2 submission in October 2024.</li><li>• The ‘strategic pipeline’ is described in SWS’s WRMP24 (sent to SoS DEFRA, May 2025). Development of WRMP24 has been overseen and scrutinised by the Southern Water Board.</li></ul>
It confirms that Southern Water’s WRMP24 has been developed in line with the WRSE Regional Plan and concludes that SESRO represents the best value source of raw water for T2ST.	<ul style="list-style-type: none"><li>• Statement based on the SWS Board approved statement for SESRO Specified Infrastructure Project Regulations (SIPR) Stage 2 submission in October 2024.</li></ul>

	<ul style="list-style-type: none"> <li>SWS's Board assurance statement within WRMP24 states that WRMP24 "is based on 'sound and robust evidence", "has been developed in collaboration with WRSE", and "was informed by WRSE Revised Draft Regional Plan (July 2023)". Additionally, that "the plan is shaped by WRPB and a best value methodology."</li> </ul>
It supports the recommendations for solution progression made in the submission at Gate Three and the recommendations for which option within the solution should be progressed.	<ul style="list-style-type: none"> <li>Arup Binnies external assurance report provided via Thames Water (Ref: J696-ARB-XXXX-XXXX-RP-AU-000001 Version P02)</li> </ul>
It is satisfied that commensurate with this stage of maturity, a realistic and achievable programme <sup>1</sup> 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 Three is commensurate with the solution being "construction ready" for 2025-2030.	<ul style="list-style-type: none"> <li>Arup Binnies external assurance report provided via Thames Water (Ref: J696-ARB-XXXX-XXXX-RP-AU-000001 Version P02)</li> </ul>
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 at Gate Three and those risks are managed well through routine risk management processes, recognising that not all of which may be within the control of the solution.	<ul style="list-style-type: none"> <li>Arup Binnies external assurance report provided via Thames Water (Ref: J696-ARB-XXXX-XXXX-RP-AU-000001 Version P02)</li> </ul>
It is satisfied that work carried out is of sufficient scope, detail and quality to ensure that applications can be made for development consent orders, planning applications and other necessary statutory consents and permits in accordance with the programme, and the work carried out at Gate Three is commensurate with the solution being "construction-ready" for 2025-2030 <sup>1</sup> .	<ul style="list-style-type: none"> <li>Arup Binnies external assurance report provided via Thames Water (Ref: J696-ARB-XXXX-XXXX-RP-AU-000001 Version P02)</li> </ul>

<sup>1</sup> For the purposes of this letter, 'achievable programme' and 'construction ready' refers to award of a contract to the Infrastructure Provider. RAPID is also asked to note that there is an ongoing QSRA exercise, and that delivery within this time window assumes progress on planning and additional development funding will be made available.

It is satisfied that expenditure has been incurred only on activities that are appropriate for Gate Three and that expenditure is efficient and cost effective.

- Arup Binnies external assurance report provided via Thames Water (Ref: J696-ARB-XXXX-XXXX-RP-AU-000001 Version P02)

Based on the above, Southern Water supports the submission of SESRO RAPID Gate Three and are happy to discuss any aspect of the submission with you as required.

We look forward to continued tripartite collaboration with Thames Water and Affinity Water to further progress all aspects of this essential reservoir to help alleviate long-term water supply risks associated with the water-stressed South East of England.

Yours sincerely

**Lawrence Gosden**  
**Chief Executive Officer**