

Report Title:	Water Contract Procurement
Contains Confidential or Exempt Information?	No – Part I
Member reporting:	Councillor Donna Stimson, Lead Member for Environmental Services, Climate Change, Sustainability, Parks and Countryside
Meeting and Date:	27 th February 2020
Responsible Officer(s):	Tracy Hendren, Head of Housing and Environmental Health Services
Wards affected:	None

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REPORT SUMMARY

1. The Council currently purchases water from Castle Water without a formal contract in place. This is as a result of the deregulation of the commercial water market in April 2017 and follows the sale of Thames Water's commercial water supply business to Castle Water.
2. Approval was provided by the Head of Communities to go out to the market to seek a water supplier and associated contract which met the requirements of the Council.
3. The Council participated in a water aggregation exercise run by Crown Commercial Services (CCS) who already manage the Council's electricity and gas supplies. This process pooled the requirements of more than 20 other public sector organisations so that each could benefit from the economy of scale. This process was completed in January 2020 and Castle Water were the successful bidder.
4. The new contract ensures 30 day payment terms, a reduction in price of approximately 6%, better customer service arrangements and the provision of improved water data to help management of the resource.
5. The report seeks agreement to award a contract to Castle Water as winners of the CCS aggregation exercise for our ongoing water supplies.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet notes the report and:

- i) **Agrees to award a water contract to Castle Water who were the successful bidder in the recent water aggregation procurement exercise run by Crown Commercial Services.**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Table 1. Options arising from this report

Option	Comments
Do nothing Not recommended	This would continue to expose the Council to 14 day payment terms and higher costs.
Conduct our own OJEU compliant tender to procure a water supplier Not recommended	This would involve large amounts of officer time and would not provide the purchasing power the aggregation offered.
Use an alternative framework Not recommended	Alternative tender options were investigated but the CCS offer was the most comprehensive.
Appoint Castle Water through the CCS aggregation This is the recommended option	The Council benefits from increased service levels and reduced costs which come from having a contract in place with Castle Water.

- 2.1 The Council spends around £230,000 a year on water and it is therefore a significant expenditure.
- 2.2 Traditionally water was supplied by the local water company. In the Council's case, this was Thames Water for most sites. No contracts existed between the supplier and the end user.
- 2.3 In April 2017 the commercial water market was deregulated and large organisations were able to switch supplier for the first time. This was to increase competition resulting in improved service levels and reduced costs.
- 2.4 At the same time, Thames Water sold off their commercial water business to Castle Water. This resulted in the majority of Council supplies moving to Castle Water without any contract in place.
- 2.5 The Council commits to paying invoices within 28 days however as a result of the move to Castle Water, the Council has been exposed to 14 day payment terms which has caused a significant number of debt collection letters to be received.
- 2.6 Appointing a water supplier under contract was urgently required to improve service levels and reduce the administrative burden on the Council.
- 2.7 The Council assessed how best to appoint a water supply contract including running its own OJEU compliant tender or using an alternate purchasing framework. The CCS option of an aggregated tender proved to be the most appropriate so the Council could benefit from the scale it afforded from coming together with a number of other organisations as well as reducing the amount of officer time required.

2.8 The Council participated in an aggregated tender run by CCS which concluded in January 2020. This competition was won by Castle Water who provided the best return based on quality and price.

3. KEY IMPLICATIONS

3.1 The Council's water supply will remain with Castle Water but will move to the new contract arrangements on 1st May 2020.

3.2 The new contract will result in a better customer experience for the Council and its associated organisations such as schools who use the framework.

3.3 There will be a reduction in administration costs due to the standard public sector payment terms of 30 days reducing the number of debt collection letters the Council receives.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 There are no capital financial implications.

4.2 There will be a financial saving of around 6% by moving water supplies to the new contract which equates to approximately £13,000/year.

5. LEGAL IMPLICATIONS

5.1 The value of the contracts means an OJEU compliant tender would be required in order to award a contract(s) directly to a water supplier. By using the CCS aggregation, the Council will remain compliant with national and European procurement legislation and regulations.

6. RISK MANAGEMENT

6.1 None

7. POTENTIAL IMPACTS

7.1 Equalities

There are no staffing implications to any of the recommendations. An equality impact assessment is not required.

7.2 Climate Change/sustainability

The improved provision of data included with the new contract will allow for better management of water. This will allow for a better understanding of water consumption across the Council's estate and therefore interventions can be better planned to reduce consumption.

7.3 Data protection/GDPR

No personal data will be processed.

8. CONSULTATION

8.1 The Procurement team have been consulted throughout the process to ensure the requirements of the Council were met.

9. TIMETABLE FOR IMPLEMENTATION

9.1 Implementation date if not called in: Immediately.

9.2 The full implementation stages are set out in table 2.

Table 2: Implementation timetable

Date	Details
8 th April 2020	Begin transfer to new contract
1 st May 2020	New contract begins

10. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Stimson	Lead Member for Environmental Services, Climate Change, Sustainability, Parks and Countryside	24/1/20	26/1/20
Duncan Sharkey	Managing Director	17/2/20	
Russell O'Keefe	Executive Director	17/2/20	17/2/20
Terry Neave	Section 151 Officer	17/2/20	
Elaine Browne	Head of Law	17/2/20	
Nikki Craig	Head of HR, Corporate Projects and ICT	17/2/20	17/2/20
Louisa Dean	Communications	17/2/20	18/2/20
Kevin McDaniel	Director of Children's Services	17/2/20	17/2/20
Hilary Hall	Director Adults, Commissioning and Health	17/2/20	17/2/20
Karen Shepherd	Head of Governance	17/2/20	18/2/20

REPORT HISTORY

Decision type:	Urgency item?	To Follow item?
Non-key decision	No	N/A
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