

Report to Steve Read, Assistant Director (Environment and Public Protection)

August 2022

Contract Extension - Water, Wastewater & Ancillary Services

Report by Steven Fall, Energy & Data Manager

Electoral division(s): All

Summary

The Council [awarded a contract](#) for the provision of water, wastewater and ancillary services to Scottish Water Business Stream (SWBS) in 2019 using the CCS RM 3790 framework Lot 3. This contract is due to expire on 30 September 2022. The contract terms contain an optional 12-month extension, to take the expiry date up to 30 September 2023.

Recommendations

It is recommended that the Assistant Director (Environment and Public Protection) extends the contract for the provision of water, wastewater and ancillary services with Scottish Water Business Stream for 12 months from 30 September 2022 to 30 September 2023.

Proposal

1 Background and context

The Council awarded a contract for the provision of water, wastewater and ancillary services to Scottish Water Business Stream (SWBS) in 2019 using the CCS RM 3790 framework Lot 3. This contract is due to expire on 30 September 2022. The contract terms contain an optional 12-month extension, to take the expiry date up to 30 September 2023.

The contract has been performing well against expected Key Performance Indicators (e.g. billing quality and meter readings) and is also monitored through periodic County Council scorecard reporting. The Energy & Data Manager holds regular performance monitoring calls with SWBS to manage operational issues.

2 Proposal details

Since the deregulation of the non-domestic water market in 2017, organisations have been able to appoint their own retailer for water and wastewater services. This includes essential functions such as invoicing for water supply and wastewater, and meter reading to ensure bills are based on accurate reads and statutory read schedules are adhered to. This contract also allowed for added value services, such as provision of advanced automatic metering (to provide finer consumption detail, and leak detection) and water efficiency audits/measures.

It is recommended to use the optional 12-month extension and move the contract expiry date from 30 September 2022 to 30 September 2023. By using the optional extension this will provide sufficient time to begin preparation for the subsequent contract, to be awarded by 1 October 2023.

3 Other options considered (and reasons for not proposing)

Option	Reason not selected
Use alternative framework to procure new contract	<p>The incumbent supplier has been performing well throughout the term of the existing contract, as evidenced from regular performance monitoring and scorecard reporting.</p> <p>Analysis of the market has demonstrated that the existing retail margin is still very competitive, and the Council would be unlikely to reduce this through a new tender exercise.</p>
Join group tender exercise using CCS framework	Group tender exercise timeline did not align well to the Council's contract end date, and no evidence that this approach would provide better value for money.
Do nothing	Once the existing contract expires on 30 September 2022 it is not guaranteed that SWBS will continue to provide the same retail margin which was secured during the previous tender.

4 Consultation, engagement and advice

Consultation with the County Council's Procurement Category Manager began earlier in 2022 and alternative procurement options were assessed (as set out in section 3 above) and discounted. This demonstrated that the existing contract still provides excellent value for money, and that a new competitive tender would not yield an advantage to the Council.

The Commercial Panel has been consulted on this proposal as part of the County Council's internal governance process for procurements.

5 Finance

5.1 Revenue consequences

	12-month extension (1/10/22 – 30/9/23)
Revenue budget	£1.59m

All invoices are validated by the Energy Services contracted back-office team and are paid for from existing utilities revenue budgets.

5.2 The effect of the proposal:

(a) **How the cost represents good value**

Market analysis by the Energy & Data Manager and Procurement Category Manager during 2022 has demonstrated the retail margin received through the current contract is still very competitive.

(b) **Future savings/efficiencies being delivered**

The ancillary services offered through this contract are providing added value (for example through provision of advanced metering, and water efficiency audits), and are also supporting the ongoing water neutrality project.

(c) **Human Resources, IT and Assets Impact**

N/A.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Out of contract period	If a new retailer is not secured by 1 October 2022, the Council may be exposed to out of contract rates and lose access to the other benefits that were secured during the previous tender. By using the optional extension this will provide sufficient time to begin preparation for the subsequent contract tender, to be awarded by 1 October 2023.

7 Policy alignment and compliance

7.1 Our Council Plan – this recommendation will contribute to two of the Council Plan priorities:

7.1.1 A sustainable and prosperous economy: by improving the ability to monitor water consumption across the estate and identify methods of reducing this which will have a direct benefit to the Council’s reported carbon footprint.

7.1.2 Making the best use of resources: through advanced monitoring, leaks will be more identifiable across the estate and reduce wastage of water, which is increasingly becoming a precious resource especially in West Sussex.

7.2 Legal implications – the legal team will prepare an extension letter for the incumbent supplier, once the recommended decision has been approved.

- 7.3 Equality duty and human rights assessment – the equality duty has been considered and no negative impacts for people with protected characteristics were identified.
- 7.4 Climate change – through the ancillary services that this contract offers, a reduction in the organisation’s carbon footprint can be achieved.
- 7.5 There are no identified crime and disorder or public health impacts
- 7.6 Social value – this contract contributes to social value in a variety of ways:
 - 7.6.1 Supporting local businesses, charitable or community enterprises: Business Stream launched their ‘Making a Positive Difference’ vision in 2019. Since its introduction, over 25 new initiatives have been launched. This has included achieving a 20% carbon reduction pledge; working in partnership with Business in the Community, Career Ready and Sported to deliver volunteering and mentoring programmes; delivering a tree planting programme; establishing a charity panel; and introducing a raft of activities to support colleagues' health and wellbeing.

Steve Read

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Appendices – none

Background papers - none