

Crawley Borough Council

Report to Cabinet 27 November 2019

Water Services Contract

Report of the Head of Major Projects and Commercial Services, **HPS/21**

1. Purpose

- 1.1 The purpose of this report is to seek Cabinet approval to delegate the decision of the award of the Water Services Contract to the Cabinet Member for Environmental Services and Sustainability. The Council is currently undertaking a joint procurement initiative with Horsham and Mid-Sussex using the LASER (Local Authority Energy Buying Group) Framework contract arrangements for Water and Sewerage Services to the Council's operational sites.

2. Recommendations

- 2.1 The Cabinet is recommended to:
- a) Note the current work taking place on the Water Services Contract.
 - b) Delegate the decision to award the contract for the provision of the Water Services Contract to the Cabinet Member for Environmental Services and Sustainability, following the evaluation of the tender process.

3. Reasons for the Recommendations

- 3.1 In line with the Constitution, Cabinet would normally approve the award of any contract with a total value over £500,000. Due to tight implementation timescales and the requirement to obtain Cabinet approval from each of the authorities participating in the tender process, the report recommends that the best approach in order to meet the contract start date is to seek approval to delegate the contract award decision. It is therefore recommended that the Cabinet Member for Environmental Services and Sustainability makes the award of the contract.
- 3.2 The LASER Framework has been able to deliver savings at up to 3.5% below previous contract prices and achieve an average saving of 2%. Based on current expenditure this would equate to a total saving in water costs over the proposed 4 year contract period of between £21,280 (3.5%) and £12,160 (2%) based on current consumption levels.
- 3.3 In addition, the move to a single supplier will streamline payment and monitoring arrangements and has the potential to achieve additional savings in reduced administration costs and other water efficiency measures.

4. Background

- 4.1 From 1 April 2017 the market for water supply and waste water was de-regulated for commercial users who were then able to choose their supplier. Prior to de-regulation the Council's operational sites water supply was provided by Southern Water and waste services by Thames Water. At that time both these suppliers exited from the commercial retail market and sold their retail business to Business Stream and Castle Water respectively.
- 4.2 At this time there was considerable uncertainty around the benefits of de-regulation of the market and the performance of the various new suppliers entering the retail market. Given this it was decided to transfer across to these new retail suppliers as an interim measure and to review these procurement arrangements once the market had settled down and supplier performance could be more effectively monitored and evaluated.
- 4.3 As a consequence the Council's operational sites have been on separate deemed contracts for water supply and waste water services since 1 April 2017. In both cases prices were set at the level they were under the previous supplier and the contract terms allow the Council to switch suppliers at any time. Total Council expenditure for water for its operational sites was £152,000 in 2018/19.

5. Description of Issue to be resolved

- 5.1 The de-regulated water market for commercial users has now been in operation for more than 2.5 years and early uncertainties over the operation of the market and supplier performance are no longer relevant. In addition, the current deemed contractual arrangements with different suppliers, while effective as an interim measure are not now considered to be the most appropriate procurement arrangement.
- 5.2 With support from the Council's Joint Procurement Service a number of procurement models were considered to tender these services. This evaluation suggested the most effective approach would be a joint procurement initiative with Horsham and Mid-Sussex using the LASER Framework contract arrangements for Water and Sewerage Services.
- 5.3 The Council has a long standing relationship with LASER who have been purchasing energy supplies for the council's operational buildings for more than 20 years under similar framework arrangements for the purchase of energy

6. Information & Analysis Supporting Recommendation

- 6.1 Under the framework procurement arrangements LASER will run a mini-tender exercise requiring the 8 suppliers in the framework to submit price offers for a 3+1 year contract length. The intention is to award to a single supplier for both supply and waste service. This contract would automatically renew after the initial 3 year period for a further one year, subject to satisfactory performance. However, the contract may be terminated after 3 years subject to the required notice.
- 6.2 Contracts let under the LASER Framework have generated savings in a range of between 3.5% and 2%. While the move to a single supplier will streamline payment and administration arrangements and should result in further savings. Other water consumption efficiency measures available could also reduce water costs over the contract period.

7. Implications

- 7.1 The procurement process undertaken by LASER is compliant with the Council's Procurement Code and EU procurement Regulations 2015 and there are provisions for the Council as a Local Authority to utilise LASER as the intermediary to enter into contractual relations with the water supply marketplace.

8. Background Papers

- 8.1 None.

Contact officer: - Mike Pidgeon, Corporate Facilities Manager
Direct Line: - 01293 438291