

Crawley Borough Council

Consideration Report for Delegated Decision by the Leader of the Council

Expected Date of Decision 10 January 2020

Water Services Contract

Report of the *Head of Major Projects and Commercial Services* **Report No. HPS/22**

1. Purpose

To seek approval for the award of a contract for the supply of water services to the Council's operational sites.

2. Recommendations

- 2.1 That the Leader of the Council agree the award of contract once the tender evaluation process has been completed.

3. Reasons for the Recommendations

- 3.1 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.
- 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%).
- 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 As a consequence the Council's operational sites were switched automatically to the new suppliers and have remained on separate contracts for supply and waste

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 supplier at any time.

5. Description of Issue to be resolved

- 5.1 The current contractual arrangement using separate suppliers, while effective as an interim measure, is not now considered to be the most appropriate procurement arrangement now early uncertainties over the operation of the market are no longer relevant.
- 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.

6. Information & Analysis Supporting Recommendation

- 6.1 Under the framework procurement arrangements LASER will run a mini-tender exercise requiring suppliers to submit price offers for a 3+1 year contact length. The intention is to award to a single supplier for both water supply and waste service.
- 6.2 Contracts let under the LASER Framework have generated savings in arrange of between 3.5% and 2%. While the move to a single supplier will streamline payment and administrative arrangements and should result in further savings.

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 "*Water Services Contract*" (report [HPS/21](#)) considered by Cabinet on 27 November 2019.