

# Wiltshire Council

## Cabinet

14<sup>th</sup> December 2021

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**Subject:** Water and wastewater supply services from June 2022

**Cabinet member:** Cllr Pauline Church: Cabinet Member for Finance, Procurement, Commissioning, IT, Digital and Commercialisation

**Key Decision:** Key

### Executive Summary

The water and wastewater supply market deregulated in 2017 allowing commercial users the ability to switch from their local incumbent water provider. The Water companies were split into retailers who are customer facing and provide the billing services and wholesalers who deal with the operational and delivery of the service. It is currently only possible to switch water retailer, while the water wholesaler remains as a derivative of the incumbent water provider.

The council spends around £700k on water and wastewater services for our operational buildings such as hubs, leisure centres, libraries and depots and some housing such as sheltered schemes.

There have been several issues with the current supplier framework including issues with accuracy and timing of billing, which has led to inaccurate budget estimates, poor customer service and an erroneous disconnection at a public convenience. This has had a considerable resource impact on the council managing this contract as well as a reputational impact both inside and outside the council.

As a result, a new contract needs to be sourced and the council has researched the market for a Framework provider who can provide an experienced procurement process that focusses not only on cost but also on the quality of provision, and who has a range of retailers available to choose from so that best service can be ascertained.

It is recommended that the council use the Laser framework for water and wastewater services.

The current contract ends 20<sup>th</sup> June 2022 and a procurement exercise to procure a new contract through a framework will take approximately 15 weeks followed by a transfer window between suppliers, so an instruction to a new framework provider needs to be made before January 2022.

**Proposal(s)**

1. To approve the recommended framework provider as the method by which we procure water and wastewater services for a period of 2+1 years from 20<sup>th</sup> June 2022.
2. Delegate authority to the Director of Assets & Commercial Development, in consultation with the Cabinet member for Finance, Procurement, Commissioning, IT, Digital and Commercialisation to proceed with award through the framework from 20<sup>th</sup> June 2022 for 2+1-year term.
3. Delegate authority to the Director of Assets & Commercial Development, in consultation with the Cabinet member for Finance, Procurement, Commissioning, IT, Digital and Commercialisation to utilise a 1-year extension option subject to adequate supplier performance and mutual agreement by both parties.

**Reason for Proposal**

The current water and wastewater purchasing arrangement expires on 19<sup>th</sup> June 2022 and needs to be replaced to enable the council to continue to deliver cost-effective water provision to the corporate and housing portfolios.

**Terence Herbert**  
**Chief Executive**

## **Wiltshire Council**

### **Cabinet**

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### **Purpose of Report**

1. To approve the recommended framework provider as the method by which we procure water and wastewater services for a period of 3 years from 20<sup>th</sup> June 2022.
2. To delegate authority to the Director of Assets & Commercial Development to proceed with award through the framework from 20<sup>th</sup> June 2022 for 2+1-year term.
3. 3. Delegate authority to the Director of Assets & Commercial Development to utilise a 1-year extension option subject to adequate supplier performance and mutual agreement by both parties.

### **Relevance to the Council's Business Plan**

4. This water and wastewater purchasing strategy will ensure the council is efficient and provides good value for money for Wiltshire residents. The council has carbon and environmental objectives included within our business plan - by taking responsibility for our water and wastewater consumption and discharge we are better monitoring our environmental impact and can make efforts to reduce usage as much as possible. A well-run contract will assist the identification of leaking water supplies and assist us in reducing these as quickly as possible. Water does not have a declared carbon footprint, but there is embedded carbon in the provision of water services so any attempt to manage these more effectively will have a positive impact.

### **Main Considerations for the Council**

5. The ability to procure your own water contract is a recent phenomenon since the water market deregulated in 2017. Because of this there is an element

of testing the market to find the best options for the council. Initially a 1-year exempted contract was allowed with the council's incumbent water supplier, which was followed up by a framework provision started in June 2020 on a 2+1 contract.

6. Service from this contract has been unsatisfactory and has failed to deliver on key quality requirements. This has led to assisted meetings with the framework provider, the supplier and procurement and advice from Legal has been sought. The conclusion is that the 1-year extension option will not be taken up, and as sufficient improvements have not been made. Therefore, the council will be sourcing a new contract.
7. Public sector frameworks are generally a useful and quick way to obtain a competitive price for services to councils and the Framework market for water has increased since previous procurements.
8. The assessment process considered three public sector frameworks assessing the procurement process followed, the level of quality provision and the potential cost saving or cost avoidance that could be achieved.
9. The CCS framework is a possibility if we can discount using the existing supplier as a provider, but it is felt the service support provided by CCS has been lacking, and being a cost only procurement, there is nothing to prevent the same issues being incurred with a new supplier.
10. The joint Framework from YPO, ESPO, TEC & WME is procurement only for a single supplier – Wave. There is no cost to complete the procurement exercise but Wave as a supplier is also available on the Laser framework which has multiple suppliers so is likely to return a more competitive price and allows for the quality of the supplier to be measured and specified.
11. The Laser framework is managed, and they work with their clients to achieve best quality as well as cost, based closely on your requirements. They do charge for this service – a 1.5% fee but given the 2% discount from Castle Water will have been absorbed at probably more than the 2% it saved, and Laser have historically been able to achieve savings of up to 6%, it is considered that this is good value, and most likely to achieve a positive outcome compared with the other 2 frameworks.
12. It is therefore recommended that the council use the services of the Laser Framework to source a supply contract using both quality and cost from one of their 5 providers. This recommendation approved at commercial board on 11/11/2021.
13. The current contract is due to expire 20<sup>th</sup> June 2022. Laser need to be instructed by January 2022 to begin the process of arranging a new contact.

## **Overview and Scrutiny Engagement**

14. There are no scrutiny implications.

## **Safeguarding Implications**

15. There are no safeguarding implications.

## **Public Health Implications**

16. There are no public health implications.

## **Corporate Procurement Implications**

17. The options that were considered as part of this paper are all compliant with procurement regulations and Wiltshire Council procurement policy.

18. The recommended route to market is a framework that is publicly owned and focuses solely on energy and associated services, including water, for the public sector.

19. The framework provides a cost effective, trusted solution, to all public sector energy needs. The services include fully OJEU/FTS compliant frameworks for electricity and gas alongside key additional services to support council contract management and pricing monitoring and management.

20. The Sourcing Plan setting out all requirements and the options considered was submitted to Commercial Board on 11<sup>th</sup> November 2021. This paper was approved on the basis of Cabinet approval prior to award.

## **Equalities Impact of the Proposal**

21. There are no equalities impacts for this proposal.

## **Environmental and Climate Change Considerations**

1. The council's aim to be carbon neutral by 2030 has been considered as part of this procurement. Climate change will have an impact on the availability of water resources locally and therefore measures to conserve water will be key as we adapt to a changing climate.

## **Risk Assessment**

2. The main risk to the council if this recommendation is not utilised would be the potential gap in service for a controlled and managed service and associated costs.

3. The council would also be less able to predict costs leading to ineffective budget management and potential unexpected future costs or budget overspend.

## Financial Implications

There is a cost to using the Laser Framework which is added to the delivered cost of the water provision. There are no upfront costs. The cost is expected to outweigh the potential savings that could be made using this framework, and the associated resource saving of a more efficient, quality led framework. The existing budget can accommodate the fee from Laser.

## Legal Implications

4. The proposal to procure through a public sector framework involves use of the framework terms and conditions rather than the standard council terms and conditions. For this reason, the council legal team will be involved in reviewing the proposed terms to ensure these are suitable and to include any additional Wiltshire specific terms and conditions as required. As the basis is still a public sector contract then the risk is considered low and has been operated under the current contract without issue.

## Workforce Implications

5. There are no workforce implications.

## Options Considered

### 6. Do nothing

The requirement for water and wastewater supply is still required and is vital for the operation of Council corporate buildings and housing estates. Should the council be in an 'out of contract' position by letting this managed service lapse, the costs of water and wastewater would likely increase as it would be dependent on variable market rates. Also, this would breach procurement regulations and internal council procurement policy due to the high value of the aggregated spend. This option is therefore discounted.

### 7. Open Procedure

This option would involve going to the whole market to request bids. This would be a resource intensive process due to the size of the market. It would also not target those suppliers who can deliver the exact service and benefits that public sector frameworks are proven to provide. The evaluation would also be high risk due to the difficulty in being able to consider like with like and the inability of the market to provide long-term cost-effective options. This option is therefore discounted.

### 8. Public Sector Framework

There exist multiple public sector frameworks specifically for provision of water and wastewater. These benefit from public sector aggregation of spend and years of experience in delivering services specifically to clients such as the council. Assessment has now been carried out which indicates a preferred framework provider who is proposed as the recommended framework to utilise to purchase future water and wastewater requirements. Frameworks also save time and resource within the council, specifically within the procurement

process – Frameworks offer an already approved route, with quick access to an already assessed group of suppliers. This option is therefore recommended.

## **Recommendation**

9. The recommendation is to proceed with an arrangement with the proposed framework provider to purchase future water and wastewater supply provision requirements. This arrangement will be for a duration of three years on a 2+1 contract basis.

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