

SURREY COUNTY COUNCIL**CABINET****DATE: 28 SEPTEMBER 2021****REPORT OF CABINET MEMBER: BECKY RUSH, DEPUTY LEADER AND CABINET MEMBER FOR FINANCE AND RESOURCES****LEAD OFFICER: LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR, RESOURCES****SUBJECT: WATER AND WASTEWATER SERVICES****ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE/ EMPOWERING COMMUNITIES****Purpose of the Report:**

To request an Approval to Procure for Water and Wastewater Services, as this requirement was not previously reflected on the Procurement Forward Plan approved by Cabinet in December 2020. The resultant contract will commence in January 2022 and last for 4 years (3+1) years. It is expected that the contract value will be in excess of £1M.

Recommendations:

It is recommended that Cabinet:

1. Grants Approval to Procure a contract for the provision of the supply of Water and Wastewater Services. The new contract will start on 1 February 2022.
2. Delegates the authority for contract award decision to the Executive Director for Resources.

Reason for Recommendations:

This will allow Surrey County Council (SCC) to compliantly procure a contract for water, wastewater and ancillary services which will be designed to provide improvement in quality and reduction in cost of the current level of service provided to date.

Executive Summary:

1. The Council's current contract for Water and Wastewater services expires on 31 January 2022. The Council is proposing to work with East Sussex County Council (ESCC) who will be leading a collaborative tender exercise to re-procure these services.
2. This collaborative procurement exercise will ultimately result in each council having their own contract with the water retailer as is currently the case.
3. Although the requirement appeared on the ESCC Procurement Forward Plan (as the procurement lead), it was omitted from the SCC Plan which was approved by Cabinet in December 2020.
4. This paper therefore seeks Approval to Procure from SCC's Cabinet. This will allow us to run a compliant tender exercise as appropriate and have a replacement contract in place prior to the expiry of the current contract on 31 January 2022.

5. A review of current market conditions suggests that a term of 3 years with an option to extend by a further year would be appropriate at this time. It is also intended that schools should be offered the opportunity to purchase through the same contract. The total value is therefore expected to be in excess of £1M.

Consultation:

6. The stakeholders that have been consulted in relation to this project are as follows:
- East Sussex County Council
 - Crown Commercial Services
 - Yorkshire Purchasing Organisation

Risk Management and Implications:

7. The award will be to a provider via a public procurement framework, which means that they will have successfully completed satisfactory financial checks as well as competency in delivery of similar contracts at the pre-qualification stage.
8. In addition, financial checks will be carried out internally for the successful contractor.
9. The following key risks associated with the contract have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Increase in costs during the term.	Prices are fixed for contract term.
	Provider has poor financial standing	Internal Financial checks to be carried out – status of Acceptable will be required from a successful contractor.
Performance	Previous experience of customer service issues.	Specific quality questions included in tender documentation that cover specific concerns. Termination without cause clause would provide 30 day notice of termination in the event of consistent poor performance not improved by dialogue with vendor.
Personal data	General Data Protection Regulations (GDPR)	GDPR is low risk due to nature of services being provided i.e. no customer names or personal details will be processed. Details held are meter readings, volumes and premise addresses.

Financial and Value for Money Implications:

10. The main benefit from this procurement will come in the form of better quality, processes, customer service, and innovation that can reduce the number of complaints and resource time required to resolve. The previous procurement route to

market was via an aggregated tender carried out by Crown Commercial Services resulting in a contract being awarded to Castle Water for SCC, ESCC, and BHCC.

11. The current procurement route to market is being shaped and the preferred option this time will be to issue a tender using a compliant framework with the focus on quality to ensure benefits outlined above can be achieved. ESCC procurement will manage the tender on behalf of SCC and ESCC.
12. Continued collaboration with ESCC and amalgamation of volumes provides ongoing opportunities to reduce costs. Any reduction is likely to be very small as the retail market (billing services, meter reading etc) only accounts for approximately 5% of the overall Market with 95% being made by Wholesale providers.
13. The budget for the costs incurred against this contract is held with Land and Property (with the exception of any services commissioned by schools). The cost of water and waste water services provided to all buildings within the council's corporate estate has been budgeted for at a level of around £0.4M per annum. Any savings generated following this procurement exercise are expected to help relieve pressure on property budgets.

Section 151 Officer Commentary:

14. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term. The Section 151 Officer supports the request for approval for procure this contract and any financial implications from the outcome of this procurement will be factored into the Medium-Term Financial Strategy.

Legal Implications – Monitoring Officer:

15. A public procurement framework will be used to provide the legal documentation to enter the contract for Water and Wastewater Services as it falls within the Public Procurement Regulations 2015. Legal will support the contract execution at the time of award.

Equalities and Diversity:

16. No Equality Impact Assessment required for this procurement.
17. The Council has been mindful of its equalities duties under the Equality Act 2010 in carrying out the tender process and letting the contract with due regard to the need to eliminate discrimination in age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
18. The Council is committed to providing its services in a way, which promotes equality of opportunity at every possibility. The contract document stipulates that the supplier

will comply with the relevant Equality and Diversity legislation. It is expected that the appointed supplier will be fully committed to equality and diversity in their service provision and will ensure compliance with all anti-discrimination legislation.

19. There are no TUPE implications as a result of this contract.

Other Implications:

20. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Social Value	<p>Social Value will be included with benefits requested for both SCC and ESCC boundaries. This will be considered further as part of the route to market strategy.</p> <p>The CCS and YPO frameworks being considered for this procurement do not provide the scope to include Social Value in mini-competitions. The types of services being procured (Meter reading and billing) are also unlikely to be able to provide Social Value directly within the respective Council areas. The successful contractor is likely to be a national provider who carries out these services across the country for various clients. They will be using sub-contractors in the SCC area who will use local employees to carry out the water meter readings in Surrey.</p>
Environmental sustainability	<p>Environmental Sustainability will be included with benefits requested for both SCC and ESCC boundaries. .</p> <p>Some water retailers offer services which can help conserve water and minimise wastage. Such services might include the use of remote monitoring, Automatic Meter Reading (AMR) and other leak detection services. The ability to offer these and other services which might deliver environmental benefits will be considered further as part of the route to market strategy</p>
Compliance against net-zero emissions target and future climate compatibility/resilience	<p>Opportunities for both reducing carbon emissions in line with the council's net zero targets and enhancing the council's resilience to climate change will be explored as part of the route to market strategy. This will include the provision of water conservation services such as</p>

	remote monitoring, AMR and automatic leak detection.
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What Happens Next:

21. Following acceptance of the recommendations in this report a tender exercise would be completed and a new contract awarded for service commencement on 1 February 2022. The implementation plan would require the following actions:

- a. Raise Part 1 Procurement Report for approval of Route to Market
- b. Undertake tender exercise to identify best value source of supply and service
- c. Evaluate and recommend source of supply
- d. Raise Part 2 Procurement Report to obtain approval to award contract in accordance with SCC PCSOs.

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Consulted:

- Crown Commercial Services
- Yorkshire Purchasing Organisation
- Nikki O'Connor – Strategic Finance Business Partner
- Darron Cox – Director of Procurement, SCC
- Simoine Morgan-Barnes – Principal Solicitor
- Becky Rush – SCC Councillor

Sources/background papers:

Approval to Procure form – Water and Waste Water Services, 26 July 2021

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