

**South Lakeland District Council
Delegated Executive Decisions**

Date of Proposed Decision: Thursday, 21 October 2021

**Water supply and waste water (treatment) services –
Contract award.**

Portfolio: Customer and Locality Services Portfolio Holder
Decision Maker: Director of Customer and Commercial Services
Report Author: Sion Thomas – Operational Lead for Delivery and Commercial Services
Wards: N/A
Forward Plan: Key Decision included in the Forward Plan as published on 21st September 2021

Links to Council Plan Priorities:

The proposal ensures that delivery of Council functions within buildings continues.

1.0 Expected Outcome

1.1 A new contract in place for water supply and waste water (treatment) services for all Council owned properties.

2.0 Proposed Decision

2.1 It is recommended that:-

(1) The contract for the water supply and waste water (treatment) services is awarded to the preferred bidder identified in the Part II appendix 1 to this report for a contract term of 2 years.

(2) That delegation be given to the Operational Lead for Delivery and Commercial Services in conjunction with the Lead Specialist for Legal, Governance and Democracy to enter into the necessary contracts with the approved bidder.

3.0 Background and Proposals

Please note that in accordance with Section 100B(2) of the Local Government Act 1972, copies of the appendix to this report are excluded from inspection by members of the public as they contain information as described in Schedule 12A of the Act, as amended by the Local Government (Access to Information) (Variation) Order 2006, as follows:-

- Information relating to the financial or business affairs of any particular person (including the authority holding that information). (Paragraph 3)

3.1 The procurement route for the water supply and waste water (treatment) services is through the Crown Commercial Services (CCS) RM6178 - Water, Wastewater & Ancillary Services 2.

Framework RM6178 provides access to a range of water suppliers and therefore gives the Council certainty that they have achieved best value.

- 3.2 There are 14 suppliers included on the framework and as such all had the option to respond as part of the procurement process.
- 3.3 The existing contract has expired and is currently holding over, although the preferred supplier is the current provider.
- 3.4 The Council's final water bill is made up of: water commodity cost (this element makes up 94% of the final water bill and is fixed by water wholesalers & water industry regulators), and the final element of your bill is the CCS framework management fee. The supplier retail margin usually forms 6% of your overall water bill but the aggregation process is intended to bring that down. Without a framework agreement in place, some suppliers can charge a margin of 15% or more without customers knowing. The CCS framework management fee gets absorbed by the supplier's overall charge and is 1% of the supplier's retail margin.
- 3.5 The bid responses from suppliers were evaluated on both quality and cost elements at the call-off level. Last year suppliers also underwent a quality and cost evaluation when they responded to the OJEU ITT at framework level in order to join the framework itself. The preferred supplier of the new system and full costs are attached in the Part II Appendix. The outcome of that process is the recommendation being made in this report and the Part II Appendix to the report.
- 3.6 The contract award has been on the Forward Plan and the changes to the delegated decision making on the 30th June 2020 are being followed.

4.0 Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Part II Appendix 1– contract details and costs.

5.0 Consultation

- 5.1 To ensure the system being purchased and implemented is fit for purpose, the specification used to perform the procurement process was created with full involvement of colleagues from SLDC's Property Service Provider who are directly involved in both leading in monitoring and managing payments to utility suppliers for all SLDC owned buildings.

6.0 Alternative Options

- 6.1 The option being recommended is as a result of a compliant procurement process using a recognised procurement framework which is managed by Crown Commercial Services. This is in line with procurement best practice and preferred over other options.
- 6.2 An alternative option would be to use an alternative framework or to select a different preferred supplier or go direct to the market, however this is not recommended because it's unlikely we would have achieved the costs as noted in Part II - Appendix 1.
- 6.3 A further alternative option would be to start a new procurement from scratch. However, it is unlikely that savings would be achieved over the national framework, and there would have been significant resource implications to do so, resulting in little or no financial gain.

- 6.4 The only alternate option would be to do nothing. This isn't a viable option as it would affect water supplies for all Council property.

7.0 Implications

Financial, Resources and Procurement

- 7.1 The total cost for the supply of water and water treatment and all associated costs are detailed in the Part II Appendix 1 and will be covered by existing revenue budgets.
- 7.2 It is recommended that the contract be awarded for a term of 2 years with the end date being 31st March 2023 in line with the framework.

Human Resources

- 7.3 Existing staffing resource will support the installation and implementation of the Contract.

Legal

- 7.4 Rule 4 of the contract Procedure Rules allows the Council to use a framework agreement. Legal will advise on the framework call off terms and conditions and any appropriate amendments in order to protect the Council's position and to comply with the Council's Contract Procedure Rules.

Health, Social, Economic and Environmental

- 7.5 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No

Equality and Diversity

- 7.6 Have you completed an Equality Impact Analysis? No

Risk

Risk	Consequence	Controls required
The existing water supply is not continued if no formal contract signed.	The service functions are undeliverable, impacting on all council services	Approve the recommendation in this report

Contact Officers

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Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Part II Appendix 1– contract details and costs

Background Documents Available

None

Tracking Information

Signed off by	Date sent	Date Signed off
Legal Services	27.09.21	04/10/2021
Section 151 Officer	27.09.21	
Monitoring Officer	27.09.21	04/10/2021
CMT	27.09.21	

Circulated to	Date sent
Lead Specialist	N/A
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	27.09.21
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	N/A
Council	N/A

Note – Report authors must consult the relevant Portfolio Holder, members of the Corporate Management Team, the Monitoring Officer, and any other interested parties before a decision can be taken. If any objections are received, they must be reported at the meeting before the decision is taken.

Signed by:-	Title:-

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