

**Report for:** Cabinet – 18 January 2022

**Title:** Water, Wastewater and Ancillary Services Contract Award

**Report authorised by:** David Joyce, Director of Housing, Regeneration, and Planning

**Lead Officer:** Joe Baker, Head of Carbon Management, [joe.baker@haringey.gov.uk](mailto:joe.baker@haringey.gov.uk), and Risa Wilkinson, Energy Manager, [risa.wilkinson@haringey.gov.uk](mailto:risa.wilkinson@haringey.gov.uk), 020 8489 2178

**Ward(s) affected:** All

**Report for Key/**  
**Non Key Decision:** Key Decision

**1. Describe the issue under consideration**

- 1.1. The Council's current non-domestic water and wastewater contract expires on 30 April 2022. A new contract is therefore required to commence from 1 May 2022.
- 1.2. The contract includes the Council's non-domestic corporate buildings, non-domestic buildings within the housing portfolio, such as community centres, and schools that have opted-in to the contract.
- 1.3. The Yorkshire Purchasing Organisation (YPO) have a new, UK Procurement Law compliant water framework, YPO001008, and Anglian Water Business (National) Ltd (trading as "Wave") are the single supplier. Contracts can be awarded for the duration of the framework, up to 26 October 2024.
- 1.4. Although the current contract with Wave started in 2019, it has taken longer than anticipated to complete the onboarding process of all the Council's non-domestic water supplies from the previous incumbent supplier, Castle Water, to the current contract with Wave. A number of the Council's supplies remain with Castle due to ongoing transfer issues such as misread meters and bad debt. It will still be some time before these have fully transferred over. However, the Council is working to resolve these issues as quickly as possible.
- 1.5. The Council's current non-domestic water spend is c£271k per annum. 15 schools have so far joined the current contract with a collective annual spend of c£125k per annum. Further schools are anticipated to join the new contract, approximately a further £125k per annum and the remaining Council sites will be added as they are released by Castle Water, approximately a further £50k per annum.

## 2. Cabinet Member Introduction

This water contract is required to ensure that our corporate buildings and schools have access to a water supplier and required metering and billing service.

## 3. Recommendations

Cabinet is asked:

- 3.1. To award under framework YPO001008 of the Water, Wastewater and Ancillary Services contract to Anglian Water Business (National) Ltd (trading as “Wave”) from 1 May 2022 until 30 September 2024. The total value of the contract over this period will be up to £1.5m.

## 4. Reasons for decision

- 4.1. The current supplier is performing well. Wave is providing regular and accurate billing files and resolving queries promptly. The contract is realising savings particularly through consolidated billing, where one electronic billing file is generated each month containing the billing data for all sites, rather than a paper bill being generated for each site.
- 4.2. It is taking significantly longer than originally anticipated to transfer all of the Council’s non-domestic water supplies from the incumbent supplier, Castle Water to Wave. It has taken a significant level of officer resource to resolve debt balances and supplier issues meaning that not all of the Council’s existing water supplies have transferred to the existing contract.
- 4.3. The price increase from the current contract to the new contract is c0.5%, representing good value for money. The Water retail market costs went up by an average of 2% (2019) and will next be reviewed by OFWAT in 2024. We were not impacted by the 2019 increase (as we were in contract). We feel that a 0.5% increase for this contract (2022 – 2024) therefore reflects the water market.
- 4.4. Based on the existing buildings currently on contract, indicative annual costs would be as in the below table. Additional corporate sites, including the recently in-sourced New River Sports Centre will join the contract and further schools are also expected to join. If other corporate buildings or schools join the Council’s contract, the Council does not expect that these costs will go above the threshold of £1.5m before 30<sup>th</sup> September 2024.

	Current Contract		New YPO Contract	
	Corporate	Schools	Corporate	Schools
Annual water spend	£270,926	£125,116	£272,272	£125,737
+/- (against current contract)	N/A	N/A	£1,346	£621

- 4.5. The Council may also utilise the ancillary services available through the contract, so the overall contract value will be higher.
- 4.6. The price margins in the non-domestic water markets are heavily regulated by Ofwat so the price difference between suppliers is minimal. YPO weighted the framework towards quality over price 80:20, so the new contract should continue to provide an equivalent level of quality service as experienced under the current contract.
- 4.7. Awarding a contract ending in 2024, will allow the Council and schools that wish to join to transfer all supplies over to the contract and gain a couple of years of full consumption data. This will help inform any future procurements for water. By this time, the non-domestic water market, which only deregulated in 2017, will have had more time to mature and suppliers should have more innovative services and products to offer customers. Wave are currently the predominant water supplier to local authorities in London.
- 4.8. The process that the Council has followed in reaching this recommendation has been inputted by officers from the Energy, Procurement, and Legal Services.

## **5. Alternative options considered**

- 5.1. Do nothing  
If the contract is not extended, the Council may default onto more expensive out of contract rates that would not provide value for money.
- 5.2. For the Council to run a full tender process  
This would not be a cost-effective use of the Council's resources when the portfolio is not yet fully onboarded onto the existing contract. The price increase from the current contract is outweighed by the resource cost to run a full tender. Following a full tender, there may be a supplier change and resource cost involved in changing supplier at this point would be significantly higher than the price increase from the current to the new contract with the existing supplier. Furthermore, value for money would have been part of the framework award process and economies of scale would be obtained with aggregated spend, being part of the framework.

## **6. Background information**

- 6.1. Under the Water Act 2014, Haringey Council is required to appoint a contractor for a Water Retailer and to do so in accordance with the Public Contracts Regulations 2015 (PRC 2015).
- 6.2. CSO 7.01 b) allows for the Council to procure using a Framework or similar arrangement.
- 6.3. The Council's current non-domestic Water, Wastewater and Ancillary Services contract was awarded by Cabinet on 8 August 2018 to Anglian Water Business (National) Limited, trading as Wave, following a collaborative procurement exercise conducted on behalf of members of the London Energy Project (LEP) and NHS London Procurement Partnership. The contract commenced on 21 January 2019.

- 6.4. The contract was awarded on a Most Economically Advantageous Basis, through a Further Competition for Water, Wastewater & Ancillary Services, issued under Lot 3 of the Crown Commercial Service Framework Agreement RM3790 Water, Wastewater & Ancillary Services. The further competition for a single supplier was conducted by the Yorkshire Purchasing Organisation (YPO), a Central Purchasing body, on behalf of the LEP, its Participating Authorities (present and future) and collaborative partners, (which were named in the further competition).
- 6.5. The non-domestic water market only deregulated in 2017 and is relatively nascent compared to the more developed energy market. As the market develops, more innovative products and services will be available to customers as suppliers develop their offerings around for example, automatic metering and water efficiency measures.
- 6.6. The contract offers ancillary services that the Council can access to reduce water consumption and therefore cost such as leak detection and repair, high consumption alerts and water audit surveys.
- 6.7. This cost increase is far less than the cost in terms of officer resource to change supplier again at this point when the portfolio has not even fully transferred to the current contract.

## **7. Contribution to strategic outcomes**

- 7.1. Maintaining a safe, clean water supply and wastewater service to the Council's operational buildings is essential to the running of all Council services.
- 7.2. Outcome 20 of the Borough Plan 2019-2023 states: "We will be a council that uses its resources in a sustainable way to prioritise the needs of the most vulnerable residents". Extending the current non-domestic water contract will ensure the best use of Council resources at a time of uncertainty.
- 7.3. Outcome 10 of the Borough Plan 2019-2023 states: "A cleaner, accessible and attractive place". Maintaining a safe, clean water supply to the Council's leisure facilities, especially outdoor spaces such as parks, is of even greater importance during the current Covid-19 crisis.
- 7.4. Paragraph 4.1. of the Council's Procurement Strategy states: "The Council has a legal obligation to ensure it obtains value for money when spending public money and it is paramount the Council ensures it can afford to deliver services within its budgetary constraints." Awarding this contract will deliver continued value for money as the price rise is minimal and does not require additional resourcing to transfer the portfolio to a new supplier.

## **8. Statutory Officers comments**

### **8.1. Finance**

- 8.1.1. This report provides the basis for Cabinet to approve the recommendations as set out in para 3.1.

8.1.2. The contract value is not expected to exceed £1.5m to cover over the period from 1 May 2022 until 30 September 2024.

8.1.3. No additional funding is required for the contract. Services responsible for building costs have an annual budget assigned for water and wastewater services. These are managed by individual service areas. Schools also have a budget for water and wastewater services within their schools budget, and are managed externally to the Council and the 0.5% increase in price can be accommodated within the current budgets.

## **8.2. Strategic Procurement**

8.2.1. Cabinet may award contracts by selecting a contractor from a Public Sector framework as permitted under CSO 7.01 b). Pursuant to CSO 7.02, the Cabinet's decision to enter into a contract with the recommended Contractor must be made in accordance with Contract Standing Order 9.07 (see paras 8.3.4 and 8.3.5)

8.2.2. Anglian Water Business (National) Ltd (trading as "Wave") is the single supplier on YPO water framework YPO001008. The Direct Award through the YPO framework is compliant with both CSOs and Public Procurement Regulations and provides a value for money route to award.

8.2.3. The framework was evaluated on a price to quality ratio of 20:80. The supplier, Wave, is performing well under the current contract with the Council and should continue the same level of service under the new contract.

8.2.4. The cost increase under the new pricing is much lower than the cost of running a full tender and the cost to change supplier at this point in time when the portfolio is not yet fully onboarded onto the current contract.

8.2.5. The Head of Operations sees no procurement reasons preventing the approval of the recommendations in the report.

## **8.3. Legal**

8.3.1. The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.

8.3.2. The use of a Framework Agreement is compliant with Regulation 33 of the Public Contracts Regulations 2015 (the Regulations). Call off contracts let under a Framework Agreement need to be awarded in accordance with the Regulations. The Head of Legal and Governance (Monitoring Officer) has been advised that the proposed award is in accordance with the Regulations and the provisions of the Framework Agreement.

8.3.3. Contract Standing Order 7.01 (b) also allows for the selection of a contractor from a Framework Agreement.

- 8.3.4. In accordance with CSO 9.07.1 (d), all contracts valued at £500,000 (five hundred thousand pounds) or more at the time of award may only be awarded, assigned, or novated by the Cabinet.
- 8.3.5. In accordance with CSO 9.07.1 (e), the award of any contract valued at £500,000 (five hundred thousand pounds) or more is a 'key decision' and as such needs to comply with the Council's governance process in respect of 'key decisions' including publication in the Forward Plan.
- 8.3.6. The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

#### **8.4. Equality**

- 8.4.1. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - Advance equality of opportunity between people who share those protected characteristics and people who do not
  - Foster good relations between people who share those characteristics and people who do not.
- 8.4.2. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 8.4.3. This report recommends accessing YPO water framework YPO001008 and awarding the Council's Water, Wastewater and Ancillary Services contract to Anglian Water Business (National) Ltd (trading as "Wave") from 1 May 2022 until 30 September 2024. This will enable consistency of service in council buildings (including community centres and libraries) and enable schools and other organisations to join the contract.
- 8.4.4. The award of the contract is not considered to have a direct, disproportionate impact on groups with protected characteristics in the borough. The contract will enable the council to ensure water supply to services and facilities more likely to be used by individuals and groups with protected characteristics including day centres, youth services and schools.

#### **9. Use of Appendices**

None

#### **10. Local Government (Access to Information) Act 1985**

Not applicable.