

RECORD OF EXECUTIVE DECISION

Tuesday, 7 February 2023

Decision No: (CAB 22/23 36018)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	Cabinet Member for Economic Development
SUBJECT:	WATER PROCUREMENT CONTRACT APRIL 2023
AUTHOR:	Jason Taylor

THE DECISION

- (i) That Cabinet approves Wave Utilities are awarded the contract to provide Southampton City Council's water supply and waste water retail services using the NEPO311 Water Framework, with a view to award a contract commencing 1st April 2023 for 3+2 years.
- (ii) Delegate authority to the Head of Corporate Estates and Assets following consultation with the Divisional Head of Supplier Management, to finalise any specific terms of the contract with Wave Utilities, then award and enter into the call off contract under the NEPO framework agreement, and carryout all necessary actions to facilitate the execution, implementation and operation of the contract.

REASONS FOR THE DECISION

The Council's existing water procurement contract is coming to an end 31st March 2023 and therefore a new contract is required.

The recommended option outlined within this report provides a compliant route to procurement, along with the full range of services, cost effectiveness and quality sought by the council.

DETAILS OF ANY ALTERNATIVE OPTIONS

95% of the total annual water services costs for non-domestic properties relates to wholesale charges, which will continue to be allocated to the existing OFWAT regulated wholesale supplier, Southern Water, who is the regional supplier of water and wastewater services within Southampton. The total costs for the annual water services are £0.37M in 2022.

Option 1 – Open Tender It is considered there is no added benefit going to open market for procuring the Council’s water services as using a framework provides broadly the same result to set up a new compliant contract before expiry of the current contract.

Option 2 – Self Supply Under License An assessment has been undertaken to understand whether there are cost benefits for the Council securing a Water Self-Supply Licence via the water regular OFWAT. This would have enabled the Council to become a water retailer and supply water directly to itself via the water wholesaler – Southern Water. The result of the assessment showed that there was not a business case to take this option forward. This was due to the Council not meeting the minimum water consumption amount to make self-supply financially viable.

Option 3 - Crown Commercial Services (CCS) RM6178 procurement Framework Two compliant procurement frameworks were identified that closely match the Council’s requirements. Crown Commercial Services (CCS) RM6178 and NEPO311. Suppliers from both frameworks were engaged to understand the current market offer as the water market is still not as advanced as other utility sectors.

The NEPO procurement framework has only one supplier nominated for the framework.

The CCS framework has the option to go for e-auction or further competition. However, e-auction would not guarantee a contract tailored to the Council’s needs as the CCS framework undertakes an auction on behalf of all interested parties.

Further competition is not considered to be the right way to market, considering retail services amount to only 5% (or £18,500) of whole contract value and the same result will be achieved using NEPO framework direct award.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None

CONFLICTS OF INTEREST

None

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 7th February 2023

Decision Maker:
The Cabinet

Proper Officer:
Claire Heather

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council’s Scrutiny “Call-In” provisions.

Call-In Period expires on

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in *(if applicable)*