

RECORD OF EXECUTIVE DECISION

Tuesday, 20 March 2018

Decision No: (CAB 17/18 20367)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	SUSTAINABLE LIVING
SUBJECT:	APPROVAL TO PROCURE A WATER CONTRACT FOR CITY COUNCIL BUILDINGS AND SERVICES
AUTHOR:	Jason Taylor

THE DECISION

- (i) To approve the joint procurement of water through the Crown Commercial Services (CCS) Framework for Water, Wastewater and Ancillary Services, the mini tender to be managed by Yorkshire Purchasing Organisation (YPO), to appoint a single water retailer to meet LEP member authorities' business requirements. YPO is a Central Procurement Body (CPB), publicly owned by 13 local authorities.
- (ii) To delegate authority to the Associate Director, Capital Assets, to enter into a Memorandum of Understanding with YPO to manage the mini-competition to procure a water retailer through the CCS Water, Wastewater and Ancillary Services Framework.
- (iii) To endorse the awarding of a new water retail contract by YPO on the most economically advantageous terms Assessed on the basis of quality (55%) and price (45%) for a period of two years with the option to extend for a further two years and that any extension should enable the impact of water price review to be taken into account.
- (iv) To authorise the Associate Director, Capital Assets on Consultation with the Service Director, Legal & Governance, to finalise any specific terms of the contract with the preferred bidder, award and enter into the call off contract under the framework agreement, and do all things necessary to facilitate the execution, implementation and operation of the contract, including any extension agreement to comply with the Authority's agreed procurement and management strategy.
- (v) To endorse the use of the London Energy Project Team to manage supplier performance and service development to deliver services in line with London Energy Project authorities' collective business requirements post award to maximise benefits.

REASONS FOR THE DECISION

1. The water market in England was deregulated in April 2017. Southern Water, the regional water supplier prior to April 2017, exited from the retail water market to focus on wholesale supply only. This meant that they will no longer directly supply water to SCC commercial sites and the council will therefore need to procure a new water supply.
2. Compliance with Public Contract Regulations (PCR) 2015 is required; Cabinet Office guidance suggests that a competitive process should have been followed by April 2018. The newly deregulated market offers minimal savings opportunities and the most economically advantageous approach is to collaborate with other authorities.
3. The intention is to appoint a single water and waste water retailer to meet business requirements for back-office and water efficiency products and services, with each London Energy Project authority having a separate contract.
4. On behalf of local and other public sector authorities, the London Energy Project, of which Southampton City Council is a member, will co-ordinate a mini-competition to access a call-off contract(s) through the Crown Commercial Services (CCS) Framework for Water, Wastewater and Ancillary Services.
5. The opportunity for water supply cost savings in the first three years of deregulation to 2020 are minimal as market costs are defined until 2020. Therefore, we have assessed the above as the cheapest, least resource intensive route to compliant procurement.

DETAILS OF ANY ALTERNATIVE OPTIONS

1. Do Nothing - The option of doing nothing has not been considered, since PCR 2015 dictates that authorities will be required to conduct a competitive process to select a retailer for water and waste water services.
2. Individual Authority Tender and/or CPB Framework Mini-Competition. A CPB is a contracting authority which acquires goods or services intended for one or more contracting authorities. The option of SCC conducting its own tender or mini-competition is not recommended because the risks and costs of tender, including use of staff resources to write the service specification and conduct the tender are not commensurate with potential benefits of retailer service efficiencies and savings; authorities have very few bespoke or unique business/service requirements; and retailers are unlikely to offer as attractive a price, service or enhancements for individuals as they would for the group.

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: 20 March 2018

Decision Maker:
The Cabinet

Proper Officer:
Pat Wood

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)*