

Finance and Resources Committee

10am, Thursday, 26 November 2015

Adoption of Scottish Procurement Fixed Term Water and Waste Water Services Framework

Item number	7.17
Report number	
Executive/routine	
Wards	All

Executive summary

This report seeks delegated authority for the Director of Services for Communities to adopt and implement the national framework agreement for Water and Waste Water Services, procured by the Scottish Government, on behalf of the Scottish Public Sector.

The Framework Agreement is due to commence in early 2016, for a period of three years, with the option to extend for a further year. Anglian Water Business (National) Ltd will be the new contracted supplier for the framework.

Links

Coalition pledges

Council outcomes [CO26](#)

Single Outcome Agreement

Adoption of Procurement Scotland Fixed Term Water and Waste Water Services Framework

Recommendations

That Committee:-

- 1.1 Delegates authority to the Director of Services for Communities to adopt and implement the Water and Waste Services Contract, procured on behalf of the Scottish public sector, by the Scottish Government for an initial period of 3 years with the option to extend for an additional year; and
- 1.2 Notes that transitional arrangements between the incumbent provider and new provider still need to be finalised and communicated by Scottish Procurement. It is anticipated that the new contract will start in early 2016.

Background

- 2.1 The Contract for the Supply of Water and Waste Water Services for the Public Sector comprises a National Framework, procured by Scottish Government, and approved by Scottish Ministers, who are the appointed Agent for Scottish Public Bodies for the supply of these services.
- 2.2 The Council procures its main electricity, gas and water contracts through existing agreements with the Scottish Government.
- 2.3 The existing contract with Business Stream commenced on 1 April 2011, and was originally due to expire on 31 March 2015. The end date of this contract has been extended by the Scottish Government. The award of the new framework has been subject to a 'Standstill Period' which was concluded on 16 October 2015. The incumbent provider, Business Stream, will continue to provide Water and Waste Water Services up to transfer to the new framework.

Main report

- 3.1 This Contract covers the supply of potable water to the Council's operational estate, and associated waste water charges, including sewerage, property and roads drainage.
- 3.2 At the date of writing this report, the Scottish Government is in the process of finalising arrangements for the transfer and mobilisation of the contract to the new supplier, Anglian Water Business (National) Ltd.

- 3.3 The [Water Services etc. \(Scotland\) Act 2005](#) introduced competition into the Scottish water market. EU rules require that public contracts must be competed, even when a publicly-owned company, such as a Business Stream, can deliver the service. Scottish Procurement completed a robust procurement process in line with EU procurement regulations.
- 3.4 Scottish Government Framework Agreements has enabled the Council to benefit from cost savings, cost stability, improved customer service, automatic meter readers and water efficiency tools and services.
- 3.5 At the time of writing this report, the Scottish Government had not yet provided full details of the new contract. It is therefore not possible at this stage to report to Committee with full detail of the new contract.
- 3.6 The new contract is due to commence in early 2016. To allow the Council to participate in the new framework, this report seeks delegated authority to the Director of Services for Communities to adopt and implement the national framework agreement for Water and Waste Water once detail of the new contract has been received from the Scottish Government.

Measures of success

- 4.1 The Council continues to receive accurate and reliable water invoices for the Council's operational estate.
- 4.2 The contract delivers additional and complimentary benefit to the Council, including measures that facilitate improved water management and efficiency across the Council's operational estate.

Financial impact

- 5.1 The Council spends £2.3m annually on Water and Waste Water Services across its operational properties. Based on current rates, the estimated value of the contract is £9.2m.
- 5.2 At the time of writing, full details of the new framework with Anglian Water Business (National) Ltd had not yet been published. However, it is anticipated that the contract will deliver a discount in the region of 7% on existing contract rates.
- 5.3 Under the existing contract, the Council receives free automatic meter readers (AMRs) across its larger water supplies. It is anticipated that this will be a 'paid for' service under the new contract requiring investment on the part of the Council if this service is to be maintained. The Council currently has 188 free AMRs in place. The annual value for this service is estimated at £50k. In order to maintain water efficiency savings it would be prudent to retain the AMR service under the new contract.

- 5.4 Corporate Property is focussed on good water management and water efficiency. Through water efficiency measures and improved water management, water consumption across the operational estate has been reduced by 24% over the past four years. Corporate Property continues to improve the monitoring of water consumption and targeting of water efficiency measures through improved benchmarking, analysis of automatic meter reader data and water audits.
- 5.5 The costs associated with procuring this contract are estimated at up to £10,000.

Risk, policy, compliance and governance impact

- 6.1 The following risks have been identified as potential issues to the Council as to the successful delivery of the Contract:

Risk	Mitigating Action
Poor provision of invoice and water data leading to increased spend	Service levels clearly defined and monitored in contract. Defined escalation process through Scottish Procurement.
Increased spend due to loss of automatic meter readers (AMR)	There will be an AMR offering through the new contract which the Council should adopt to help mitigate against cost increases through burst pipes and inefficient use of water.

- 6.2 A Corporate Property representative will be responsible for Contract Management and will monitor the performance of the Service throughout the duration of the Contract.

Equalities impact

- 7.1 There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

Sustainability impact

- 8.1 Ensuring that the Council has a well managed contract in place for Water and Waste Water Services, including provision of added value water efficiency services, helps deliver the Council's [Water Policy](#).

Consultation and engagement

- 9.1 Corporate Property and Procurement Services have engaged in consultation with Scottish Procurement on the provision of the Waste and Waste Water Contract.

Background reading/external references

None

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Links

Coalition pledges	Not applicable.
Council outcomes	CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives.
Single Outcome Agreement	Not applicable.
Appendices	None.