

Report to CABINET

Procurement of Water and Wastewater Services

Portfolio Holder:

Cllr Abdul Jabbar - Cabinet Member for Finance and Low Carbon

Officer Contact: Emma Barton, Executive Director – Place & Economic Growth

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Reason for Decision

Oldham Council are currently paying 'out of contract' rates for water and wastewater services and to help realize the benefits and savings / efficiencies, this report seeks approval to award a 5-year contract to a new provider - Wave.

Executive Summary

The water services industry was deregulated on 1st April 2017 and by default Oldham Council's commercial supplies were placed with Water Plus on deemed out of contract rates and conditions. A review has been carried out to formally appoint a new supplier and identify savings and efficiencies for the Council's water usage.

Recommendations

To approve the appointment of Wave via the NEPO (North East Procurement Organisation) Water Retail Services framework.

Procurement of Water and Wastewater Services

1 Background

- 1.1 The water services industry was deregulated on 01/04/2017. Prior to this date these services were provided by United Utilities. By default, all of Oldham Council's commercial supplies were placed with Water Plus on deemed out of contract rates and conditions.
- 1.2 Under the Water Deregulation requirements 93% of the charges are fixed by United Utilities. Only 7% is subject to competition. Whilst the potential savings from an agreed water contract are not high there are other reasons to procure and agree a water contract, these are: -
- The Council has a duty to demonstrate value for money is being obtained.
 - An agreed contract will enable the Council to negotiate more favorable contract terms and conditions which will result in efficiency and other cost savings. These are not possible on a deemed contract. For example, electronic as opposed to manual billing.
 - An agreed contract allows for the supplier to provide additional services to assist the management of water services. Currently most water meters are read manually resulting in estimated invoices and leaks going undetected for long periods which can cost £1,000's. It is intended that the new supplier will install cameras on every water meter and provide a leak alarm system.
 - Schools will be given the option to share the terms and conditions of this proposed contract by signing their own customer Access Agreement with the proposed supplier.

2 Current Position

- 2.1 The current billing arrangements result in excessive administration time to process and check invoices. As a result, a review was carried out to contract water and wastewater services and to identify savings and increase efficiencies in the Council's usage and management.
- 2.2 Three compliant external frameworks were identified and the NEPO framework for Water Retail Services was deemed the most appropriate due to:
- A saving of approximately £51,000 per annum
 - Complementary Active Water Management service helping to reduce water usage by 10%
 - Additional ancillary services (chargeable) available to help increase efficiencies and savings i.e., leak alarm system and cameras to record meter readings.
 - Ability to dictate call off period.

3 Options/Alternatives

- 3.1 Option 1 (Recommended): To award the water and wastewater services contract to Wave to take advantage of the savings and efficiencies offered. Wave is a prominent organisation in the public sector market currently supplying to Manchester City Council and Lancashire County Council, both of which have provided references.

3.2 Option 2: To not award the contract, leaving the Council on the 'out of contract' deemed rates. A further procurement exercise would be required and is not guaranteed to increase the savings and efficiencies identified above. The estimated water charges for 2022/23 if no action is taken is £627,000 as opposed to £576,000

4 **Preferred Option**

4.1 Option 1 (Recommended): To award the water and wastewater services contract to Wave to take advantage of the savings and efficiencies offered. Wave is a prominent organisation in the public sector market currently supplying to Manchester City Council and Lancashire County Council, both of which have provided references.

5 **Consultation**

5.1 Manchester City Council and Lancashire County Council have recommended Wave. Procurement and the Council's Energy Team have been in discussion with Wave re the proposed contract.

6 **Financial Implications**

6.1 Whilst contract value with Wave at £576k represents a decrease in costs of circa £50k compared to remaining on a deemed contract with Water Plus at £627k, it should be noted that the water services budget for the Council for the contract is £548k for 2022/23, with actuals charged for water services totaling £565k in 2021/22.

6.2 As a result the Council will be facing a budget shortfall of circa £28k for 2022/23 and future years. The Council can manage this shortfall in the 2022/23 within the current financial year from within the overall existing Corporate Landlord budget. This will be reviewed ahead of confirming next year's budget plans.

(James Postle)

7 **Legal Services Comments**

7.1 Legal services have not been involved in this matter however has taken on board the lead procurement officer's comments in that the tender has been awarded in accordance with the Council's CPR's and The Public Contract Regulations 2015.

(Sukhdeep Kaur)

8. **Co-operative Agenda**

8.1 N/A

9 **Human Resources Comments**

9.1 N/A

10 **Risk Assessments**

10.1 There is minimal risk in the Council entering into this contract whereby the cost pressure on existing budgets should be reduced by a £50k reduction negotiated in the tender.

(Mark Stenson)

11 **IT Implications**

11.1 None

12 **Property Implications**

12.1 The Property Team support the recommendations outlined in the report. The appointment of Wave will result in the Council achieving better value for money on its property estate.

(Alan McCarthy)

13 **Procurement Implications**

13.1 The Commercial Procurement Unit supports the recommendation outlined in the report as use of the NEPO framework is compliant with the rule 4.1 of the Council's Contract Procedure Rules. Procurement will work alongside the client team to complete the call off procedure and facilitate the delivery of social value within the contract.

(Emily Molden).

14 **Environmental and Health & Safety Implications**

14.1 Although a relatively small proportion of the overall carbon footprint of Council Buildings, the carbon footprint of the Council's water consumption is included in the measure of progress against the 2025 carbon neutrality target set out in the Oldham Green New Deal Strategy. Any reduction in water use as a result of the efficiency services provided through the NEPO framework will support other work towards achieving the 2025 target.

(Andrew Hunt)

15 **Equality, community cohesion and crime implications**

15.1 None

16 **Implications for Children and Young People**

16.1 None

17 **Equality Impact Assessment Completed?**

17.1 No

18 **Key Decision**

18.1 Yes

19 **Key Decision Reference**

19.1 FLC-02-22

20 **Background Papers**

20.1 N/A

21 **Appendices**

21.1 None