

**WATER DEREGULATION - THE PROCUREMENT OPTIONS FOR WATER  
PROVISION FOR COUNTY COUNCIL BUILDINGS**

*To:* **Assets and Investment Committee**

*Meeting Date:* **26<sup>th</sup> May 2017**

*From:* **Executive Director – Economy, Transport and the Environment**

*Electoral division(s):* **All**

*Forward Plan ref:* **N/a**                      Key decision: **No**

*Purpose:* **The purpose of this paper is to highlight the changes to the water industry from 1st April 2017 as a result of deregulation, and to propose a procurement option for the selection of a water supplier for County Council buildings and estate.**

*Recommendation:* **Committee is asked to:**

- a) **Note the changes to the water industry from 1<sup>st</sup> April 2017**
- b) **Agree for Cambridgeshire County Council to access the Eastern Shires Purchasing Organisation (ESPO) framework, carry out a mini-competition tender process, and appoint a service provider.**

<b><i>Officer contact:</i></b>	
Name:	Claire Julian-Smith
Post:	Energy Manager
Email:	<a href="mailto:Claire.julian@cambridgeshire.gov.uk">Claire.julian@cambridgeshire.gov.uk</a>
Tel:	01223 715349

## **1. BACKGROUND**

- 1.1 In April 2017, water industry deregulation will start in England; giving businesses, charities and public sector organisations the ability to shop around and switch retail service provider – similar to the electricity and gas markets. Until now, only non-domestic customers in Scotland and very high water users (over 50ML a year) in England and Wales could switch water and wastewater supplier. Other users, if unhappy with their service, could complain to OFWAT.
- 1.2 This situation will change when the water market opens for competition in England. Customers will be able to pick and choose retail providers based on customer service, the package being offered, and differences in charges.
- 1.3 The Council's recorded spend on mains water for 15/16 (excluding school buildings) was just over £200,000. Owing to the locations, approximately two thirds of sites are supplied by Anglian Water, with the remaining third supplied by Cambridge Water.

## **2. MAIN ISSUES**

- 2.1 For organisations such as Cambridgeshire County Council, with multiple sites, the deregulation of the water industry will bring a valuable opportunity to consolidate water supplies across the portfolio, and have a single provider. In addition, instead of each site being directly billed, we will receive one consolidated, multi-site bill – which could simplify the management of our water accounts.
- 2.2 In the short term, it is anticipated that deregulation will deliver administrative savings resulting from the streamlining of invoice processing, rather than significant reductions in billing costs. Other benefits include:
  - Consolidated billing, electronic billing and enhanced frequencies of billing information;
  - Consumption and billing data to a standard requested by the customer;
  - Financial savings from the supply margin; and
  - Improved customer service due to competitiveness in the market.
- 2.3 Cambridgeshire County Council is obliged to go to the market, and procure a water supplier. If no action is taken, and the Council continues with its current providers, this will eventually be deemed as a 'direct award', and leave the Council open to challenge in terms of procurement process.
- 2.4 Eastern Shires Purchasing Organisation (ESPO) is collaborating with a number of purchasing consortiums, including Yorkshire Purchasing Organisation (YPO), Crown Commercial Service (CCS), North East Procurement Organisation (NEPO), West Mercia Energy, The Energy Consortium and the Ministry of Defence to bring to market the largest public sector water framework agreement in the UK. It is scheduled to be live and be ready to use in April 2017.
- 2.5 To access the framework, Cambridgeshire County Council will need to carry out a mini-competition tender process, and appoint a service provider. There is no provision for direct award. The framework agreement will run for three

years, with the option to extend for a further twelve months. Customer call-off contracts can take place any time during the framework period, and be let for up to 4 years maximum.

- 2.6 The other procurement option would be to set up a Cambridgeshire Water Services Framework via an Official Journal of the European Union (OJEU) process, in competition to the ESPO framework. Realistically this would be costly, and there is risk that the procurement costs may not be recouped.
- 2.7 To access the ESPO procurement, water meter data must be collected from existing water suppliers. Work is now underway to secure this data.

### **3. ALIGNMENT WITH CORPORATE PRIORITIES**

#### **3.1 Developing the local economy for the benefit of all**

The proposed procurement of a water supplier for County Council buildings and estate has no significant impact on this objective. However, benefits to the local economy could come through helping to manage and reduce water costs.

#### **3.2 Helping people live healthy and independent lives**

The proposed procurement of a water supplier for County Council buildings and estate has no significant impact on this objective.

#### **3.3 Supporting and protecting vulnerable people**

The proposed procurement of a water supplier for County Council building and estate has no significant impact on this objective. However, by managing the Council's own water costs should bring income to the authority to help front line services.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

There are no significant implications within this category.

#### **4.2 Statutory, Risk and Legal Implications**

As detailed in 2.4 the County Council is obliged to go to the market, and procure a water supplier. If no action is taken, and the Council continues with its current providers, this will eventually be deemed as a 'direct award', and leave the Council open to challenge in terms of procurement process.

#### **4.3 Equality and Diversity Implications**

There are no significant implications within this category.

#### **4.4 Engagement and Consultation**

There are no significant implications within this category.

#### **4.5 Localism and Local Member Involvement**

Members will be kept informed of the progress with the procurement.

#### 4.6 Public Health

There are no significant implications within this category.

Source Documents	Location
N/A	

Implications	Officer Clearance
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Sarah Heywood
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	Yes Name of Legal Officer: Fiona McMillan
<b>Are there any Equality and Diversity implications?</b>	No Name of Officer: Tamar Oviatt-Ham
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Eleanor Bell
<b>Are there any Localism and Local Member involvement issues?</b>	No Name of Officer: Tamar Oviatt-Ham
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Iain Green