

## REQUEST FOR DEPUTY MAYOR FOR FIRE & RESILIENCE DECISION – DMFD5

### Title: Provision of Water Supply, Sewage and Ancillary Services

#### Executive Summary:

The London Fire Commissioner seeks approval to award a contract for water and sewage for all Brigade premises following the Water Act 2014, which set the path to deregulate the water and sewerage industry for commercial consumers in England and removed the obligation to buy these commodities from their local water and sewage suppliers.

The tender evaluation has included rigorous evaluation of quality, price, financial standing and terms and conditions, with the quality evaluation being conducted collaboratively by a panel of staff from 15 authorities. The value of the contract is expected to be contained within existing budgets.

#### Decision:

The Deputy Mayor for Fire and Resilience gives approval to the London Fire Commissioner to:

award a contract to Anglian Water Business (National) Ltd trading as Wave under the CCS framework RM3790, for a period of two years, with the option to extend for a further two years.

#### Deputy Mayor for Fire and Resilience

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:



Date:

20/06/2018

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The Water Act 2014 received Royal Assent on 14 May 2014, setting the path to deregulate the water and sewerage industry for commercial consumers in England. The company responsible for developing and operating the 2017 competitive market for non-household water supply is the Market Operator Services Ltd.
- 1.2. As of April 2017, commercial consumers no longer have an obligation to buy these commodities from their local water and sewage undertakers (suppliers), but through a new wholesaler market place. The intention was to give consumers a better choice similar to that of the gas and electric wholesale market place.
- 1.3. Immediately following deregulation, the existing local water and sewage undertakers diversified their business between commercial and domestic, moving existing commercial accounts to new incumbents within the market place.
- 1.4. The London Fire Commissioner (LFC) is a member of the London Energy Project (LEP), for which Haringey Council is the Lead Authority, to act on the LFC's regarding issues relating to the supply of electricity, gas and water and/or associated services. The LEP's role is to identify and measure efficiencies, savings and improvement opportunities across participating public sector authorities that work together, share services and/or aggregate volume. In October 2017, the LFC were contacted by the London Energy Project (LEP), who were conducting a further competition from the CCS RM3790 framework, and were looking to aggregate the usage of fresh water and sewerage requirements of 36 authorities across London to achieve leverage within the wholesale market place.
- 1.5. Based on an impartial evaluation of the quality and flexibility of the framework and the CPB service and price (e.g. a review of framework Terms and Conditions, retailer supply base, Key Performance Indicators, fees for use, etc.) CCS Water, Wastewater & Ancillary Services RM3790, was selected by the LEP as the best route to market, with the Yorkshire Purchasing Organisation (YPO) conducting the further competition (who had established the framework in partnership with CCS).

#### **2. Objectives and expected outcomes**

- 2.1. Awarding this contract will provide competitive cost benefits, price stability, monthly billing, improved sewage measurement, leak prevention, supplier rationalisation and improved service delivery to the LFC. Furthermore, when reviewing the commercial options following this procurement process:
  - Doing nothing will result in the LFC being non-compliant with the Public Contract Regulations 2015 and likely to continue to be affected by fluctuating pricing.
  - Tendering independently, having assessed the response and proposed contract, is unlikely to result in a more suitable solution. The cost of a procurement exercise would also cost more than the amount that could be saved by appointing an alternative supplier, as much of the water and waste water bill cannot be influenced.

#### **3. Equality comments**

- 3.1. The Public Sector Equality Duty – and the potential impacts of this decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion

or belief, sexual orientation) – has been considered by the LFC and the Deputy Mayor for Fire and Resilience. No impacts have been identified.

#### **4. Financial comments**

- 4.1. The expenditure is to be funded through sums available to the LFC. There are no direct financial implications for the GLA.

#### **5. Legal comments**

- 5.1. Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the “Commissioner”) is established as a corporation sole with the mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 5.2. By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the “Deputy Mayor”).
- 5.3. Paragraph b of Part 2 of the said direction requires the Commissioner to seek the prior approval of the Deputy Mayor for commitments of capital or revenue expenditure of £150,000 or above.
- 5.4. This decision seeks the Deputy Mayor’s approval for the Commissioner to award a contract to Anglian Water Business (National) Ltd (“Anglian Water”) under the CCS framework RM3790 for a period of two years with the option to extend for a further two years. As set out in the attached report to the Commissioner dated 6 June 2018 (the “Report”), Anglian Water’s tender was selected as the most economically advantageous tender following a mini-competition under the said framework. The mini-competition was run by the Yorkshire Purchasing Organisation (YPO), who established the framework along with Crown Commercial Services. YPO undertook the mini-competition on behalf of the London Energy Partnership (the “Partnership”), who was in turn acting on behalf of 37 public bodies (including the Commissioner) (see paragraphs 10 and 11 of the Report).
- 5.5. As noted above at paragraph 1.4, the Commissioner is a member of the Partnership. The Partnership decided to undertake a collective, competitive procurement on behalf of its members, as the aggregation of the opportunity would maximise competition and afford optimum value (see paragraph 9 of the Report). However, each member of the Partnership, who was included in the procurement, will enter into a separate contract with Anglian Water (see paragraph 14 of the Report).
- 5.6. The Deputy Mayor may approve the Commissioner’s award of the contract, if she be so minded.

#### **Appendices and supporting papers:**

- LFC-0028 – Provision of Water Supply, Sewage and Ancillary Services (with confidential appendices in part 2)

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason:

Until the contract has been signed.

Until what date: 1 August 2018.

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer**

Tim Somerville has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

✓

**Assistant Director/Head of Service**

Tom Middleton has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

✓

**Advice**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 18 June 2018.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*M. J. Allen*

Date

*19.6.18*