

DMPC Decision – PCD 1085

Title: Procurement of Water and Waste Water Services

Executive Summary:

The existing contract for the supply of water and waste water services expires at the end of March 2022. This decision seeks approval for the procurement via a Crown Commercial Services (CCS) framework for a two year period from 1 April 2022 to 31 March 2024. The estimated cost of £3,320,000 will be funded by existing utility budgets, officer uplift funding and if necessary the Property Services Estates Transformation reserve. The procurement will be via the Crown Commercial Services led mini competition procurement process from Framework RM6178. It will take the form of an aggregated e-auction.

The MPS assure that options were explored with Bluelight Commercial, GLA and CCS to understand the collaborative options available, and that it was clear that utilising the skills, knowledge and aggregation of the CCS RM6178 Framework would provide the MPS with the largest opportunity for savings and the greatest customer service.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve authority to continue to source water and waste water services through the renewed Crown Commercial Services RM6178 Framework for a two year period 01/04/2022 – 31/03/2024. The estimated spend for the period is £3,320,000.
2. Approve Delegated Authority for MPS Commercial Director to approve the award outcome of the Crown Commercial Services led mini-competition procurement exercise concluding in January 2022.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature



Date

15/12/2021

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. The existing contract for the supply of water and waste water services expires at the end of March 2022. This paper seeks approval for the procurement via a Crown Commercial Services (CCS) framework for a two year period from 1 April 2022 to 31 March 2024.

2. Issues for consideration

- 2.1. Whilst the physical MOPAC estate is expected to contract the estimated value of £3.32m is higher than historic levels as it is based on increasing officer and staff numbers and inflation.
- 2.2. Whilst the estimated two year value is £3.32m MOPAC will only pay for the actual utilities consumed. Construction and major refurbishment work across the estate that leads to the installation of water efficient devices will reduce the use of this natural resource.
- 2.3. Property Services will monitor consumption and spend on a quarterly basis against the budget. This will enable water usage to be benchmarked and a revised position presented capturing officer uplift, the new estate position for the next 2024/25 water and waste water procurement and opportunities for collaboration.

3. Financial Comments

- 3.1. The estimated cost of £3.32m over the two year period will be funded by existing utility budgets, officer uplift funding and if necessary the Property Services Estates Transformation reserve.

4. Legal Comments

- 4.1. MOPAC is the contracting authority for the MPS in relation to utilities and is subject to the Public Contracts Regulations 2015 (as amended) (the 2015 Regulations). The 2015 Regulations require that contracts above the value of £189,330 for goods/service generally needs to be subject to an open, advertised procurement or a procured by means of a framework agreement that was itself subject to open and advertised procurement. This would be satisfied through the use of a CCS awarded framework agreement set out in this paper.
- 4.2. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve all requests to go out to tender for contracts of £500,000 or above.
- 4.3. Paragraph 7.23 of the MOPAC Scheme of Delegation and Consent provides that the Director of Strategic Procurement has delegated authority to approve the award of all contracts, with the exception of those called in through the agreed call in procedure.

Paragraph 4.14 of the Scheme provides the Deputy Mayor for Policing and Crime reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

5. Commercial Issues

- 5.1. This procurement is for the supply of water and waste water services. The procurement will be via the Crown Commercial Services led mini competition procurement process from Framework RM6178. It will take the form of an aggregated e-auction.
- 5.2. The Met assure that options were explored with Bluelight Commercial, GLA & CCS to understand the collaborative options available, and that it was clear that utilising the skills, knowledge and aggregation of the CCS RM6178 Framework would provide the MPS with the largest opportunity for savings and the greatest customer service.

6. GDPR and Data Privacy

- 6.1. MOPAC will adhere to the Data Protection Act (DPA) 2018 and ensure that any organisations who are commissioned to do work with or on behalf of MOPAC are fully compliant with the policy and understand their GDPR responsibilities.
- 6.2. The project does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.
- 6.3. The Met assure that options were explored with Bluelight Commercial, GLA & CCS to understand the collaborative options available, and that it was clear that utilising the skills, knowledge and aggregation of the CCS RM6178 Framework would provide the MPS with the largest opportunity for savings and the greatest customer service. The GLA were approached to understand if a collaborative option was available with the other bodies but this yielded no viable option at this time. The recommended route continues to be the collaborative partnership between the MPS and CCS for energy procurement.

7. Equality Comments

- 7.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 7.2. As this represents a continuation of an existing procurement approach, this work does not change any aspects relating to equality or diversity.

8. Background/supporting papers

- Appendix 1a MPS paper SOURCING STRATEGY FOR WATER AND WASTE WATER SERVICES
- Appendix 1b Business Justification Sourcing Strategy for Water and Waste Water Services

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

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

Is there a **Part 2** form –NO

ORIGINATING OFFICER DECLARATION

Tick to confirm statement (✓)

Financial Advice:

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice:

The MPS legal team has been consulted on the proposal.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

Commercial issues are covered in the body of the report.

✓

GDPR/Data Privacy

GDPR compliance issues are covered in the body of the report

✓

Drafting Officer

Alex Anderson has drafted this report in accordance with MOPAC procedures.

✓

Director/Head of Service:

The MOPAC Chief Finance Officer and Director of Corporate Services has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date 15/12/2021



MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

SOURCING STRATEGY FOR WATER AND WASTE WATER SERVICES

MOPAC Investment Advisory & Monitoring meeting 1st December 2021

Report by Vince Fihosy on behalf of the Chief of Corporate Services

Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC

EXECUTIVE SUMMARY

Water and waste water utility supplies are essential to the operations of the estate, and represent unavoidable costs. This paper details the need to continue current arrangements from Crown Commercial Services (CCS) using the RM6178 Framework for the supply of Water and Waste Water Services for a further two years to the MOPAC Estate.

The previous contract was awarded in 2018 following a collaborative procurement exercise through CCS, and resulted in a water and waste water services contract awarded to Anglian Water in 2018 via the CCS framework RM3790 with forecast expenditure of £6m over the 4 years on a 2+2 agreement. The final year of the extension expires 31 March 2022.

A Central Purchasing Body (CPB) solution is expected to continue to be the most appropriate procurement strategy as it is an approach that has proved effective over the past 4 years and is aligned with the approach of other Greater London Authority (GLA) group organisations.

Authority is therefore sought to continue to source water and waste water services through the renewed CCS RM6178 Framework for a two year period 01/04/2022 – 31/03/2024. The estimated spend for the period is £3.320m however it should be noted that the MPS is required only to purchase the water utilities that are actually consumed.

This paper also recommends delegated Authority for the MPS Commercial Director to approve the award outcome of the CCS led mini-competition procurement exercise due to the procurement timeline of this aggregation.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to approve:

1. **Authority to continue to source water and waste water services through the renewed CCS RM6178 Framework for a two year period 01/04/2022 – 31/03/2024. The estimated spend for the period is £3.320m.**
2. **Delegated Authority for MPS Commercial Director to approve the award outcome of the CCS led mini-competition procurement exercise concluding in January 2022.**

Time sensitivity

1. Due to the procurement timeline of this aggregation, the paper is requesting Authority for the MPS Commercial Director to approve the award outcome as to have the agreements signed for the desired go-live date 01/04/2022. A signed decision is required by 21st December 2021 to enable the next steps in the procurement process to proceed.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. The current water and waste water services are provided by Anglian Water via the CCS framework RM3790 awarded in 2018 on a 2+2 Contract. The final year of the extension expires April 2022.
2. The previous contract was awarded in 2018 following a collaborative procurement exercise through CCS, accessed by call-off by The Yorkshire Purchasing Organisation (YPO) to appoint a single water retailer as coordinated by the London Energy Project (LEP). This resulted in a water and waste water services contract with a forecasted spend of £6m over the 4 years on a 2+2 agreement. LEP is no longer in operation.
3. The CCS led procurement we are seeking approval for is for the award of a 2 year contract to a single supplier, this paper does not seek approval for expenditure beyond this agreement. The MPS will repeat the market options appraisal and procurement exercise in line with the expiry of this 2 year term.
4. The anticipated expenditure to continue the provision of water and waste water services for the next 2 year period is forecasted at £3.320m, however we are committed to purchase only the utilities that we consume.
5. The intention is that the estimated additional budget costs associated specifically with officer uplift (c£115k per annum for the duration of the two-year term) will be managed within existing Property Services revenue budgets. Should this not be

possible, the increase will be accommodated within the Property Services Estates Transformation reserve.

6. Property Services will monitor consumption and spend on a quarterly basis against the budget. This will enable water usage to be benchmarked and a revised position presented capturing officer uplift and the new estate position for the next 2024/25 water and waste water procurement.
7. The MTFP currently assumes that the estate will reduce over the next 5 years. However forecast water demand relates to the planned uplift in staff and police officer numbers. Demand modelling allows for an uplift to 35,500 officers (in line with the national funding formula) and a nominal uplift in staff by 31/3/23. Contingency allows for further adjustments as these FTE planning figures are subject to adjustment. A nominal RPI increase in unit cost is allowed for.
8. Expenditure on water and waste water utilities is monitored routinely, and the actual expenditure will be reviewed at a minimum of six monthly intervals and at key decision points.
9. A Central Purchasing Body (CPB) solution is the most appropriate procurement strategy as it is an approach that has proved effective over the past 4 years and is aligned with the approach of other Greater London Authority (GLA) group organisations. Previous CCS mini-competition tender rounds reduce total unit costs by approximately 4%. The tender process only affects the 'retail' unit price, which is typically reduced from 10% to 6% of the total. This leaves approximately 94% of the unit price fixed (by Ofwat on the 'Wholesale' supply of water).

Issues for consideration

10. Water and waste water utility supplies are essential to the operations of the estate, and represent unavoidable costs.
11. The Customer Access Agreement (CAA) with CCS which was endorsed by MOPAC in 2018 for a period of four years concludes in March 2022. Endorsement to continue to source water and waste water services through the renewed CCS RM6178 Framework for the following two years from April 2022 is required.

Contributes to the MOPAC Police & Crime Plan 2017-2021¹

1. The supply of water and waste water utilities is fundamental to the operation of the MOPAC estate. Selection of a value for money procurement route supports aspirations to reduce back office costs.

Financial, Commercial and Procurement Comments

1. Utilities expenditure is budgeted for as part of the overall revenue budget within Real Estate Management, which is part of Property Services Department.

¹ [Police and crime plan: a safer city for all Londoners | London City Hall](#)

2. The intention is that the estimated additional budget costs associated specifically with officer uplift (c£115k per annum for the duration of the two-year term) will be managed within existing Property Services revenue budgets. Should this not be possible, the increase will be accommodated within the Property Services Estates Transformation reserve.
3. The anticipated expenditure for the period of the new two year agreement 2022/23 and 2023/24 is £3.320m, however we are committed to only purchase the utilities consumed therefore this paper does not commit the MPS to any level of expenditure.
4. The Lot 1 CCS Framework agreement was designed to run for 2 years only so that CCS customers have generic contract end dates for all customers in the aggregations to ensure the retention programme runs smoothly. CCS plan that the next aggregation after this two year term would include optional extension periods. The cost of re-procurement is mitigated as CCS run the procurement activity on behalf of the MPS.
5. An options appraisal was undertaken to assess where the MPS could collaborate or find greater value for money. Following the end of the London Energy Project, options were explored with Bluelight Commercial, GLA & CCS to understand the collaborative options available. It was clear that utilising the skills, knowledge and aggregation of the CCS RM6178 Framework would provide the MPS with the largest opportunity for savings and the greatest customer service.

Legal Comments

1. There are no significant legal implications.
2. MOPAC is the contracting authority for the MPS in relation to utilities and is subject to the Public Contracts Regulations 2015 (as amended) (the 2015 Regulations).
3. The 2015 Regulations require that contracts above the value of £189,330 for goods/service generally needs to be subject to an open, advertised procurement or a procured by means of a framework agreement that was itself subject to open and advertised procurement. This would be satisfied through the use of a CCS awarded framework agreement set out above. The paper seeks approval for the aforementioned route to market to enable CCS to run the procurement on behalf of the MPS.
4. Paragraph 7.23 of the MOPAC Scheme of Delegation and Consent provides that the Director of Strategic Procurement has delegated authority to approve the award of all contracts, with the exception of those called in through the agreed call in procedure. Paragraph 4.14 of the Scheme provides the Deputy Mayor for Policing and Crime reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

Equality Comments

5. As this represents a continuation of an existing procurement approach, this work does not change any aspects relating to equality or diversity.

Privacy Comments

1. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.
2. Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
3. The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the project meets its compliance requirements.
4. The project does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

Real Estate Implications

1. The report will not lead to changes to the estate, however changes to the estate due to other factors will have a bearing on the utilities supply requirement and associated cost.

Environmental Implications

1. There are no environmental implications associated specifically with this report, however construction and major refurbishment work across the estate that leads to the installation of water efficient devices will reduce the use of this natural resource.

Background/supporting papers

1. None.

Report author: Neil Grange, Head of Energy, Carbon and Sustainability, Tel: 07876 461 882.

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 was originally marked as OFFICIAL-SENSITIVE [COMMERCIAL]

However Part 2 of Sourcing Strategy for Water and Waste Water Services has since been confirmed as containing no information that requires to be exempt from publication.

Business Justification

Sourcing Strategy for Water and Waste Water Services

Portfolio & Investment Board

9th Nov 2021

Freedom of Information Act Publication Scheme

Protective Marking	[Official]
Publication Scheme Y/N	[N]
Title	Sourcing Strategy for Water and Waste Water Services for the MOPAC Estate
Version	[2.0]
Summary	Continuation CCS Call off for Water and Waste Water Services for the next two year period.
(B)OCU or Unit, Directorate	Property Services
Run/Change	Run
Author	Neil Grange
Date Issued	12.10.2021

Purpose of this document

This is the standard MPS template for the production of business cases where a business decision is required by departmental COGs, corporate or project/programme Boards. Although it follows a broadly similar structure, it is distinct from the SOP/SOC/OBC/FBC templates which are only used as part of the MOPAC/MPS Investment Appraisal process to pass through the required 'Gates'. This template should be used for all other business decisions which require management or corporate approval, in particular where a number of options are available for achieving the required outcome or funding considerations apply. It is designed to ensure that all relevant considerations are taken into account when significant business decisions are required.

Document edit history

Version	Date	Additions/Modifications	Prepared/Revised by
Version 1.0	14.09.21	First full draft	Neil Grange
Version 2.0	06.10.21	Input from Commercial Services	Alex Carter
Version 3.0	12.10.21	Input from Finance and SRO	Darren Hewerdine
Version 3.4	01.11.21	Input from Finance and Commercial, following review at the PIB Delegated Authority meeting (26.10.21)	Neil Grange

Internal consultation and assurance

The following people have either:

- assured this proposal as subject experts, by considering its impact on their area of expertise; or
- been consulted as a representative of a part of the organisation affected by the proposal.

Their opinions have been incorporated in the paper.

	Contact details	Name	Date Approved
1. Subject experts engaged as part of development of proposal (Complete this engagement (at least 4 weeks before the Board) as part of the development of your report in plenty of time to accommodate feedback in the final report)			
Integrated Design Authority (mandatory)	TransformationMailbox- .IntegratedDesignandDelivery@met.police.uk	James Dowman	24.09.2021
Your Finance Business Partner (mandatory)	Victoria.Thompson@met.police.uk	Victoria Thompson	11.10.2021
Commercial Services (mandatory)	Sepideh.Farzam@met.police.uk	Delegated to Alex Carter	24.09.2021
Strategic Secretariat (mandatory)	HQ-Strategic Secretariat Mailbox - Strategic Secretariat	Nattoya Battick	24.09.2021

Transformation Centre of Excellence (mandatory)	TDMailbox-.PortfolioOffice- CentreofExcellence@met.police.uk		No Comment
Strategic Diversity & Inclusion - (mandatory)	Strategic Diversity and Inclusion	Layla Williams Carr	30.09.2021
Business Change (mandatory)	1 TDMailbox- .BusinessChange@met.police.uk		No Comment
Information Management (Mandatory)	2 MetHQ- .DataOfficeActionPlanningTeam@met.poli ce.uk		No Comment
Property Services (mandatory)	PSDMailbox-.CorporateReports@met.police.uk	Adrian Phipps	22.09.2021
Directorate of Legal Services (mandatory)	DLSMailbox-Allocations@met.pnn.police.uk	Mark Bassett	28.09.2021
Digital Policing (mandatory)	sdm.pmo@met.police.uk	Will Hawkins	29.09.2021
Environmental Management (mandatory)	Environment-MPS@met.police.uk	Carolyn Couch	29.09.2021
Your business group risk co-ordinator or MPS Health & Safety advisor <i>(if relevant to the subject)</i>	HR Mailbox		No Comment
Training <i>(if relevant to the subject)</i>	HR Mailbox - Strategic Learning		No Comment
Shared Support Services <i>(if relevant to subject)</i>	mailto:SSS Mailbox - Private Office		No Comment
2. Financial, Commercial, SRO sign-off (Submit final draft of report at least 2 weeks before the Board and before you present to SRO for final sign-off)			

Director of Commercial Services (mandatory)	Mark.Roberts3@met.police.uk	Mark Roberts	12.10.21
Director of Finance (mandatory)	Ian.Percival@met.police.uk	Ian Percival	18.10.21
3. SRO for final sign-off	Vince.Fihosy@met.police.uk		
4. Board Member final sign-off			
5. Strategic Secretariat for circulation to Board			

1 Decisions Required

This paper details the need to continue current arrangements from CCS on the RM6178 Framework for the supply of Water and Waste Water Services for a further period of 2 years to the MOPAC Estate.

The Deputy Mayor for Policing and Crime is requested to approve:

- Authority to continue to source water and waste water services through the renewed CCS RM6178 Framework for a 2 year period 01/04/2022 – 31/03/2024. The estimated spend for the period is £3.320m
- Delegated Authority for MPS Commercial Director to approve the award outcome of the CCS led mini-competition procurement exercise concluding in January 2022.

The key issues the Deputy Mayor for Policing and Crime needs to take account of and note are:

- The current water and waste water services are provided by Anglian Water via the CCS framework RM3790 awarded in 2018 on a 2+2 Contract. The final year of the extension expires April 2022.
- The previous contract was awarded in 2018 following a collaborative procurement exercise through CCS, accessed by call-off by The Yorkshire Purchasing Organisation (YPO) to appoint a single water retailer as coordinated by the London Energy Project (LEP). This resulted in a water and waste water services contract with forecast spend of £6m over the 4 years on a 2+2 agreement. LEP is no longer in operation.
- This paper seeks approval for the award of a 2 year contract to a single supplier, to be determined through a CCS led mini competition procurement process.
- The anticipated expenditure to continue the provision of water and waste water services for the next 2 year period is forecast at £3.320m, however we are committed to purchase the utilities that we consume only.
- The intention is that the estimated *additional* budget costs associated specifically with officer uplift (c£115k per annum for the duration of the two-year term) will be managed within existing Property Services revenue budgets. Should this not be possible, the increase will be accommodated within the Property Services Estates Transformation reserve.
- Property Services will monitor consumption and spend on a quarterly basis against the budget. This will enable water usage to be benchmarked and a revised position presented capturing officer uplift and the new estate position for the next 2024/25 water and waste water procurement.
- The MTFP currently assumes that the estate will reduce over the next 5 years. However forecast water demand relates to the planned uplift in staff and police officer numbers, in line with the national funding formula, and a nominal RPI increase in unit cost. The modelling is explained in Appendix 1.
- A Central Purchasing Body (CPB) solution is expected to continue to be the most appropriate procurement strategy as it is an approach that has proved effective over the past 5 years and is aligned with the approach of other Greater London Authority (GLA) group organisations.

2 Strategic Case

Water and waste water utility services are essential to the operations of the estate and represent substantial unavoidable year-on-year revenue costs (approximately £1.306m during 2020/21).

The need to purchase water utilities and waste water services for the next 2 year period remains fundamentally the same. Water demand and waste water arisings are influenced by a number of variables that include changes in the size of the estate, building age and condition, building use and efficiency, occupancy and utilisation, water conservation measures, user behaviour and a variety of other factors. The ability to forecast demand is likely to be further impacted by the potential increase in number of police officers to 35,500 by the end of March 2023.

The current 4 year medium term financial plan for water and waste water services will conclude on 31st March 2022. The MOPAC authority to procure water and waste water services from Anglian Water (trading as 'Wave') via the CCS RM3790 Framework for the duration of the 4 year medium financial plan 1st April 2018 to 31st March 2022 derived from a paper entitled 'Collaborative Procurement of Water and Waste Water Services following market deregulation', which was presented to Portfolio and Investment Board (PIB) in December 2017. This forecasted expenditure up to £6,194,000 for the 4 year period.

This followed the need to follow a competitive process for procurement by April 2018, following the deregulation of the Water Market in 2017. Management of the procurement route through a Central Purchasing Body framework mini-competition was coordinated by London Energy Project (LEP) as the lead authority for the collaborative members (36 local authorities/functional bodies including MPS/MOPAC).

The CCS route presents the opportunity to build on the efficiency gains made during the past four years through improved contract and account management and customer service.

There is very low risk associated with this procurement due to the regulations set out by The Water Services Regulation Authority (OFWAT). The actual spend will be dependent upon actual consumption and the tendered price. Noting however, previous CCS mini-competition tender rounds reduced total unit costs by approximately 4%. The tender process only affects the 'retail' unit price, which is typically reduced from 10% to 6% of the total. This leaves approximately 94% of the unit price fixed (by Ofwat on the 'Wholesale' supply of water).

3 Economic Case

Approval of the PIB/IAM papers in 2017/18, 'Collaborative Procurement of Water and Waste Water Services following market deregulation', enabled the procurement of water and waste water services to be outsourced to a Central Purchasing Body (CPB) on behalf of the MPS in 2018, specifically Crown Commercial Services (CCS), and signing of a Customer Access Agreement (CAA), enabling the procurement of water and waste water services to be contracted through Anglian Water (trading as 'Wave') from 1st April 2018 to 31st March 2022. This forecasted expenditure up to £6,194,000 for the 4 year period.

A Central Purchasing Body (CPB) solution will continue to be the most appropriate procurement strategy as it is an approach that has proved effective over the past 4 years and is aligned with the approach of other Greater London Authority (GLA) group organisations.

The contract award following a CCS led mini-competition will award a single supplier a 2 year contract with no extension option. This will enable to MPS to consider collaboration opportunities that are available in the next 24 months.

4 Commercial Case

Water utilities and waste water services, totalling approximately £1.3m revenue costs annually are supplied through a Central purchasing Body (CPB) CCS framework accessed by the MPS, called off from the existing RM3790 Framework.

Currently, Anglian Water (trading as 'Wave') supplies the water and waste water service.

In 2018 the MPS signed an agreement with the awarded supplier from the CCS framework. This agreement was for an initial 2 year term with an optional 2 year extension. The extension was taken in May 2020.

The MPS will look to contract with a single supplier following the CPB CCS led procurement that will award a 2 year contract with an estimated lifetime spend on the contract of £3.320m. This round of procurement is for a 2-year term only so the MPS will repeat the market options appraisal and procurement exercise in line with the expiry of this 2 year term.

CCS provides a compliant route to market with their new RM6178 Lot 1: Water and Waste Water Services product that expires 30/11/2024. CCS will lead the aggregation and run the procurement on behalf of the MPS.

Other benefits of the CCS route to market:

- access to aggregated e-auctions
- accurate management information: consumption and billing data
- discounted list prices
- financial savings – on average customers achieve a 4% reduction against the average retail margin using the existing agreement RM3790
- customer service team for improved support and query management
- a quality service with suppliers monitored against framework KPIs and regular reporting and meetings with CCS
- time and resource savings through simplified procurement process and supplier rationalisation.

The Lot 1 CCS Framework agreement was designed to run for 2 years only so that CCS customers have generic contract end dates for all customers in the aggregations to ensure the retention programme runs smoothly. CCS plan that the next aggregation after this two year term would include optional extension periods. The cost of re-procurement is mitigated as CCS run the procurement activity on behalf of the MPS.

An options appraisal was undertaken to assess where the MPS could collaborate or find greater value for money. Following the end of the London Energy Project, options were explored with Bluelight Commercial, GLA & CCS to understand the collaborative options available. It was clear that utilising the skills, knowledge and aggregation of the CCS RM6178 Framework would provide the MPS with the largest opportunity for savings and the greatest customer service. The GLA were approached to understand if a collaborative option was available with the other bodies but this

yielded no viable option at this time. The recommended route continues to be the collaborative partnership between the MPS and CCS for energy procurement.

The option of doing nothing was not actively considered, since the combination of deregulation and Public Contract Regulations 2015 requires that authorities conduct a competitive process to select a retailer for water and waste water services.

Procuring through the CCS route aligns with the current MPS Energy strategy for Electricity & Gas providers. This ensures the GLA bodies are consistent in their approach to energy and utilities procurement. Furthermore, there have been tangible saving benefits from recent CCS Call-offs in energy & utilities. CCS customers for Electricity & Gas have witnessed an indicative commercial benefit for the year starting April '20 of £52m, which equates to indicative customer savings of 3.69%. As of last year, the commercial benefits to the MPS were as follows:

Gas: £86,671.00

Electricity: £495,809.00

Total: £582,480.00

The CCS Commercial Benefits team and the Government Internal Audit Office have approved these figures.

Procurement Timeline:

26/11/2021	- MPS to submit the switching template form for the January aggregation (the aggregation submission comes with no obligation to sign or financial commitment.)
Jan 2022	- Aggregation month – procurement exercise delivered by CCS
21/01/2022	- Award Notification issued to MPS
01/04/2022	- Agreement with awarded supplier commences.

Due to the procurement timeline of this aggregation, the paper is requesting delegated Authority for the MPS Commercial Director to approve the award outcome as to have the agreements signed for the desired go-live date 01/04/2022.

Legal Implications

MOPAC is the contracting authority for the MPS in relation to utilities and is subject to the Public Contracts Regulations 2015 (as amended) (the 2015 Regulations).

The 2015 Regulations require that contracts above the value of £189,330 for goods/service generally needs to be subject to an open, advertised procurement or a procured by means of a framework agreement that was itself subject to open and advertised procurement. This would be satisfied through the use of a CCS awarded framework agreement set out above.

Paragraph 7.23 of the MOPAC Scheme of Delegation and Consent provides that the Director of Strategic Procurement has delegated authority to approve the award of all contracts, with the exception of those called in through the agreed call in procedure. Paragraph 4.14 of the Scheme provides the Deputy Mayor for Policing and Crime reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

5 Financial Case

Utilities expenditure, including water and waste water services is budgeted for as part of the overall revenue budget within Real Estate Management, which is part of Property Services Department.

The budgeted spend for water and waste water services for the final year of the current contract is £1.200m, and the forecast out-turn position for 2021/22 is an overspend on budget of £185k, which is being managed within PSD's current budget envelope from electricity usage underspend.

The intention is that the estimated *additional* budget costs associated specifically with officer uplift (c£115k per annum for the duration of the two-year term) will be managed within existing Property Services revenue budgets. Should this not be possible, the increase will be accommodated within the Property Services Estates Transformation reserve.

Table 1 below shows the anticipated expenditure for the period of the new agreement 01 April 2022 to 31 March 2024 totalling £3.320m.

Table 1. Forecast expenditure.

Utility	2022/23 Forecast (£000's)	2023/24 Forecast (£000's)	Sub Total (£000's)	10% Contingency (£000's)	Total Budget (£000's)
Water & waste water services	£ 1,466	£ 1,552	£ 3,018	£ 302	£ 3,320

It is important to note that the agreement does not commit the MPS to any expenditure. Actual costs incurred will be determined by the demand for the service.

No allowance for a reduction in costs has been made in respect of the transformation of the estate as, whilst the size of the estate will reduce over the next five years, Forecast water demand is proportional to the planned uplift in staff and police officer (to 35,500 FTE by the end of March 2023) numbers in line with the national funding formula. Part of the contingency allows for the forecast FTE to be exceeded. The methodology for forecasting the water and waste water services expenditure for the 2 year period 04/2022 – 03/2024 is outlined in Appendix 1.

6 Management Case

The day-to-day management of utilities contracts is the responsibility of the utilities team within Real Estate Management (REM) in Property Services Department (PSD). This includes the management of the monthly billing cycle as well as year-to-year processes such as budget build and accruals.

Where alternative sourcing strategies are recommended or when new framework contracts are awarded as part of the existing strategy, the utilities management team is responsible for managing the transfer of the MPS sites onto the new contracts.

Additional management support services available through the CCS Framework:

- a dedicated account manager
- a dedicated customer service team for improved support and query management
- choice of billing format (consolidated billing, electronic billing and paper billing)
- a quality service with suppliers monitored against framework KPIs and regular reporting and meetings with CCS
- accurate management information: consumption and billing data are supplied to your request, including self-service online

Appendix 1

The approach to forecasting the expenditure on water and waste water services, for the two year financial year period 2022/23 to 2023/24 is as follows:

The actual spend will be dependent upon actual consumption and the tendered price. Noting however, previous CCS mini-competition tender rounds reduce total unit costs by approximately 4%. The tender process only affects the 'retail' unit price, which is typically reduced from 10% to 6% of the total. This leaves approximately 94% of the unit price fixed (by Ofwat on the 'Wholesale' supply of water).

The 2020/21 actual costs were £1.306m.

Unit prices are forecast to increase by RPI each year, at a nominal 3%. Price controls are in place for the vast majority of these services, from the industry regulator Ofwat. The detail of these price controls are complex, but should not exceed RPI.

Water consumption is driven by the use of personnel, not buildings. Consumption is forecast to increase by 8.8% from our 2020/21 baseline, to a 2023/24 forecast. The FTE forecast used below is the best available at the time of writing, but is subject to adjustment which has been taken account of in this paper. Forecasts are based upon FTE uplift figures for officers (to 35,500 by 31/3/2023, in line with the national funding formula). A similar % increase in staff, and a nominal increase (7%) in MSC numbers are allowed for, but these are less likely to be achieved. Forecast total FTE numbers increase from 45,477 (31/3/2020), to 49,497 (by 31/3/2023). A 2% contingency is then allowed as the Commissioner's ambition at the start of the uplift was to grow the Met by 6,000 officers, which would grow officer numbers by a further 1,500 (to 37,000), which is very unlikely to occur.

In addition to this, a contingency of 8% is allowed for unseen circumstances including unforeseen leaks (metering and leakage detection systems are not in place) and due to the fact that meters are manually read, infrequently, which leads to annual billing which is not uniform. Recent consumption may increase as officers and staff work from home less, or estimated billing catches up with increased water demand from Covid related washing requirements.