

Mayoral Assessment of water supply options paper – November 2017

Introduction

This project specification sets out proposals for commissioning an assessment of Thames Water's potential future water supply options proposed to meet London's future water needs to 2100. The aim of this study to gain an understanding of the implications of Thames Water's preferred options on key mayoral priorities and strategy objectives.

Background

London's drinking water is supplied by four companies. The largest supplier is Thames water which supplies about 78% of London. Thames Water forecast a growing deficit between future demand and available supply between now and 2100. This is because London's population is growing and because of pressures on available resources as the climate changes, and limits are placed on abstraction from rivers and groundwater to protect the environment.

As part of Water Resource Management Plan (WRMP) 19, Thames Water are currently planning to close this supply demand gap through a series of new or enhanced demand management measures which includes improving performance on leakage, meter installation rates and water efficiency measures and through the delivery of a new water resource/s to serve London. The company are carrying out an advanced options appraisal process to assess the most suitable options. The future resource requirements for the London Water resource zone are complex, the scale of the projected deficit and the range of options that need assessing to ensure the best value, most resilient solution, that can be delivered in the necessary timescales and of the appropriate size is selected. As a result of this complexity Thames Water have chosen to go beyond the statutory 25-year planning horizon for this round and have instead chosen an 80-year horizon looking out to 2100 to meet long term projected need. In the past, options appraisal has been driven by a 'least cost' approach to protect customers from rising costs. Thames Water presented some new resource development options for PR14, which were rejected by Ofwat on price (increase on bills) and evidence base grounds. However, recognition from the water industry regulators – tasked with protecting the environment and protecting customers from increasing costs – that factors in addition to cost, such as sustainability and resilience, must be considered as part of the planning process means that 'best value' solutions are sought as opposed to solely 'least cost' solutions. This allows for the long-term planning for resilience of the supply system to be considered and costed into the option appraisal process.

Water Resource Management Plan timescales

- The deadline for submitting draft WRMPs to the Secretary of State is set as 1st December 2017.
- Draft Plans are considered by Defra for one month before water companies publish their draft plans for consultation at the start of January 2018.
- Thames Water have nearly completed their options appraisal process and will announce a preferred strategy for meeting demand to 2100 in their dWRMP to this timeline.
- After consultation closes, water companies will publish their statement of response in June / July 2018, detailing the representations they received and how they will address

them in their final plan. Thames Water are likely to submit a revised draft plan to accompany this.

- Summer 2018 – Environment Agency produce an advice report to Defra advising whether representations have been dealt with appropriately. Companies may then be asked to provide further information, or a public inquiry could be called.
- Defra are expected to direct water companies to publish their final plan in Autumn / winter 2018 – though there may be some variability in this date.

Mayoral strategies

The emerging London Plan indicates that the Mayor will review the available information on each of Thames Water's supply options alongside evidence of their impacts on Londoners and his priorities. While the focus of the Plan's policy is on protecting and conserving water resources in a sustainable manner, it is acknowledged that water companies are forecasting an increasing demand for water. Without additional sources of supply, the increased demand would increase the risk of requiring water restrictions during drought periods. It is highlighted that security of supply should be ensured. In the context of the significant investment needed, the emerging London Plan also mentions that measures to protect and support vulnerable customers are required.

The draft London Environment Strategy also recognises that new sources of water will be required to meet growing demand and pressure on available resources, but this must be planned alongside improvements in demand management and leakage reduction.

Scope

While Thames are carrying out a detailed assessment of the environmental and social impacts of the various supply options, the Mayor wants to be clear on how the range of possible solutions could potentially impact on his priorities for London, for example making London a zero-carbon city by 2050, or on social integration and economic fairness. The proposed solution is to commission an assessment of Thames Water's constrained list of options which are outlined [here](#). These options will be assessed against key mayoral priorities to identify whether any of the options will deliver particular benefits or impacts on these priorities. This will help provide assurance to the Mayor that the most sustainable and equitable long term solution for supplying London will be delivered. If required, it will provide the evidence to support developing potential mitigation measures to minimise any impacts of the preferred option/s.

It will provide evidence that the solution not only supports the levels of growth proposed in London, but also that the preferred approach achieves this in a way that does not compromise other environmental objectives for London and is equitable to all Londoners.

Thames Water have a range of data from their Integrated Assessment of the options. This includes details about the proposed design and location of each of the constrained options in addition to an environmental screening of the likely effects of each option against a set of Environmental Impact Assessment criteria. This Thames Water data should be reviewed against Mayoral priorities to gain an understanding of benefits or impacts and the scale and nature of these. In addition to a desk based review of the available data, we expect the appointed consultants to identify other appropriate research methods, such as, but not limited to interviews and surveys with stakeholders and/or potentially the public.

GLA held data, relevant Mayoral strategies and manifesto commitments will be used to assess the range of preferred water supply options.

Mayoral objectives for use in assessment

The Mayor supports a strategic water resource for London to enable growth. The objective of the project is to understand how the shortlist of preferred options would impact on the Mayor's priorities. His priorities that are relevant for this assessment are set out in the following strategies:

Draft Environment Strategy

- Achieving a zero carbon London in 2050
- Having the best air quality of any major world city by 2050
- Achieving 50% of London to be green
- For London to be resilient to severe weather and climate change
- Achieving a zero-waste city

London Plan – its emerging cross-cutting objectives include:

- Best use of land
- Healthy city and reducing health inequalities
- London's economy
- Efficiency and Resilience

Draft London Housing Strategy

- The five priorities of the draft strategy relating to: Building new homes, affordable homes, High quality homes, fairer deals for renters and leaseholders and tackling homelessness.

Draft Health Inequalities Strategy

- objectives that sit under the Mayor's health and inequalities vision for a healthier, fairer city, where nobody's health suffers because of who they are or where they live

Mayor's Diversity and Inclusion Strategy

- consider the key priority outcomes in the draft strategy

The assessment should also consider the following:

- The Mayor's Manifesto commitments relating to water
- A City for all Londoner's

Information the service provider will use, include:

- Outputs of the Thames Water Strategic Environmental Assessment, Water Framework Directive assessment and Habitats Regulation Assessment
- Relevant GLA data sets as required – e.g. from Datastore
- London Sustainable Development Commission Quality of Life indicators
- Any other information as identified by the appointed consultants.

The project methodology should avoid duplicating the work of Thames Water in technical options appraisal, and the Environment Agency and Ofwat in scrutinising the supply options assessment as part of their statutory WRMP19 and PR19 roles.

Project Requirements

Requirements include:

- Qualitative assessment of both the technical and also socio-economic implications of Thames Water constrained list of options to help determine and make a distinction between options in terms of how they impact Londoners.
- Assessment of the specific elements of the supply options as set out in the SEA work commissioned by Thames Water.
- Engagement with Thames Water's appointed Integrated Assessment consultants Ricardo to gain any additional information that supports the integrated assessment of the supply options.
- Assessment of the potential costs implications of supply options and whether the preferred options have a disproportionate effect on certain sections of society including communities, age groups or ethnicities or gender.

Thames Water and other key stakeholder contacts will be provided to the successful applicant upon appointment.

Pricing

The proposed budget for this project is £20,000

Outputs/deliverables

A single report with relevant appendices detailing the approach, methods and results of assessing the water supply options against Mayoral priorities.

Timeline

Tender	w/c 4 th Dec
Award contract	w/c 18 th Dec
Inception meeting	w/c 8 th Jan
Progress meetings/telecons	Approx. 3 weekly or as required. Face to face and t/c
Draft report	w/c 5 th March
Final report	w/c 19 th March

It is expected that there will be around three progress meetings throughout the project period. There will also be data/evidence meetings with Thames Water and priority specific conversations with GLA staff and stakeholders. The contract should last no longer than three months from the date of award.

A full specification will follow this outline specification setting out, in addition to above:

Your submission (ask of bidders)

Evaluation

Contract T&C's
Contract Management
Payments Terms
Responsible procurement

Ends