

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2188

### Title: Assessment of Thames Water's water resource options for London

#### Executive Summary:

Thames Water is assessing options for how to meet future water demand. There is a projected deficit in water availability from the early 2020s, which is forecast to grow to the end of the century if no action is taken. Enhanced demand management measures, while important, will not be sufficient to close the resource gap. A new water resource is therefore required to serve London. Thames Water is currently assessing its preferred options with a view to reporting these options in their Water Resource Management Plan in January 2018.

The draft London Environment Strategy calls for an efficient, secure, resilient and affordable water supply for Londoners. While Thames Water is undertaking a rigorous assessment of a range of options to identify the preferred new resource solution, there is scope to assess these against a wider set of criteria that link to Mayoral priorities, including as set out in the Mayor's draft strategies. This proposed project will seek to make that assessment and answer those questions; and it will inform the Mayor's response to the Thames Water's consultation on its Water Resource Management Plan. Consultants would be appointed to carry out the assessment and the project managed by the Environment Team with support from the growth and infrastructure and planning teams.

#### Decision:

That the Assistant Director of Environment approves:

Expenditure of £20,000 on consultancy services, in the form of an assessment of Thames Water's preferred new water resources options for London to determine how they align with, support, or impact on Mayoral priorities.

#### AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Patrick Feehily

Position: Assistant Director of Environment Unit

Signature:



Date:

21/12/17.

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

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

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

London's drinking water is supplied by four companies. The largest supplier is Thames Water, which supplies over 75 per cent of London. Thames Water forecast a growing deficit between future demand and available water supply between now and 2100. This is because London's population is growing and because of pressures on available resources as the climate changes. This document and the associated project specification (attached) 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. We do not propose to duplicate Thames Water's detailed options appraisal and impact assessment process, but rather aim to complement this by clarifying what potential impacts the preferred option(s) could have on relevant key Mayoral targets and ambitions. This expenditure is not linked to any existing or anticipated approvals.

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

To commission an assessment of Thames Water's preferred water resource option(s) which are outlined here. These options will be assessed against key Mayoral priorities (as detailed in the attached project specification) to identify whether any of the options will deliver particular benefits or impacts with respect to these priorities.

Outcome: This will aid in providing assurance to the Mayor that the most sustainable and equitable long-term solution for supplying London will be delivered. This will result in an evidence base to inform the Mayor's response to the Thames Water Resource Management Plan consultation and, if required, will provide the evidence to support developing potential mitigation measures to minimise any impacts of the preferred water resource option/s.

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

The evaluation process will be conducted in a way that ensures submissions are evaluated fairly to select the offer that provides the relevant experience and demonstrates value for money.

An element of the project will be to assess how the preferred water resources options proposed could impact on equality and fairness issues for Londoners, identifying whether any groups or communities are disproportionately impacted, for example.

#### **4. Other considerations**

##### **a) key risks and issues**

- timing – as the study is to inform the GLA consultation response to Thames Water's Water Resource Management Plan consultation, it is important there is minimal slippage in the timetable for delivery.
- The project will require a complex analysis of a broad range of Mayoral priorities against some quite clearly defined engineering project parameters relating to specification, costs, performance of each option and more. It may be challenging to develop a methodology that effectively assesses such a broad range of criteria assigning relative weight and importance

so, balancing a qualitative assessment with the options appraisal data from Thames Water which is more quantitative in nature.

- The project is to an extent reliant on the quality of the outputs of the environmental impact assessment work carried out for Thames Water. Procurement will be a competitive process managed by GLA officers
- The need to be aware of new IR35 rules which came into force in April 2017. We do not anticipate these rules will apply to this contract, as we are procuring the provision of services as opposed to provision of labour. We will regardless ensure this is a consideration when appointing.

b) Links to Mayoral Strategies

- This proposed assessment is specifically for establishing how a range of potential engineering solutions of different scales, technologies and in a potential range of locations impacts on Mayoral priorities, many of which are set out in Mayoral Strategies. This project is directly linked to a proposal in the draft London Environment Strategy. Therefore, there is a fundamental link to Mayoral Strategies.

c) Impact assessments and consultations

- This project will need to consider the impact assessment work carried out by Thames Water's consultants for their options appraisal work. It is also likely to need to consider the Integrated Impact Assessment for the draft London Environment Strategy. Consultation comments received on the draft LES may also be relevant.

## 5. Financial comments

5.1 Assistant Director's approval is sought for expenditure of £20,000 for the procurement and appointment of consultants to carry out an assessment of Thames Water's preferred new water resources options. This is to be funded £5,000 from the Environment Team's 2017-18 cross-cutting budget, £10,000 from Economic and Business Policy Unit's 2017-18 Growth and Infrastructure budget and £5,000 from Planning Unit's 2017-18 London Plan budget. The report is expected to be produced and provided to the GLA in by March 31<sup>st</sup> 2018

## 6. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract [for externally delivered projects]	w/c 18 Dec
Announcement [if applicable]	
Delivery Start Date [for project proposals]	w/c 8 Jan
Main milestones – progress meeting	w/c 5 Feb
Main milestones	
Final evaluation start and finish (self/external) [delete as applicable]:	w/c 5 Mar
Delivery End Date [for project proposals]	w/c 19 Mar
Project Closure: [for project proposals]	End Mar

**Appendices and supporting papers:** Mayoral Assessment of water supply options paper

**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:

As the outputs will form the basis of a GLA consultation response. We would not want to make likely GLA consultation response public in advance of submitting the response.

Until what date: (a date is required if deferring) 31 March 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 – NO**

**ORIGINATING OFFICER DECLARATION:**

**Drafting officer:**

Dan Bicknell (Environment Unit) has drafted this report in accordance with GLA procedures and confirms that the Finance and –if relevant- Legal teams have commented on this proposal as required, and this decision reflects their comments.

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 18 December 2018.

**HEAD OF FINANCE AND GOVERNANCE:**

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

**Signature:**



**Date:**

18.12.17