

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	BUDGET AUTHORITY		
DATE:	27 FEBRUARY 2025	REPORT NO:	CFO/88/25
PRESENTING OFFICER	CHIEF FIRE OFFICER, PHIL GARRIGAN		
RESPONSIBLE OFFICER:	DEB APPLETON	REPORT AUTHOR:	STEWART WOODS – HEAD OF ESTATES
OFFICERS CONSULTED:	HYWYN PRITCHARD - HEAD OF PROCUREMENT, STRATEGIC LEADERSHIP TEAM		
TITLE OF REPORT:	PROCUREMENT OF NON-DOMESTIC WATER, WASTEWATER AND ANCILLARY SERVICES CONTRACT		

APPENDICES:	NONE
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Purpose of Report

1. To inform Members of the outcome of the procurement process to secure non-domestic water, wastewater and ancillary services for the Service undertaken via the Crown Commercial Service framework agreement for wastewater and Ancillary Services 3 (RM6306).
2. To seek approval from Members to award the contract to Water Plus Ltd on the basis of the outcome of the procurement exercise.

Recommendation

3. It is recommended that Members
 - (a) note, the contents of the report; and
 - (b) approve, the award of the non-domestic water, wastewater and ancillary services contract to Water Plus Ltd for a duration of three years with an estimated value of £690,000 and having an option to extend by one further year.

Introduction and Background

4. The non-domestic water market was deregulated in 2017 with water supply defaulting to the local provider. In respect of the Authority's water supply this was Water Plus (a joint venture between Severn Trent Water and United Utilities). The majority of the Authority's properties (excluding PFI), since 2017, have remained with Water Plus on their default terms.
5. A water wholesaler is required to undertake two functions, these are water supply, and wastewater disposal. The water wholesaler is still geographically determined, in the Merseyside area the water wholesaler is United Utilities.

6. The water supplier is different from the water wholesaler. The water supplier manages the water wholesaler relationship, metering, billing and supporting ancillary services such as water efficiency advice.
7. Between 90% to 95% of the water bill is made up of pass-through charges from the wholesaler, and therefore cannot be affected by the water supplier. The wholesale pricing is regulated by OFWAT, who set and review wholesale price ranges in five-year periods. The review period has just ended and will be applied from April 2025.
8. OFWAT have now released their price controls for the 2025 to 2030 period and the wholesalers, United Utilities, set their prices within those parameters. United Utilities will not release their new prices which will be effective from 1st April until the end of March.
9. The remaining 5% to 10% retail margin element leaves little room for suppliers to differentiate themselves, therefore whilst the quality of the service offered by the water supplier is important, running our own tender or choosing a different route to market would offer little benefit in terms of price against the cost of tendering.
10. We have therefore used a Crown Commercial Service (CCS) framework to undertake a mini competition of suppliers approved on the framework to determine the preferred supplier. CCS is the UK's biggest public procurement organisation and an executive agency of the Cabinet Office.
11. Six approved framework companies tendered for the contract, three tenderers were rejected for non-compliant bids, having scored below the minimum requirement for technical questions.
12. CCS conducted an initial compliance/validation check, one bidder confirmed they had used artificial intelligence in the preparation of their tender. They confirmed all submissions had been checked by their bid manager and following clarifications no risk was determined.
13. The weightings applied to the evaluation were 30% Technical and 70% commercial. CCS undertook the evaluation concluding Water Plus Ltd scored the highest and that their bid was the most economically advantageous tender.
14. The new multi-site contract will set the Water Plus Ltd uplift margin at the fixed percentage tendered for the full three-year duration of the contract. Comparing last year's bills against this new margin will provide greater cost certainty throughout the term.
15. Other key points about the proposed Water Plus Ltd contract: -
 - The Authority will be able to demonstrate full compliance with the Procurement Regulations.

- The contract will be based upon CCS 's call-off contract terms and conditions with bespoke terms applicable to the water industry with specific tailored KPI's.
- Move from 14 days payment terms to 30 days.
- Under new deal we move to quarterly meter read verification by Water Plus.

Equality and Diversity Implications

16. No E&D implications have been identified from this procurement exercise.

Staff Implications

17. No staff implications have been identified from this procurement exercise

Legal Implications

18. A legal contract will be entered into based upon their own Commercial Service call-off contract templates

Financial Implications & Value for Money

19. The total spend over the past three years on water and wastewater has been:

2021-2022	£187,487
2022-2023	£200,240
2023-2024	£247,931

20. Estimated contract costs from the new CCS Water Plus contract were compared against the 2023-2024 cost and consumption. Estimated savings of £18,000 were identified This was based upon the projected annual estimate value price of £230,000 for the coming financial year.

21. The Service is expecting to see prices increases in the wholesale unit cost of water from 1st April 2025 and these will continue to fluctuate annually in line with the OFWAT agreed increases and actual consumption used by the Service. By fixing the retail margin it will allow MFRS to minimise the impact of price increases.

Risk Management and Health & Safety Implications

22. The water supply contract is an essential service to provide potable water to all MFRS premises, to ensure the health and welfare of the occupants, and to enable operational and training tasks to be undertaken.

Environmental Implications

23. Management and monitoring of the water supplier's performance, incorporating key performance indicators will allow for continuous improvements in service delivery throughout the term of the contract.
24. Access to a range of additional ancillary services, such as leak detection, and repairs will improve monitoring and reduce water consumption.

Contribution to Our Vision: *To be the best Fire & Rescue Service in the UK.*

Our Purpose: *Here to serve, Here to protect, Here to keep you safe.*

25. The aim of the contract is to ensure a water supply contract is put in place that provides value for money and incorporates continuous improvement to monitor and reduce our water consumption.

BACKGROUND PAPERS

NONE

GLOSSARY OF TERMS

MFRA	Merseyside Fire and Rescue Authority
MFRS	Merseyside Fire and Rescue Service
CCS	Crown Commercial Services