

## **Appendix 6.1**

# **BID ASSESSMENT FRAMEWORK**

**March 2019**

**BID ASSESSMENT FRAMEWORK**

**CONTENTS**

1. Glossary ..... 3

2. Introduction ..... 4

3. Northumbrian Water Limited (NWL) ..... 5

4. Operation of the Bid Assessment Framework ..... 11

5. Principles of the Framework ..... 11

6. Governance ..... 16

7. Dispute Resolution Process ..... 16

8. Demand management – Procurement strategy ..... 17

9. Associated Documents ..... 19

10. Appendix A – Demand management Option Details ..... 20

11. Appendix B – Prequalification Information ..... 22

12. Appendix C – Requirements ..... 25

## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

#### 1. GLOSSARY

Capex	Capital expenditure
CC Water	Consumer Council for Water, a statutory consumer body for water and wastewater consumers in England and Wales
Defra	Department of Environment, Food and Rural Affairs, the UK Government department with responsibility for the water sector
EA	Environment Agency, regulator for the natural environment in England
ESW	Essex & Suffolk Water, the south east trading name of NWL
Natural England	The UK Government's adviser for the natural environment in England
NWL	Northumbrian Water Limited, one of ten regulated Water and Sewerage Companies in England and Wales, operating in the north east of England trading as NW, and in the south east of England trading as ESW
NW	Northumbrian Water, the north east of England trading name of NWL
OJEU	Official Journal of the European Union, the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation must be published
Ofwat	Economic regulator for the water sector in England and Wales
Opex	Operational expenditure
PR19	Periodic Review 2019 - every five years Ofwat, the economic regulator for the water and sewerage industry, sets price limits that enable water and sewerage companies to finance the delivery of services to customers, in line with relevant standards and requirements
Price controls	The limits set by Ofwat on the charges that appointed companies can make for their services
Utilities Contracts Regulations 2016	These implement the directive on procurement by entities operating in the water, energy, transport and postal services sectors
WRMP	Water Resource Management Plan, an appointed water undertaker's strategic plan for managing water supply/demand balance
WRPG	Water Resources Planning Guideline, this provides a framework for water companies to follow when developing and presenting their water resources plans
WRZ	Water Resource Zone, the largest possible zone in which all resources, including external transfers, can be shared, and the zone in which all customers will experience the same risk of supply failure from a resource shortfall

# APPENDIX 6.1

## BID ASSESSMENT FRAMEWORK

### 2. INTRODUCTION

This Bid Assessment Framework is designed to set out the principles, policies and procedures that we will adopt to ensure a level playing field is created when assessing a bid from a third party for the provision of water resources and/or leakage demand management services against our own provision. It will aim to provide clarity and confidence to third party bidders about the process and that all bids will be assessed in a fair and transparent way against any in house solutions.

#### 2.1 Why have a Bid Assessment Framework?

Northumbrian Water Ltd (NWL) is willing to accept bids from any party that would bring innovation and allow us to identify more efficient ways of delivering water resources, demand management and leakage services without adding avoidable costs. We have published the water resources market information on our website.

Through this Bid Assessment Framework, we are looking to promote innovation which will allow us to deliver water resources, demand management and leakage services more efficiently for the benefit of our customers. This will ultimately mean a reduced cost for customers.

Ofwat wants to encourage a greater bidding market between appointed water company's in house solutions against third parties. The third parties can be independents or incumbents from outside the area.

Ofwat is keen that all incumbents produce a Bid Assessment Framework that shows a clear commitment to the key principles of transparency, equal treatment, non-discrimination and proportionality. This is an appropriate way to provide third parties with confidence and clarity about the integrity of the procurement process.

Further Information on Ofwat's approach to supporting the bidding market for water resources, demand management and leakage services can be found on their website using the link below:

**Delivering Water 2020: Our Final Methodology for the 2019 price review Appendix 8 Company bid assessment frameworks – the principles** (see <https://www.ofwat.gov.uk/publication/delivering-water-2020-final-methodology-2019-price-review/>).

NWL will keep its Bid Assessment Framework up to date and publicly available, via its website.

#### 2.2 Understanding this document

This document is structured as follows:

- Section 1: Introduces the Bid Assessment Framework;
- Section 2: Information on Northumbrian Water Limited (NWL);
- Section 3: The operation of the Bid Assessment Framework;
- Section 4: Demand Management Procurement Strategy;
- Section 5: Associated Documents;

#### 2.3 Contact details

Any queries in relation to this Bid Assessment Framework should be directed to: **Mr Steve Crake**, Head of Procurement, Boldon House, Wheatlands Way, Pity Me, DH1 5FA.

Email: [steve.crake@nwl.co.uk](mailto:steve.crake@nwl.co.uk)

## **APPENDIX 6.1**

### **BID ASSESSMENT FRAMEWORK**

## **3. NORTHUMBRIAN WATER LIMITED (NWL)**

### **3.1 Northumbrian Water**

Northumbrian Water (NW) is a statutory water and wastewater company in the north east. The business comprises the supply of both potable and raw water and the collection, treatment and disposal of sewage and sewage sludge, serving 2.7 million people in the major population centres of Tyneside, Wearside and Teesside, as well as the large rural areas of Northumberland and County Durham. We provide only waste water services in Hartlepool.

Our NW operating area shares a land border with United Utilities, Yorkshire Water, Hartlepool Water and Scottish Water in the north.

### **3.2 Essex & Suffolk Water**

Essex & Suffolk Water (ESW) is a statutory water company in the south east. The business supplies water services to 1.5 million people in Essex and 0.3 million people in Suffolk. Our Essex area is part rural and part urban and includes the main population centres of Chelmsford, Southend and the London Boroughs of Barking and Dagenham and Havering and Redbridge. The Suffolk area is mainly rural with the largest towns being Great Yarmouth and Lowestoft.

Our ESW operating areas share borders with Thames Water, Affinity Water and Anglian Water.

# APPENDIX 6.1 BID ASSESSMENT FRAMEWORK

Figure 1: Northumbrian Water and Essex & Suffolk Water Operating Areas

Source Northumbrian Water Website



# APPENDIX 6.1

## BID ASSESSMENT FRAMEWORK

### 3.3 NWL water resources

#### 3.3.1 NW operating area

The Water Resource Zone (WRZ) is the basic building block of a Water Resource Management Plan (WRMP). Companies will have a variable number of WRZs making up their total supply area. A WRZ is the largest area of a company's supply area where supply infrastructure and demand centres are generally integrated to the extent that customers in the WRZ should experience the same risk of supply failure due to climatic conditions. NW has 2 WRZs covering its supply area. These are the Berwick WRZ in the far North of the supply area covering about 1% of customers, and the Kielder WRZ covering the remaining 99% of customers.

**Figure 2 Water Resource Zones (WRZ) in the Kielder & Berwick Water Supply Areas**  
*Source: Northumbrian Water*



# APPENDIX 6.1

## BID ASSESSMENT FRAMEWORK

### 3.3.2 ESW operating area

ESW has geographically separate supply areas, known as the Essex supply area and Suffolk supply area (Figure 3). Water is supplied to approximately 1.5 million people in the Essex supply area and 0.3 million people in the Suffolk supply area. In line with the Water Resources Planning Guideline (WRPG), ESW's WRMP is based on assessments undertaken at a WRZ level.

In the case of ESW, four resource zones have been delineated, one in Essex (the Essex resource zone) and three in Suffolk known as the Blyth, Hartismere, and Northern/Central WRZs. Schematic diagrams of the WRZs and associated infrastructure are shown in Figure 3 for Essex and Suffolk.

**Figure 3 Water Resources in the Essex and Suffolk Water Supply Areas**  
 Source: Northumbrian Water WRMP





## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

#### 3.4 WRZ supply / demand forecasts

To understand if we have sufficient water to meet our customers' needs, we compare the demand for water with the available supply, taking account of the uncertainties in the forecasts. This assessment produces the supply demand balances for each WRZ which show if there is sufficient water to meet customers' needs or if there is a deficit. The supply demand balances across our supply area are shown in Table 1 below:

**Table 1: PR14 Balance of Supply (MI/d) for WRZs**

PR14 Balance of Supply (MI/d) Including Headroom	End of Amp 5	End of Amp 6	End of Amp 7	End of Amp 8	End of Amp 9	End of Planning Horizon
Year	2014/15	2019/20	2024/25	2029/30	2034/35	2039/40
Kielder	178	178	174	173	169	164
Berwick	0.83	3.5	3.5	3.5	3.5	3.5
Essex	51.98	34.92	38.53	42.56	42.79	62.28
Suffolk – Northern Central	14.6	11.5	9.6	7.5	6.7	5.6
Suffolk - Blyth	2.84	2.65	2.55	2.51	2.34	2.20
Suffolk - Hartismere	3.37	3.35	3.31	3.29	3.21	3.12

#### 3.5 Statutory obligations

NWL operates under a comprehensive framework of statutory and regulatory obligations. These are set out in UK and EU legislation, including the Water Industry Act 1991 (as amended by the Water Act 2003 and Water Act 2014), the Competition Act 1998 and the European Habitats Directive and Water Framework Directive. These obligations set the boundaries for the way we serve our customers, specifying environmental and economic standards which we must meet.

NWL is regulated by the Water Services Regulation Authority (Ofwat), the Environment Agency (EA), and the Drinking Water Inspectorate (DWI).

- Ofwat is the economic regulator for all appointed water and wastewater companies and water-only companies in England and Wales. It sets limits on the revenues that these companies can recover for their services (price controls). Ofwat sets price controls in a process known as the Periodic Review (or PR). Controls were set in December 2014 (PR14) for the period April 2015 to March 2020.
- The EA's purpose is to protect the environment and promote sustainable development. It is responsible for issuing water companies with abstraction licences and discharge consents. The Environment Agency is particularly concerned with the quality and quantity of fresh surface and underground water and marine and estuarial waters, and strives to prevent/reduce the threat of water contamination and reduce flooding.
- The DWI regulates all appointed water companies in England and Wales. It acts on behalf of the Secretary of State for Defra and the National Assembly for Wales. Its role is to assess the wholesomeness of water supplies. It also undertakes technical audits of water suppliers to examine all aspects of water quality, treatment and monitoring. In addition, the DWI requires each water supplier to submit quality data on a monthly basis for scrutiny. Where necessary, the DWI can require a company to implement schemes to improve water quality, and will monitor their progress.

## **APPENDIX 6.1**

### **BID ASSESSMENT FRAMEWORK**

#### **3.6 Water Trading Statement**

Northumbrian Water Limited (NWL) believes in the benefits of cross company collaborative working. NWL have a number of existing water trading agreements in place. We report on these arrangements to Ofwat and this information is published on Ofwat's website. All water trading opportunities are considered by the business. We are committed to the high level principles identified by Ofwat as detailed in Ofwat's Trading and Procurement Code – Guidance on Requirements and Principles dated May 2018. Where possible trades are identified we are committed to trading in a transparent and responsible manner and to the benefit of customers.

## APPENDIX 6.1

# BID ASSESSMENT FRAMEWORK

## 4. OPERATION OF THE BID ASSESSMENT FRAMEWORK

### 4.1 NWL position on Bid Assessment Framework

NWL supports economic growth within its regions. We believe that being open to third party bids for water resources, demand management and leakage services will encourage innovation and delivery efficiencies. However, as shown in Table 1, we are currently forecasting a surplus in all WRZs. We would only seek bids when we have a known or forecast deficit.

As population and demand predictions can change, and lead to a potential deficit, the following Bid Assessment Framework has been created for a deficit scenario. In addition we have outlined our procurement strategy for demand management which outlines activities for third parties to tender while we are forecasting a surplus.

This bid assessment is based on Ofwat's best practice recommendations set out in 'Delivering Water 2020: Our Final methodology for the 2019 price review. Appendix 8: Company bid assessment frameworks – the principles'.

We have followed this methodology to demonstrate a clear commitment to:

- Transparency;
- Equal treatment/non-discrimination; and
- Proportionality.

## 5. PRINCIPLES OF THE FRAMEWORK

NWL conforms to the following general high-level principles, which will govern the approach to its Bid Assessment Framework.

Our procurement approach is based on a number of key principles which are consistent with this new framework and recognise OFWAT's best practice recommendations set out in "Delivering Water 2020" (Final methodology for the 2019 Price review and the "Bid Assessment Framework information note (January 2019)", which demonstrate a clear commitment to transparency, equal opportunity / non-discrimination and proportionality.

As a Water Utility, we are subject to the Utility Contract Regulations 2016 (UCR) for all procurements within scope and we conduct these procurements in full accordance with the requirements of the UCR. In particular Regulation 11, makes it clear that all procurements relating to:

- the provision or operation of fixed networks intended to provide a service to the public in connection with the production or distribution of drinking water";*
- or
- the supply of drinking water to such networks"*

are subject to the regulations. Where the relevant threshold values are met, and no exclusions apply, our view is that, leakage and demand management services will fall with scope.

Northumbrian Water will apply the rules and regulations appropriate to all procurements, in particular Regulation 36 of the UCR states that:

## APPENDIX 6.1

# BID ASSESSMENT FRAMEWORK

- (1) *Utilities shall treat economic operators equally and without discrimination and shall act in a transparent and proportionate manner*  
and
- (2) *the design of the procurement shall not be made with the intention of excluding it from the scope of these Regulations or of artificially narrowing competition”.*

This framework builds upon NWL’s existing procurement practices and is consistent with the UCR principles.

**Transparency** - by providing a clear explanation of the procurement processes to be adopted.

**Equal Treatment / Non Discrimination** - NWL’s procurement processes embrace the principles of equal treatment and non-discrimination as required by the UCR. In particular, we ensure that all suppliers have the opportunity to compete for publicised services and that objective, publicised criterion are adopted for the assessment process and that contracts are awarded to deliver best value outcomes. Through a consistent approach and standard contracts, Regulated Procurements ensure compliance with the UCR, where regulation 42 requires that contracting entities / utilities take appropriate measures to effectively prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures so as to avoid any distortion of competition and to ensure equal treatment of all economic operators.

**Proportionality** - Northumbrian Water’s procurement processes adopt a proportionality approach when conducting UCR compliant procurements that include correctly specifying requirements, which avoids “gold plating” to ensure that specified requirements meet best value business needs.

There may be some occasions where the UCR does not apply. Even in such cases, all procurements within the scope of this framework shall be treated in the same way and the procurement process outlined below shall be applied.

### 5.1 Bid Assessment Framework

NWL’s Strategic Sourcing procurement process is outlined below. Strategic sourcing describes the whole process from an assessment of initial business need through to end of contract requirements. The approach formalises the way we deliver third party arrangements and ensures that business needs and best value is achieved, through robust supply chain engagement.

Strategic sourcing is a staged process that brings discipline and procedure into the whole life cycle management of supply chain arrangement.

Establish Requirements	Key requirements, constraints and business requirements are clearly established at the onset of any procurement - See Appendix C.
Prequalification	PQQ documentation will outline the information required including questionnaires and any mandatory requirements to assess a supplier’s suitability for the services required. Typically such information required shall include H&S compliance, environmental requirements, evidence of specific technical capability, financial information and references. Additional criteria proportionate to the stated requirements will also be required. Full details of the requirements and assessment criteria will also be published with the PQQ.

## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

	<p>The following areas will be assessed as prequalification criteria.</p> <ul style="list-style-type: none"><li>• Compliance with NWL Procurement Policies</li><li>• Information Security</li><li>• Data Protection</li><li>• Financial Rating</li><li>• Accreditation</li><li>• References</li><li>• Grounds for mandatory rejection</li></ul> <p>More information on the criteria can be found in Appendix B – Prequalification Information</p>
--	---

## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

<p>Need Specification</p>	<p>We will provide a specification when the need for a water resource/demand management has been identified which will detail the following:</p> <ul style="list-style-type: none"> <li>• Outline scope/business need</li> <li>• Environmental aspects - NWL is committed to serving its customers in an environmentally-responsible way. We assure Ofwat, the EA and others that we will only agree contracts where we are satisfied there is no undue adverse effect on the natural environment.</li> <li>• Water source</li> <li>• Quality - Can be of untreated or treated water depending on the business need. Bidders must abide by Water Quality Protocols as stipulated by Drinking Water Inspectorate (DWI)</li> <li>• Any assumptions made</li> <li>• Costs and reliability</li> </ul> <p>The specifications will not over specify the requirements and will not go beyond what is necessary to achieve the outcome.</p>																
<p>Time Limits and Bid Clarifications</p>	<p>We will remain open to bids when a need in reducing a deficit has been identified. This is because we expect any deficits would be small and therefore a mixture of operation and capital solutions would be implemented as business as usual. Therefore these solutions can be implemented any time with minimal disruption. The only exception to this is if a large deficit is forecast and a large capital invention is required. The reason being we will need to time limit the bids due to the delivery time required to implement the solution.</p> <p>Once an expression of interest has been received we will follow the timescales set out in the table below:</p> <p>Table 2: Bid Assessment Timescales</p> <table border="1" data-bbox="523 1368 1541 2000"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Stage</th> <th style="background-color: #0070C0; color: white;">Timescales and Detail of Response</th> </tr> </thead> <tbody> <tr> <td>Expression of interest</td> <td>NWL will acknowledge and issue any relevant documentation within 1 week</td> </tr> <tr> <td>Bidder raises any queries or ambiguities NWL will keep a query and ambiguity log which they will provide to all bidders</td> <td>NWL will provide answers to all questions within 4 weeks</td> </tr> <tr> <td>Bids Submitted</td> <td>NWL will acknowledge bids are received within 1 week</td> </tr> <tr> <td>Notification of successful and unsuccessful bidders</td> <td>NWL will respond with feedback and audit report within 3 months</td> </tr> <tr> <td>Standstill period</td> <td>NWL will accept any challenges within this 2 week period</td> </tr> <tr> <td>Challenges</td> <td>NWL will respond to challenges within 1 week</td> </tr> <tr> <td>Contract Award</td> <td>NWL will announce and confirm the award of the contract within 4 weeks</td> </tr> </tbody> </table>	Stage	Timescales and Detail of Response	Expression of interest	NWL will acknowledge and issue any relevant documentation within 1 week	Bidder raises any queries or ambiguities NWL will keep a query and ambiguity log which they will provide to all bidders	NWL will provide answers to all questions within 4 weeks	Bids Submitted	NWL will acknowledge bids are received within 1 week	Notification of successful and unsuccessful bidders	NWL will respond with feedback and audit report within 3 months	Standstill period	NWL will accept any challenges within this 2 week period	Challenges	NWL will respond to challenges within 1 week	Contract Award	NWL will announce and confirm the award of the contract within 4 weeks
Stage	Timescales and Detail of Response																
Expression of interest	NWL will acknowledge and issue any relevant documentation within 1 week																
Bidder raises any queries or ambiguities NWL will keep a query and ambiguity log which they will provide to all bidders	NWL will provide answers to all questions within 4 weeks																
Bids Submitted	NWL will acknowledge bids are received within 1 week																
Notification of successful and unsuccessful bidders	NWL will respond with feedback and audit report within 3 months																
Standstill period	NWL will accept any challenges within this 2 week period																
Challenges	NWL will respond to challenges within 1 week																
Contract Award	NWL will announce and confirm the award of the contract within 4 weeks																

## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

<p>Evaluation</p>	<p>The evaluation process will be assessed fairly and according to the same evaluation criteria as our in-house solution. A typical evaluation criteria is listed below but will be updated with definition and weighting when a need for a water resource has been identified:</p> <ul style="list-style-type: none"> <li>• Cost (total cost of ownership)</li> <li>• Quality of provision</li> <li>• Water quality</li> <li>• Asset life</li> <li>• Sustainability</li> <li>• Customer acceptability</li> <li>• Environmental consideration</li> <li>• Resilience</li> <li>• Timing</li> </ul> <p>The bid assessment team will be independent of the in house solution team. When assessing the bids it will be undertaken in accordance with the principles of transparency, equal treatment/non-discrimination and proportionality.</p>
<p>Contract Award</p>	<p>Each contract award will be externally audited against this document (Bid Assessment Framework) and a report will be issued to all bidders and to Ofwat if required. The procurement team are subject to internal audit and external audit, with the findings reported to the NWL Audit Committee who assure the integrity of NWL's regulatory reporting systems.</p>
<p>Communication of Decision</p>	<p>All Communications will be in accordance with OJEU procedure.</p> <p>Feedback will be provided to all bidders regarding the reasons for acceptance or rejection of their bid.</p> <p>As with all NWL contracts, we will have a 10 day standstill period after the contract award date where we can accept any queries, challenges or complaints, should applicants consider that the bid has not been appraised in accordance with the Bid Assessment Framework.</p> <p>If you have a complaint or a challenge, then firstly contact Steve Crake, Head of Procurement (<a href="mailto:Steve.Crake@nwl.co.uk">Steve.Crake@nwl.co.uk</a>), who will acknowledge your issue within 2 weeks. To escalate the issue please contact Graham Southall, Group Commercial Director (<a href="mailto:Graham.Southall@nwl.co.uk">Graham.Southall@nwl.co.uk</a>).</p>

## **APPENDIX 6.1**

# **BID ASSESSMENT FRAMEWORK**

## **6. GOVERNANCE**

NWL will comply with the principles of transparency, equal treatment/non-discrimination and proportionality.

To do this a separate procurement team, one which does not include individuals who have been involved in any pre-tender engagement or in the development of the in house solution, will be set up and all members of the bid assessment team will sign a declaration of impartiality which, will include a confidentiality agreement that will safeguard against the misuse or the perception of misuse for any commercially sensitive information.

All decisions will be expedient, fair, transparent, and subject to oversight by the NWL Charges Steering Group who are independent of the water directorate. All contracts will be awarded in accordance with the NWL financial procurement rules; Investment Authorisation Committee up to £5million, NWL Board up to £10 million, and NWL Group Board above £10 million.

Our governance procedures are in accordance with the UCR requirements as detailed in the Official Journal of the European Union (OJEU). We expect the majority of requirements for water supply, demand management and or leakage services will be advertised either via OJEU or via the Achilles Procurement Platform (for applicable demand management of leakage services).

For non UCR requirements, suppliers may also put forward opportunities for assessment by Northumbrian Water at any time. These potential opportunities (assuming they are not covered by the scope of the UCR) will be assessed to determine that a valid opportunity exists using the same methodology as detailed previously. These proposals will not trigger a formal procurement process, unless required and will be dealt with of a bi-lateral basis.

All award criteria are appropriate, objective and specific to the particular requirements and relevant to assessing whether tenders provide best value for money. All requirements, assessment criteria, weightings etc. are publish in advance NWL procurement policy requires that the selection process, tender assessment and award process remains confidential in all respects, until notification of the award is made.

Overall contract governance is by the Investment Authorisation Committee (IAC), a subgroup of the Executive Leadership Team, which oversees the decision making processes and contract award processes to ensure a level playfield is established.

## **7. DISPUTE RESOLUTION PROCESS**

Where a procurement is within the scope of the UCR, suppliers have remedies available to them pursuant to the terms of the UCR as detailed in the regulations.

NWL Standard Contracts are governed by and construed in accordance with English law and subject to the exclusive jurisdiction of the English courts as regards any claim or matter arising under the Contract.

Disputes are initially reviewed by a meeting or discussion between the NWL person named and a representative of the Supplier, held at the reasonable request of either party. If no agreement is reached within ten (10) Working Days of the first request for the meeting or discussion, the dispute shall, at the request of either party, be escalated to the Head of Procurement of NWL and a representative of the Supplier of comparable rank and position. If no agreement is reached within ten (10) Working Days of the request, the dispute is, at the request of either party, escalated to an



## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

appropriate director of NWL and a director or equivalent of the Supplier. If no agreement is reached within thirty (30) Working Days after the first request for the meeting or discussion, the dispute may be referred for resolution, provided both parties so agree, the parties shall together refer the dispute to the Centre for Dispute Resolution (“CEDR”) for resolution in accordance with such of the Alternative Dispute Resolution (“ADR”) Procedures offered by the CEDR as the CEDR considers appropriate in all the circumstances. If either party does not agree to such referral either of them may commence legal proceedings as it sees fit.

## 8. DEMAND MANAGEMENT – PROCUREMENT STRATEGY

The NWL forward plan for demand management is contained in the WRMP. This covers the forecasts and the options to the end of the planning period which is the year 2040. The options for demand management are presented in Table 3 below. A further breakdown showing the activities in each option are shown in Appendix A.

Table 3: Demand Management Options for WRZs

Source: Northumbrian water and Essex and Suffolk Market Information

Water Resource Zone (WRZ)	Option Name	Type of Option	Planned Scheme Start Date	Total Planning Period* indicative option cost (NPV) (£000s)
U i Kielder	Leakage	Leakage Control	2017/18	£242,456.36
s d Kielder	Enhanced Water Efficiency	Household Water Efficiency	2020/21	£3,474.42
u s Berwick	Leakage	Leakage Control	2017/18	£11,133.83
s e Berwick	Enhanced Water Efficiency	Household Water Efficiency	2020/21	£29.13
d e Blyth – Suffolk	Leakage	Leakage Control	2017/18	£7,141.81
e r Blyth - Suffolk	Enhanced Water Efficiency	Household Water Efficiency	2020/21	£92.91
l i Essex	Leakage	Leakage Control	2017/18	£9,208.30
e r Essex	Enhanced Water Efficiency	Household Water Efficiency	2020/21	£3,763.62
· Hartismere	Leakage	Leakage Control	2017/18	£6121.56
W e Hartismere	Enhanced Water Efficiency	Household Water Efficiency	2020/21	£58.08
c Northern Central	Leakage	Leakage Control	2017/18	£14,283.63
U A Northern Central	Enhanced Water Efficiency	Household Water Efficiency	2020/21	£488.98

As discussed earlier, we currently do not have the need for any demand management interventions and we would only seek offers when we have a known or forecast deficit. However, we currently have a procurement strategy for all of the demand management activities for now and for the future. This strategy will need to be resourced by in house and third party suppliers. Therefore we will have tendering options for suppliers throughout the planning period. The dates for the third party activities are outlined below.

## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

#### 8.1 Third Party Contracts

Table 4: Third Party Contracts for Demand Management

Activity	Leakage/Household water efficiency	Location	Contractor	Date of renewal	Extension Available	Subject to UCR
Mains Renewal	Leakage	North East	Fastflow Pipeline Solution	31/3/2021	Further 3 years available	Yes
Mains Renewal	Leakage	Suffolk	T4	31/3/2021	Further 3 years available	Yes
Noise Loggers (Supply)	Leakage	Companywide	Primayer	28/2/2019	No Option	Yes
Home Retrofits	Household water efficiency	Essex and Suffolk	WSP	31/12/2018	No Option	Yes
Home Retrofits	Household water efficiency	North East	Cenergist	31/1/2019	No Option	Below Threshold
School education visits	Household water efficiency	Companywide	Gibber Theatre Limited	30/6/2018	No Option	Below Threshold

Where applicable the contracts currently follow the Utilities Contracts Regulations (UCR) 2016.

By following the UCR 2016 we are obliged to adhere to the key principles, which include obligations to ensure transparency, equal treatment/non-discrimination for all potential bidders, and proportionality.

## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

#### 9. ASSOCIATED DOCUMENTS

Name	Link
Water Resources Market Information (NW)	<a href="https://www.nwl.co.uk/your-home/environment/water-resources-market-information.aspx">https://www.nwl.co.uk/your-home/environment/water-resources-market-information.aspx</a>
Water Resources Market Information (ESW)	<a href="https://www.eswater.co.uk/your-home/water-resources-market-information.aspx">https://www.eswater.co.uk/your-home/water-resources-market-information.aspx</a>
Water Resources Management Plan (NW)	<a href="https://www.nwl.co.uk/your-home/environment/current-WRMP.aspx">https://www.nwl.co.uk/your-home/environment/current-WRMP.aspx</a>
Water Resources Management Plan (ESW)	<a href="https://www.eswater.co.uk/your-home/current-WRMP.aspx">https://www.eswater.co.uk/your-home/current-WRMP.aspx</a>
NWL Financial Rules	<a href="https://www.nwl.co.uk/business/tender-process.aspx">https://www.nwl.co.uk/business/tender-process.aspx</a>
Delivering Water 2020: Our Final Methodology for the 2019 price review. Appendix 8 Company bid assessment framework – the principles	<a href="https://www.ofwat.gov.uk/publication/delivering-water-2020-final-methodology-2019-price-review-appendix-8-company-bid-assessment-framework-principles">https://www.ofwat.gov.uk/publication/delivering-water-2020-final-methodology-2019-price-review-appendix-8-company-bid-assessment-framework-principles</a>

## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

#### 10. APPENDIX A – DEMAND MANAGEMENT OPTION DETAILS

WRZ	Leakage reduction	Total Planning Period* indicative option cost (NPV) (£000s)	Activities included in option											
			Activity 1			Activity 2			Activity 3			Activity 4		
			Title	In house contractor	Quantity for planning period	Title	In house contractor	Quantity for planning period	Title	In house contractor	Quantity for planning period	Title	In house contractor	Quantity for planning period
Kielder	15%	£242,456.36	Mains replacement	Contractor	2,380km	Additional Leakage Technicians	In-House	49	Noise loggers	Contractor	19,800 units	Pressure Management	In-House	50 PRV Installations
Berwick	15%	£11,133.83	Mains replacement	Contractor	20km	Additional Leakage Technicians	In-House	1	Noise loggers	Contractor	200 units	n/a		
Blyth	15%	£7,141.81	Mains replacement	Contractor	55km	Additional Leakage Technicians	In-House	1	Noise loggers	Contractor	470 units	Pressure Management	In-House	2 PRV installations
Essex	15%	£9,208.30	Mains replacement	Contractor	2,230km	Additional Leakage Technicians	In-House	21	Noise loggers	Contractor	18,195 units	Pressure Management	In-House	82 PRV installations
Hartismere	15%	£6121.56	Mains replacement	Contractor	50km	Additional Leakage Technicians	In-House	1	Noise loggers	Contractor	400 units	Pressure Management	In-House	2 PRV installations
Northern Central	15%	£14,283.63	Mains replacement	Contractor	115km	Additional Leakage Technicians	In-House	1	Noise loggers	Contractor	935 units	Pressure Management	In-House	4 PRV installations

## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

WRZ	Total Planning Period* indicative option cost (NPV) (£000s)	Activities included in option								
		Activity 1			Activity 2			Activity 3		
		Title	In house contractor	Quantity per year	Title	In house contractor	Quantity per year	Title	In house contractor	Quantity per year
Kielder	£3,474.42	Home retrofits	In house	17837	Home retrofits	Contractor	49	School education visits	Contractor	19,800 units
Berwick	£29.13	Home retrofits	In house	158	Home retrofits	Contractor	1	School education visits	Contractor	200 units
Blyth	£92.91	Home retrofits	In house	278	Home retrofits	Contractor	1	School education visits	Contractor	470 units
Essex	£3,763.62	Home retrofits	In house	10021	Home retrofits	Contractor	21	School education visits	Contractor	18,195 units
Hartismere	£58.08	Home retrofits	In house	170	Home retrofits	Contractor	1	School education visits	Contractor	400 units
Northern Central	£488.98	Home retrofits	In house	1537	Home retrofits	Contractor	1	School education visits	Contractor	935 units

## APPENDIX 6.1

# BID ASSESSMENT FRAMEWORK

## 11. APPENDIX B – PREQUALIFICATION INFORMATION

### 11.1 Compliance with NWL procurement policies

**Sustainability:** We are committed to ethically procuring goods, works and services in a way that generates maximum value, not only to our organisation but also to society and the economy, while enhancing the environment. We are firmly rooted within the communities we serve. It is important to us that we demonstrate our responsibility to the economic and social wellbeing of our customers and employees and enhance the environment and communities we serve. By embedding sustainable procurement practices, we will maximise the value we bring to our stakeholders and customers, now and in the future. Our sustainable procurement policy includes a suppliers charter, this informs suppliers of NWLs expectations as we work together to drive sustainability.

In accordance with our Sustainable Procurement Policy, should you be successful in this tender you will be required to subscribe to the CIPs Sustainability Index.

**Equality, Diversity and Inclusion Policy Statement:** As a supplier to NWL you recognise the value that different backgrounds, experiences and perspectives can bring to the business and we oppose all forms of unlawful and unfair discrimination or victimisation. To that end the purpose of this policy is to ensure equality and fairness for everyone in our employment and those we come into contact with as we do business.

**Modern Slavery Act:** NWL would like to ensure that suppliers and their associated supply chain provide suitable working conditions for their employees relating to the following:

- Working conditions are safe and working hours reasonable;
- Fair wages are paid;
- Child labour is not used;
- Discrimination is not practised;
- Slavery and human trafficking is not taking place;
- Full compliance with the requirements of the Modern Slavery Act.

**Corporate Governance:** The mission of NWL is to be the national leader in the provision of sustainable water and wastewater services. We provide essential services in the areas in which we work, and we accept the high levels of responsibility which this carries. To help us meet these wide ranging responsibilities, we have adopted a Code of Conduct (see [https://www.nwl.co.uk/assets/documents/NWG\\_Conduct\\_Code\\_HR\\_-\\_FINAL2.pdf](https://www.nwl.co.uk/assets/documents/NWG_Conduct_Code_HR_-_FINAL2.pdf)).

We will endeavour to adhere to the Code in all of our activities and we will monitor our performance in this respect.

As part of this Code, we require our suppliers to act ethically, lawfully, with integrity, with honesty and with fairness in accordance with our Code of Conduct and the Bribery Act 2010.

### 11.2 Information security

Do you have ISO27001 certification in all the locations where any NWL data is processed? If not, do you have any alternative certification e.g. SAS70 or PCIDSS? Please provide details of your information security measures.

### 11.3 Data protection

Bidders need to comply with the General Data Protection Regulation 2014.

## **APPENDIX 6.1**

# **BID ASSESSMENT FRAMEWORK**

### **11.4 Financial rating**

NWL will assess your financial standing and add a score based upon known credit agency scores rounded to the nearest 10. We will use the same methodology for all suppliers so if we cannot get all scores from one agency then we will use the next priority for all assessments.

Methodology in order of Priority:

- Dun & Bradstreet;
- Equifax;
- Internal Assessment of financial accounts.

Before any award decision is made a full review of the financial standings of the preferred bidder will be carried out. NWL reserve the right to exclude any bidder if any financial concerns are highlighted.

### **11.5 Accreditation**

We expect bidders to have the following accreditation:

- BS EN ISO 9001 Quality Management Standard or equivalent.
- BS OHSAS 18001 Occupational Health and Safety Standard or equivalent.
- ISO14001 Environmental Management or equivalent.

### **11.6 References**

Please provide details for a reference that you consider to be appropriate in demonstrating your ability and suitability to carry out this contract.

### **11.7 Grounds for mandatory rejection**

1. Conspiracy within the meaning of section 1 or 1A of the Criminal Law Act 1977(1) or article 9 or 9A of the Criminal Attempts and Conspiracy (Northern Ireland) Order 1983(2) where that conspiracy relates to participation in a criminal organisation as defined in Article 2 of Council Framework Decision 2008/841/JHA on the fight against organised crime(3);
2. Corruption within the meaning of section 1(2) of the Public Bodies Corrupt Practices Act 1889(4) or section 1 of the Prevention of Corruption Act 1906(5);
3. The common law offence of bribery;
4. Bribery within the meaning of sections 1, 2 or 6 of the Bribery Act 2010(6), or section 113 of the Representation of the People Act 1983(7);
5. Where the offence relates to fraud affecting the European Communities' financial interests as defined by Article 1 of the Convention on the protection of the financial interests of the European Communities(8):—
  - the common law offence of cheating the Revenue;
  - the common law offence of conspiracy to defraud;
  - fraud or theft within the meaning of the Theft Act 1968(9), the Theft Act (Northern Ireland) 1969(10), the Theft Act 1978(11) or the Theft (Northern Ireland) Order 1978(12);
  - fraudulent trading within the meaning of section 458 of the Companies Act 1985(13), article 451 of the Companies (Northern Ireland) Order 1986(14) or section 993 of the Companies Act 2006(15);
  - fraudulent evasion within the meaning of section 170 of the Customs and Excise Management Act 1979(16) or section 72 of the Value Added Tax Act 1994(17);

## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

- an offence in connection with taxation in the European Union within the meaning of section 71 of the Criminal Justice Act 1993(18);
  - destroying, defacing or concealing of documents or procuring the execution of a valuable security within the meaning of section 20 of the Theft Act 1968(19) or section 19 of the Theft Act (Northern Ireland) 1969(20);
  - fraud within the meaning of section 2, 3 or 4 of the Fraud Act 2006(21); or
  - the possession of articles for use in frauds within the meaning of section 6 of the Fraud Act 2006, or the making, adapting, supplying or offering to supply articles for use in frauds within the meaning of section 7 of that Act;
    - in section 41 of the Counter Terrorism Act 2008(22); or
    - in Schedule 2 to that Act where the court has determined that there is a terrorist connection;
  - any offence under sections 44 to 46 of the Serious Crime Act 2007(23) which relates to an offence covered by subparagraph (f);
  - money laundering within the meaning of sections 340(11) and 415 of the Proceeds of Crime Act 2002(24);
  - an offence in connection with the proceeds of criminal conduct within the meaning of section 93A, 93B or 93C of the Criminal Justice Act 1988(25) or article 45, 46 or 47 of the Proceeds of Crime (Northern Ireland) Order 1996(26);
  - an offence under section 4 of the Asylum and Immigration (Treatment of Claimants, etc.) Act 2004(27);
  - an offence under section 59A of the Sexual Offences Act 2003(28);
  - an offence under section 71 of the Coroners and Justice Act 2009(29);
  - an offence in connection with the proceeds of drug trafficking within the meaning of section 49, 50 or 51 of the Drug Trafficking Act 1994(30); or
  - any other offence within the meaning of Article 57(1) of the Public Contracts Directive—
  - as defined by the law of any jurisdiction outside England and Wales and Northern Ireland; or
  - created, after the day on which these Regulations were made, in the law of England and Wales or Northern Ireland.
6. The obligation to exclude an economic operator also applies where the person convicted is a member of the administrative, management or supervisory body of that economic operator or has powers of representation, decision or control in the economic operator.
7. Mandatory and discretionary exclusions for non-payment of taxes etc.
8. An economic operator shall be excluded from participation in a procurement procedure where—
- the contracting authority is aware that the economic operator is in breach of its obligations relating to the payment of taxes or social security contributions; and
  - the breach has been established by a judicial or administrative decision having final and binding effect in accordance with the legal provisions of the country in which it is established or with those of any of the jurisdictions of the United Kingdom.
9. Contracting authorities may exclude an economic operator from participation in a procurement procedure where the contracting authority can demonstrate by any appropriate means that the economic operator is in breach of its obligations relating to the payment of taxes or social security contributions.
10. Points (8) and (9) cease to apply when the economic operator has fulfilled its obligations by paying, or entering into a binding arrangement with a view to paying, the taxes or social security contributions due, including, where applicable, any interest accrued or fines.



## APPENDIX 6.1

### BID ASSESSMENT FRAMEWORK

#### 12. APPENDIX C – REQUIREMENTS

Water Availability	Review of EA's relevant Catchment Abstraction Strategy documents to determine local capacity
Water Resource Reliability	To determine the source yield and the percentage of time that water resources will be available with relevant catchments
Security and Resilience of proposal	To determine how sustainable and flexible the proposed option is
Licensing Requirements	To Determine any constraints or whether this is acceptable to the Environment Agency after consultation
Estimated Costs	To determine the estimated costs based on an 80 year profile for both Capex and Opex on an NPV basis
Local Network Constraints	To determine any local network constraints associated with the proposed use of the resource
Water Quality considerations	To determine any concerns with respect to water quality and the need for any additional treatment
Environmental Considerations	To determine any environmental concerns associated with any proposal to include SSSI considerations and any hydrological impacts for groundwater options