
AN OVERVIEW OF NWG'S APPROACH TO CAPITAL DELIVERY



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AN OVERVIEW OF OUR APPROACH

This document sets out our aims, objectives and vision for a collaborative approach to Capex delivery in the future. It is intended to help the supply chain understand our approach to the delivery of our Asset and Assurance Capital Plan. It lays out how we will engage with our Tier 1 partners and how we aim to create value throughout the supply chain. It also provides the business context for the delivery of the Asset and Assurance Capital Plan, as well as a view on how the requirements may change and develop overtime. Please note that this booklet does not cover the capital delivery of Fleet or Information Services.

OUR CHALLENGES

Our Strategic Business Plan sets out our plans for the next five years and beyond. It is founded on strong asset planning – knowing what is needed – and a budget which is affordable. It contains nineteen outcomes, which describe the things that customers tell us that they want, with their associated measures of success. We need to deliver solutions to meet these outcomes at the lowest whole life cost so that it gives us greater freedom to innovate and find more sustainable solutions. Take a look at our outcomes and measures of success in the supporting documents section on page 36.

The efficient delivery of the capital programme is an important contributor to the achievement of the things our customers want. We need to work together innovatively to deliver customer focused outcomes. To be fit for the future, we need to change things and we aim to gain a 20% efficiency improvement over our current ways of working. This requires us to adopt a fundamentally different approach to engaging, incentivising and working with our supply chain.

OUR VISION, OUR VALUES, OUR WAY

Our vision is to be the national leader in the provision of sustainable water and waste water services.

We will realise this vision through the achievement of a range of outcomes grouped under five key themes: customer, competitiveness, people, environment, and communities.

Our performance in delivering capital investment will impact upon all five of these themes, covering all parts of the company. It is by working together with suppliers and constantly improving our performance that we will ultimately become national leader in capital investment and achieve our company vision; the two go hand in hand.

How we work at NWG is guided by our values, a set of principles which collectively define who we are, what we do and how we do it. They make us unique, and allow us to make decisions and take actions which drive us towards our vision.

We are customer focused - we aim to exceed the expectations of our external and internal customers.

We are results driven - we take personal responsibility for achieving excellent business results.

We are ethical - we are open and honest and meet our commitments with a responsible approach to the environment and our communities.

We are creative - we continuously strive for innovative and better ways to deliver our business.

We are one team - we work together consistently, promoting co-operation, to achieve our corporate objectives.

Our supply chain partners are a key element in our one team approach and we want you to support us in the achievement of our vision, sharing our values and challenging us to meet the high standards we set ourselves. With this approach we should enjoy long mutually successful working relationships.

Our Way defines how we do things at NWG. By taking ownership and responsibility for our actions, focusing on what we can do, recognising that feedback helps us get better and that each one of us makes a difference by living our values, then we can feel confident that we are doing all we can to deliver a great service for our customers and colleagues.

**WE ARE GUIDED BY OUR
VALUES, A SET OF PRINCIPLES
WHICH COLLECTIVELY DEFINE
WHO WE ARE, WHAT WE DO
AND HOW WE DO IT.**



KEY PRINCIPLES FOR CAPEX DELIVERY

Our future approach to Capex delivery is built around the four key principles set out below.

PROFESSIONAL CLIENT

We understand our assets and risks, set priorities and 'should cost' for notional solutions.

VISIBILITY AND COMMITMENT

We provide steady, visible pipeline of work, batching or streaming for efficient delivery.

ENGAGE FOR VALUE

We select and work with the right partners in the right way to align values objectives and rewards.

COLLABORATE AND IMPROVE

We integrate and work with suppliers to measure performance and drive improvement.

Being able to set an affordability target (or should cost) is an essential ingredient in our ability to function as a professional (others say intelligent or expert) client. The other fundamental aspect is for us to have clear priorities and plans to achieve our outcomes.

Our business plan is a key part of fulfilling this requirement, together with developing our capability to derive notional solutions and costs for newly emerging issues.

As suppliers, you tell us that you can invest in improving your own capability and provide better service, better value and better people if we give you a visible, steady and consistent pipeline of work, batching for economies of scale wherever we can. That is our intention for AMP6 and beyond.

We want to engage for value, engage early, and look for partners who share our values and demonstrate the right behaviours and who are best suited to the work that we need doing. We see values and behaviours as the key differentiator, not technical capability or cost.

Alignment of values and behaviours, common objectives and shared rewards helps us to work collaboratively, and the commitment to a continuous flow of work helps us to improve together, to reset and beat stretching targets through better collective performance, and not through trimming margins.

The key elements of these four principles must all be in place, and function together in harmony in order for the benefit of this approach to be fully realised.

We acknowledge that this is not the case as we start out on the implementation of this new approach. As a client, we recognise that we need to develop our processes, systems and culture to fully enable our strategy, and we want to do so by working with our supply chain partners.

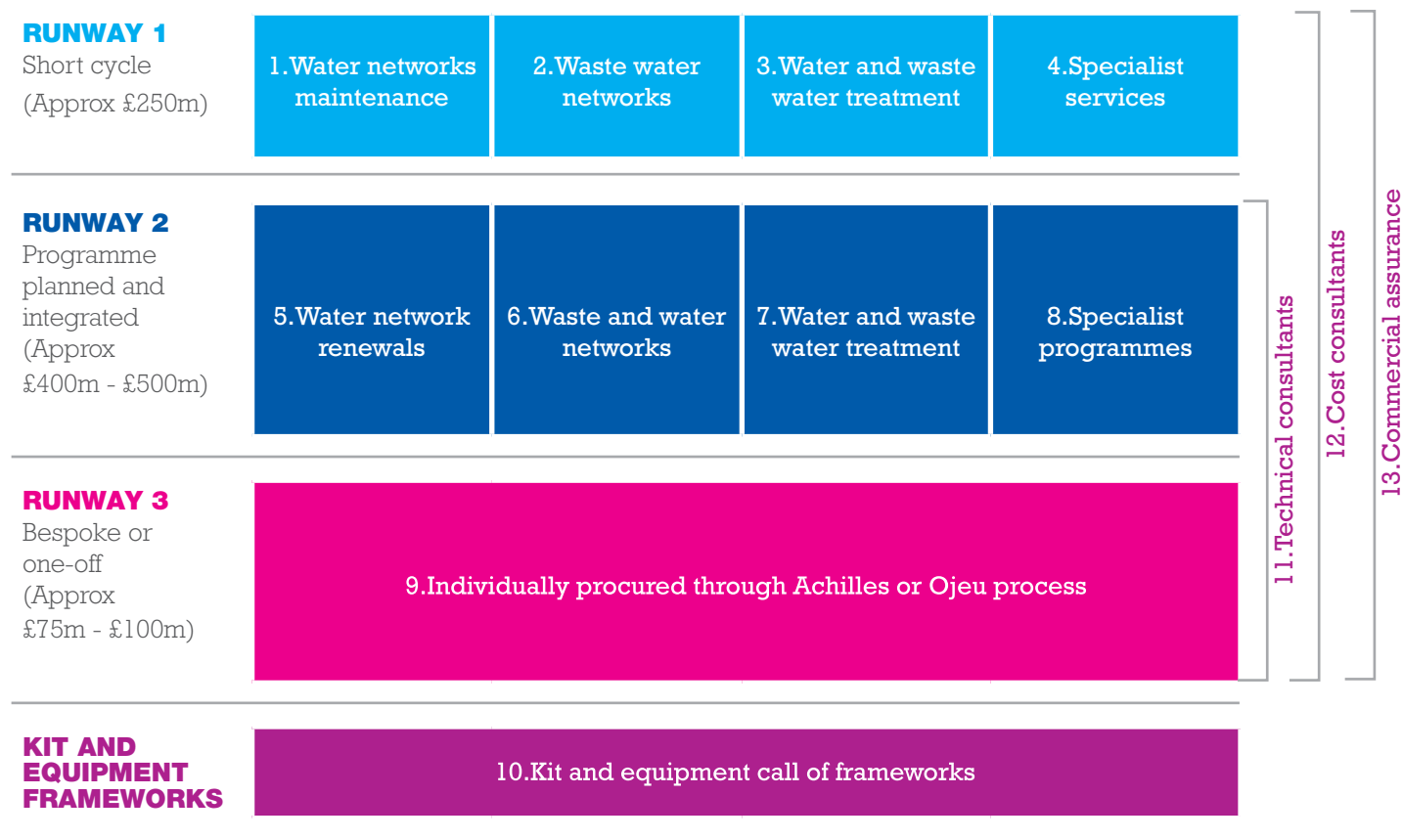
We therefore expect that ways of working under our future framework arrangements will develop and improve, and we aim to make those improvements in full collaboration with our supply chain partners.



THE RUNWAYS APPROACH

We have a very diverse portfolio of Capex work which ranges from jobs completed in a day, costing a few hundred pounds to major projects costing tens of millions of pounds, and everything in between.

Our runways approach reflects the diversity in size, complexity and technical input required, and allows us to apply our core principles in a way that best suits the work type, the supply chain and gives us best value.



Runway 1 is high volume, short duration work, often in response to customer demand or actual or imminent asset failure that compromises customer service or compliance. This work type will involve our own employees as well as suppliers in the physical construction or installation process. Runway 1 is designed to deliver simple lower value interventions, often reactive in nature, requiring little or no design and capable of being delivered or managed by our in-house teams. We have already awarded a number of framework contracts to deliver runway 1 work, with processes in place to stream the work. We will schedule the flow of work to maintain continuity and high levels of productivity.

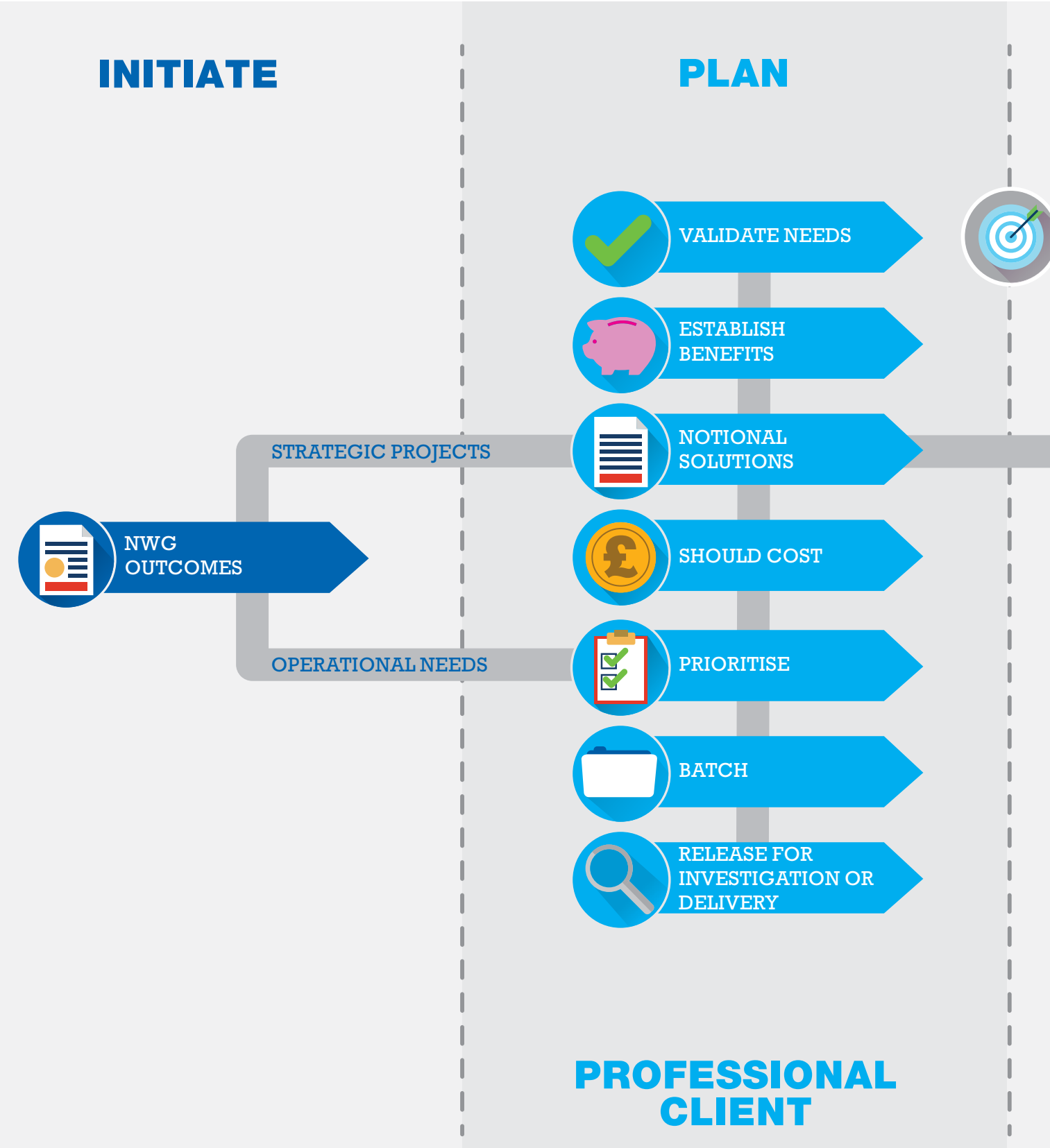
Runway 2 integrated design and construct frameworks will be at the core of our approach. The key words are planning, batching and integration. There may be a wide variation in individual scheme value, but we will seek to optimise delivery through batching and continuity. There are certain work types where a choice will need to be made between runway 1 and runway 2. This choice will be informed by the complexity of the work, the ability to cluster, and the additional value brought by the runway 2 supplier over a direct service provider.

Runway 3 will be the exception and only used for a few large or more complex projects, where batching gives no value, or where there is a clear benefit to test the market for specific projects.

We will still make direct purchases of some products and equipment as well as professional services to support us in certain aspects of delivery.

GENERAL PROCESS OVERVIEW

This a generic high level view to outline the key principles of how NWG work to deliver the NWG Asset and Assurance Capital Plan.



INVESTIGATE AND DEFINE

DELIVER

Affordability
target



Delivery
target



Outturn
costs/
benefits

RUNWAY 2 & 3

- Investigations
- Fieldwork
- Modelling
- Outcome design scope and cost for batches of work (validate costs, risks/benefits).

RUNWAY 2 & 3

- Design and build

RUNWAY 1

- Build and install

INTEGRATED DELIVERY TEAMS

GENERAL PROCESS OVERVIEW

In terms of the previous high level process overview diagram for more complex work a process of validation and prioritisation is necessary, before batching for investigation, by integrated delivery teams, where you would work collaboratively with us, typically into runway 2 or occasionally runway 3.

For less complex, urgent or reactive work, this will proceed straight to delivery, usually in runway 1 after a simple validation process.

There are more detailed processes specific to workstreams and frameworks but the following general principles will apply:

- We will aim to issue work in batches.
- We will indicate our cost expectations (affordability target) and solution requirements (asset needs statements) for batches of work.
- We will fund the 'investigate and define phase' carried out by our Tier 1 partners under a professional services contract.
- The outcome of the 'investigate and define' phase will be a scope of work and a target cost for the design and construction of a batch of agreed solutions.
- We will award ECC Option C or Term Service Option C contracts for batches of work.
- The starting position indicates the share percentage to be adopted in these target cost contracts when the target is set based on information provided by the supplier, either from rates supplied as part of the framework or as a result of the 'investigate and define' phase.
- If the target cost is set by another method, for example, we as client, specify the target cost then the share percentages are likely to differ.
- Contracts will be closed down, payments completed and cost data use will be analysed to inform future target cost calculations. Processes for commercial assurance will develop progressively throughout the lifetime of the framework.

WORKING TOGETHER WITH OUR TIER 1 PARTNERS

The below sets out how NWG intend to work with its Tier 1 partners. The Supply Chain should take time to understand how we work together so they can position themselves to ensure we can all reach our goals.

ON-BOARDING

We identified our Tier 1 partners following a competitive tender process. The new frameworks came into effect on 1 October 2015 and work has been ongoing with our new supply partners to enable us to deliver works in line with this document.

COLLABORATION

As part of the on-boarding process and further development of the framework, we will use BS11000 as a guide to the issues that we need to address. Developing and sustaining a collaboration culture will be key to achieving our outcomes.

CO-LOCATION

We see co-location as a key enabler of collaborative working. In the North East our Runway 2 and other key delivery partners are co-located with us in Spectrum 5, Spectrum Business Park, Seaham, SR7 7TT. In Essex we are co-located with our Runway 2 partner in our Head Office, Sandon Valley House, Canon Barns Road, East Hanningfield, Chelmsford, CM3 8BD.

TARGET COST AND INCENTIVES

We aim to adopt as far as possible a target cost approach to payment to align objectives and provide incentives for our performance.

We also aim to start with a simple, batch contract approach but would like to explore how to develop this to cover total programme cost and administration of gain/pain at a programme level. We would also like to link financial gain to performance and collaborative behaviour.

COST TRANSPARENCY

We will adopt the ECC Option C approach to defined cost, but we wish to support this with a process of 'deep dive' audits of suppliers' actual costs as part of developing a transparent approach to cost management.

RELATIONSHIP MANAGEMENT

We will develop structures, including a number of joint supplier/NWG forums, to provide guidance and a focus on key issues for the development of the frameworks.

PERFORMANCE MANAGEMENT

We will operate a performance management process to drive improvements to delivery by all framework partners.

We have set out an initial set of KPIs but we expect these to develop, by agreement, to be more reflective of team performance and be more clearly aligned to our outcomes.

CUSTOMER AND COMMUNITY

We want to improve the customer and community experience of our capex projects. We will measure this as part of our performance management process and reward suppliers who deliver and share best practice in this area.

Enhancing customer communications and making sure that we always deliver on our promises are essential to improving this aspect of our performance.

SHARED SERVICES AND SYSTEMS

We believe that there are efficiencies to be gained by sharing services and systems between the NWG and framework suppliers. We will explore the opportunities for this during the latter stages of the selection process and on-boarding. We will offer some suggestions for this as part of a suggested integrated management structure.

GLOSSARY OF TERMS

A glossary of terms, provided purely to aid understanding of our future approach is set out at [page 41](#). We propose to keep this as a 'live' document once our frameworks are developed and mature.

AMP6/7 FRAMEWORK STRUCTURE

The table below lists the frameworks currently in place. These may be subject to change as they expire.

AMP6 COMMERCIAL MODEL AND PACKAGES

RUNWAY 1 (SHORT CYCLE)

1. WATER NETWORKS MAINTENANCE			
FA06-01C	Water repairs and maintenance	North east	Fastflow Pipeline Services Ltd
FA06-01D	Water repairs and maintenance	Essex	Crossglade Ltd
FA06-01CLC	Permanent reinstatements	Essex	CLC Utility Services Ltd
FA06-01F	Common supply pipe renewals	Essex	Lowman Ltd
FA06-01G	Water repairs and maintenance	Suffolk	T4Survey Ltd
2. WASTE WATER NETWORKS MAINTENANCE			
FA06-02A	Sewerage repairs and maintenance	North east – north	Esh Construction Ltd
FA06-02B	Sewerage repairs and maintenance	North east – south	Seymour (Civil Engineering Contractors) Ltd
3. WATER AND WASTE WATER TREATMENT			
NW1562	Minor building and civil works	North east Essex Essex & Suffolk Suffolk	Esh Construction Ltd Gowland and Dawson Ltd Robertson Group Ltd JMH Construction Services Ltd The Freedom Group of Companies A Waterfield and Sons Ltd
NW1609	Steel fabrication services	North east	JHT Fabrications Ltd The Deritend Group Ltd Intelect (UK) Ltd JW Colpits and Co Ltd



RUNWAY 2 (PROGRAMME PLANNED)

5. WATER NETWORK RENEWALS

FA06-01A	Water network improvements	North east	Fastflow Pipeline Services Ltd
FA06-01B	Water network improvements	Essex	Delivered in house by ESW
FA06-01G	Water network improvements	Suffolk	T4Survey Ltd

6. WASTE AND WATER INFRASTRUCTURE

FA06-03	Sewerage infrastructure	North east	ESH-MWH Ltd
FA06-03	Sewerage infrastructure	North east	Mott MacDonald Bentley Ltd

7. WATER AND WASTE WATER TREATMENT

FA06-04A	Water and sewage treatment	North east	Interserve Construction Ltd
FA06-04A	Water and sewage treatment	North east	Mott MacDonald Bentley Ltd
FA06-04B	Water treatment only	Essex and Suffolk	Integrated Water Services

8. SPECIALIST PROGRAMMES

FA05-05	Service reservoir repairs and refurbishment	Both	Stonbury
FA05-06	Pump and pumping station improvements	Both	Integrated Water Services
NW1412B	Sewer level monitors	North east	Technolog
NW995	Borehole drilling	Both	G Stow/Drilcorp
NW1120	Asbestos consultants	Both	Lucion/Redhills/Armstrong York
NW1211	Asbestos removal	Both	Rhodar/Aspect/Wood Group



AMP6/7 FRAMEWORK STRUCTURE

RUNWAY 3 (BESPOKE OR ONE-OFF)

9. INDIVIDUALLY PROCURED THROUGH ACHILLES OR OJEU PROCESS

FA06-05A	Horsley WTW upgrade	North east	DoosanInterserve Joint Venture
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KIT AND EQUIPMENT FRAMEWORKS

10. KIT AND EQUIPMENT CALL OFF FRAMEWORKS

FA05-S02	Chemical dosing installations	North east, Essex and Suffolk	Sheers/Aquazone and Gee & Company
FA05-S03	Submersible sewage pumps	North east	Sulzer/Hidrostal/KSB/Xylem
FA05-S04	Motor control centres	North east, Essex and Suffolk	Arm ah/Blackburn Starling/CEMA/Max Wright/Safronics/TES(NI)
FA05-S05	Systems integration services	North east, Essex and Suffolk	AECOM/Iddec/Peak 42/Schneider
FA05-S06	Multi-stage water pumps	Multi-stage water pumps	Grundfos/KSB/Wilo/Xylem

11. TECHNICAL CONSULTANTS

AMEC Foster Wheeler (lead consultant)
Mott MacDonald
MWH UK
Grontmij

12. COST CONSULTANTS

AMEC Foster Wheeler
Faithful & Gould
Turner & Townsend (lead consultant)

13. COST ASSURANCE SERVICES

The Orange Partnership Limited



NWG AND ITS RUNWAY 2 PARTNERS

NWG Procurement and the runway 2 partners have committed to working together to help the supply chain better understand us as a business and to give context to the operating environment in which together we will deliver our Asset and Assurance Capital Plan.

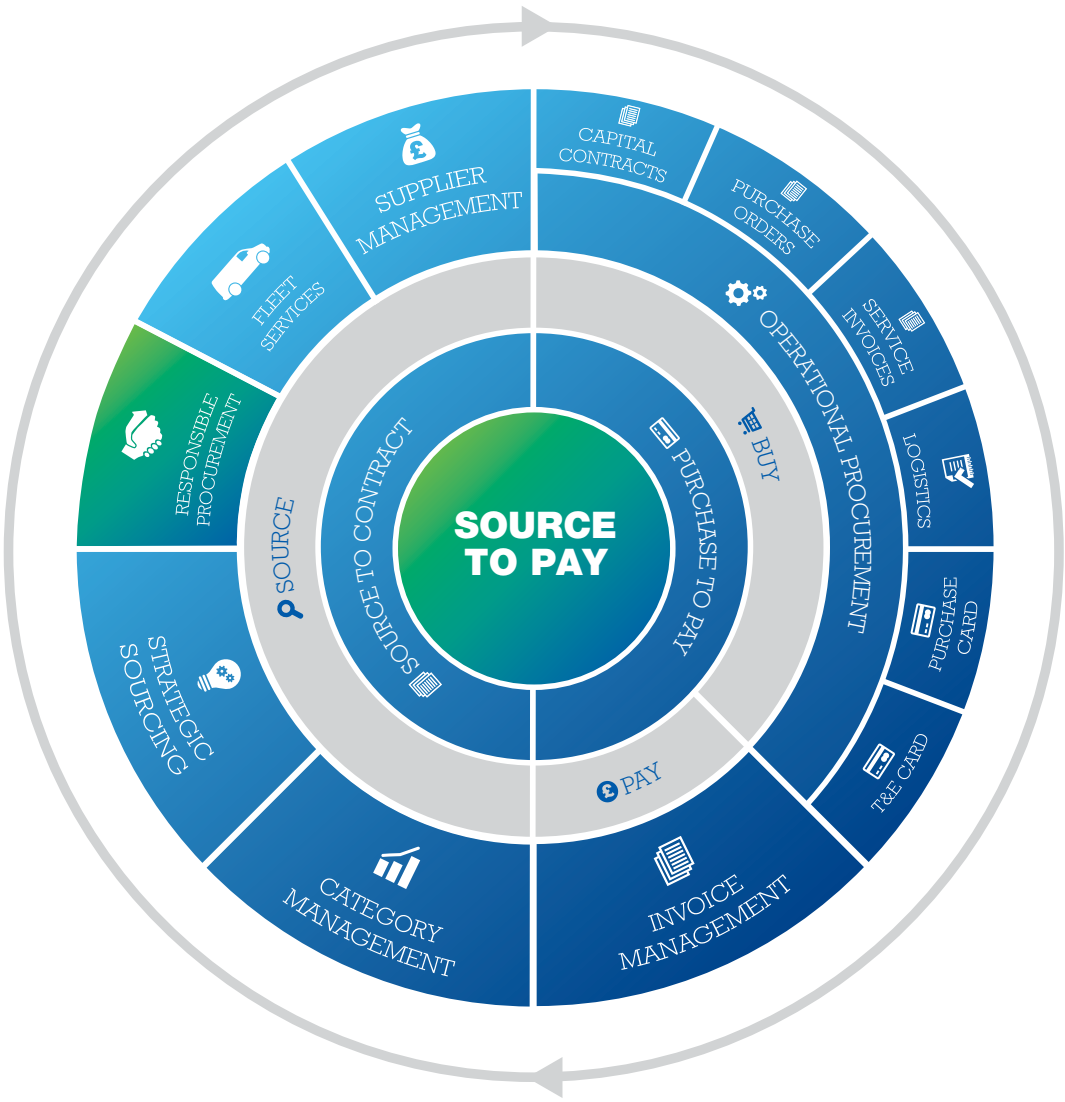
The following section provides some detail and contacts for each organisation to help the supply chain understand how we are structured and who they can contact for further information.

NWG PROCUREMENT

NWG spends approximately £400 million a year on capital construction, goods and services across the business. Procurement and Supply Chain is primarily responsible for supporting business users in the purchase of these goods and services. We are committed to making sure that goods and services provided to NWG are of consistently high quality and at the most competitive rates.

We have a category management approach within the team, to help minimise risk, deliver savings and drive innovation throughout the supply chain.

We are committed to working in an open, fair and transparent manner to ensure non-discriminatory treatment of suppliers.



The main point of contact for capital procurement at NWG is:

John Murray

Category Manager (Capital Procurement)

T: 0796 424 8981

E: John.Murray@nwl.co.uk

This category deals with the procurement of framework contractors, consultants and suppliers to support NWG in the delivery of its annual £200M capital programme. It covers a broad range of projects including the provision of new assets, the renewal, modification, refurbishment and extension of existing assets on our above and underground programmes of work. Services and works include engineering and construction contracts particularly civils, building, and process, mechanical, electrical, telemetry and ICA works and consultancy work covering professional technical and commercial services. Excluded from this category are the capital procurement of IT and fleet.

For more details of the Procurement team and contact details please visit www.nwl.co.uk and select **Business>Supply Chain>Supply Chain Management**. Here you will also find important information about our Responsible Procurement Policy and Strategy.

NWG TIER 1 PARTNERS DELIVERING THE ASSET AND ASSURANCE CAPITAL PLAN

NWG has set up two Tier 1 frameworks to deliver the Asset and Assurance Capital Plan. A brief description of the frameworks and the associated delivery partners are shown below:

1. WATER AND WASTEWATER NETWORKS		
FA06-03	<p>This covers work to our below ground assets and covers five main workstreams</p> <p>Workstream A - Planned Wastewater UK Network Maintenance</p> <p>Workstream B - Property Level Flooding Protection</p> <p>Workstream C - Water & Wastewater Network Planned Reactive Projects</p> <p>Workstream D - Water & Wastewater Network Proactive Projects</p> <p>Workstream E - Water & Wastewater Network Large Projects</p>	<p>ESH-MWH Ltd MMB Ltd</p>
2. WATER AND WASTEWATER TREATMENT		
FA06-04	<p>Work will include design, construction and commissioning of new Water and Wastewater assets, renewals, modifications, maintenance, refurbishments and extensions of works. It includes for the provision of feasibility and scoping investigations, studies, notional solutions through to detailed designs and any associated services. The work involves mainly capital maintenance works with considerable elements of small work packages at multiple sites, ranging to medium sized complex capital works</p>	<p>Interserve Construction Ltd MMB Ltd IWS Ltd (ESW only)</p>

NWG AND ITS RUNWAY 2 PARTNERS

Below we have identified the key people in each organisation along with how they structure their teams.

ESH – MWH LTD

David Pratt

Framework Manager

T: 0781 220 2062

E: David.Pratt@esh.uk.com

David is responsible for overseeing all aspects of framework delivery, which involves providing support and guidance to 45 employees to ensure successful AMP6 outcomes for Northumbrian Water.

Brian Bainbridge

Commercial Manager

T: 0777 287 3464

E: Brian.Bainbridge@esh.uk.com

Brian is responsible for all commercial aspects of framework delivery including procurement, supply chain management, reporting and KPIs.



Mark Whaley*Construction Manager***T: 0781 122 5568****E: Mark.Whaley@esh.uk.com**

Mark is responsible for the overall day to day running of the batched delivery teams. Mark will make sure projects are delivered to a high HSQE standard, achieving NWG's KPI targets and delivering excellent AMP6 outcomes for Northumbrian Water.

Ben Clark*Design Programme Delivery Manager***T: 0776 019 1316****E: Ben.Clark@mwhglobal.com**

Ben is responsible for the development and implementation of processes for the investigate and define (I&D) phase. Ben is responsible for the management of the I&D teams to achieve successful delivery of the Design Programme.

Norman Barnett*Programme Delivery Manager***T: 0781 220 2061****E: Norman.Barnett@esh.uk.com**

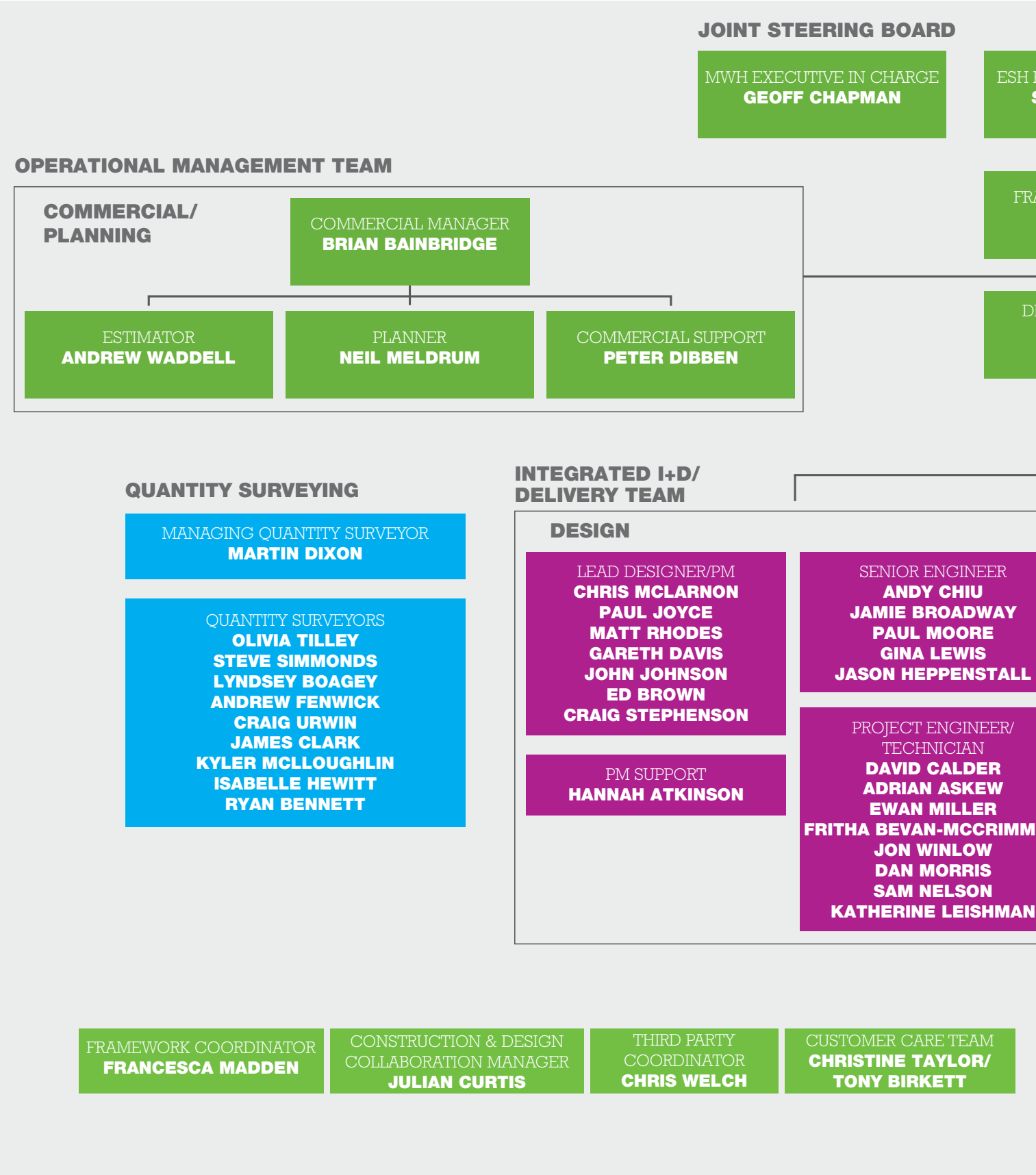
Norman is responsible for the day to day running of the batched delivery teams for the planned maintenance and property level protection. Norman will ensure projects are delivered to a high HSQE standard, achieving NWG's KPI targets and delivering excellent AMP6 outcomes for Northumbrian Water.

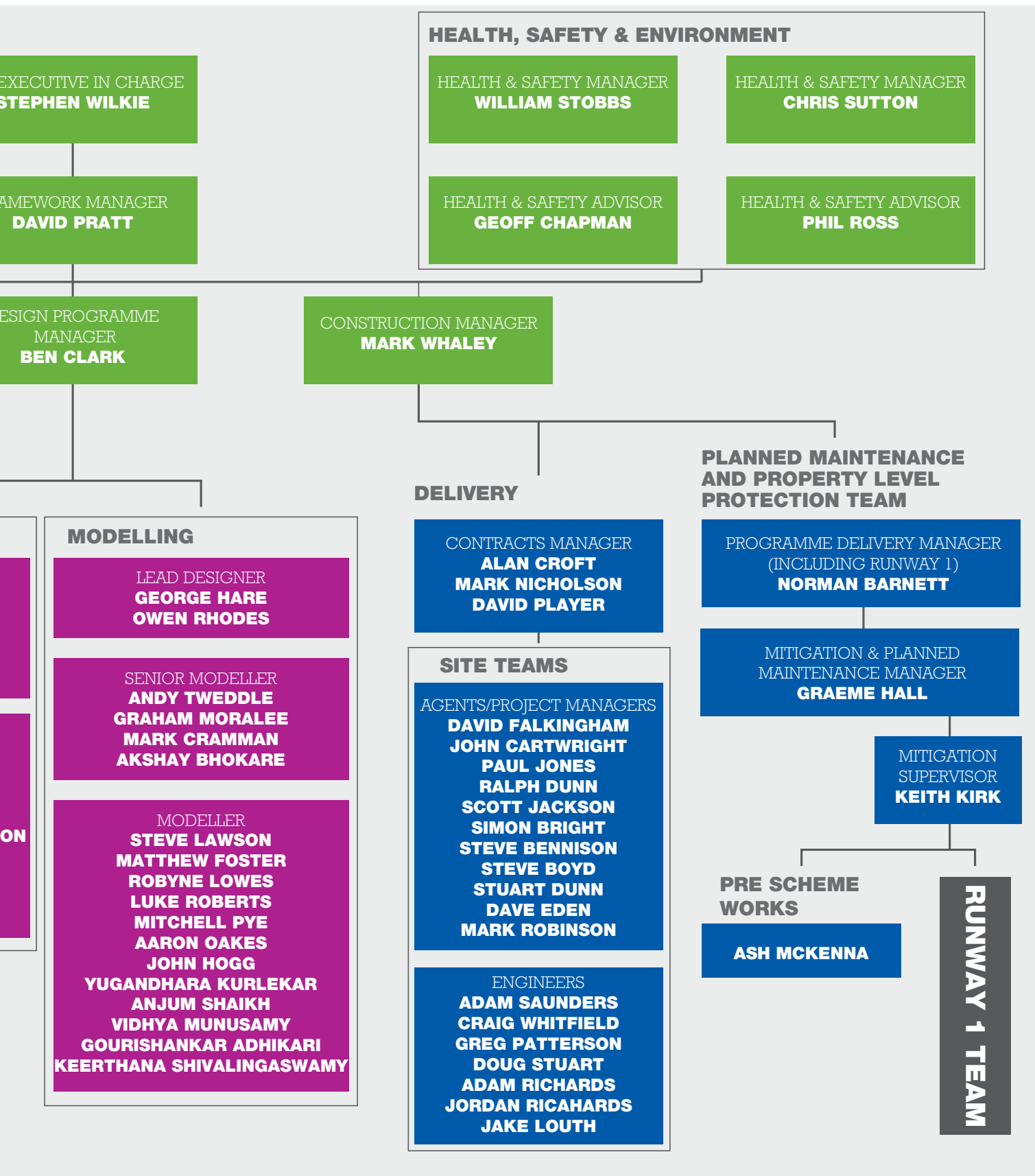


NWG AND ITS RUNWAY 2 PARTNERS

ESH-MWH LTD ORGANOGRAM

This is a generic high level view to the organisation:





NWG AND ITS RUNWAY 2 PARTNERS

MOTT MACDONALD BENTLEY LTD – FA06-03 WATER AND WASTEWATER INFRASTRUCTURE

Dave Curry

Operations Manager

T: 0797 646 2453

E: Dave.Curry@jnbentley.co.uk

Dave is responsible for overseeing all aspects of framework delivery for the Infrastructure framework. This includes overseeing the successful delivery of all aspects of the framework.

Iain Dixon

Commercial Manager

T: 0773 312 5623

E: Iain.Dixon@jnbentley.co.uk

Iain is responsible for all commercial aspects of framework delivery including procurement, supply chain management, reporting and KPIs.

Colin Brown

Design Manager

T: 0775 994 2490

E: Colin.Brown@mottmac.com

Colin is responsible for all aspects of design throughout both I&D and delivery phases.



MOTT MACDONALD BENTLEY LTD – FA06-04 WATER AND WASTEWATER TREATMENT

Peter Long

Operations Manager

T: 0798 998 1014

E: Peter.Long@jnbentley.co.uk

Peter is responsible for overseeing all aspects of framework delivery for the Treatment framework. This includes overseeing the successful delivery of all aspects of the framework.

Ashley Parker

Commercial Manager

T: 0783 740 6016

E: Ashley.Parker@jnbentley.co.uk

Ashley is responsible for all commercial aspects of framework delivery including procurement, supply chain management, reporting and KPIs.

Dave Olsen

Design Manager

T: 0770 380 4586

E: Dave.Olsen@mottmac.com

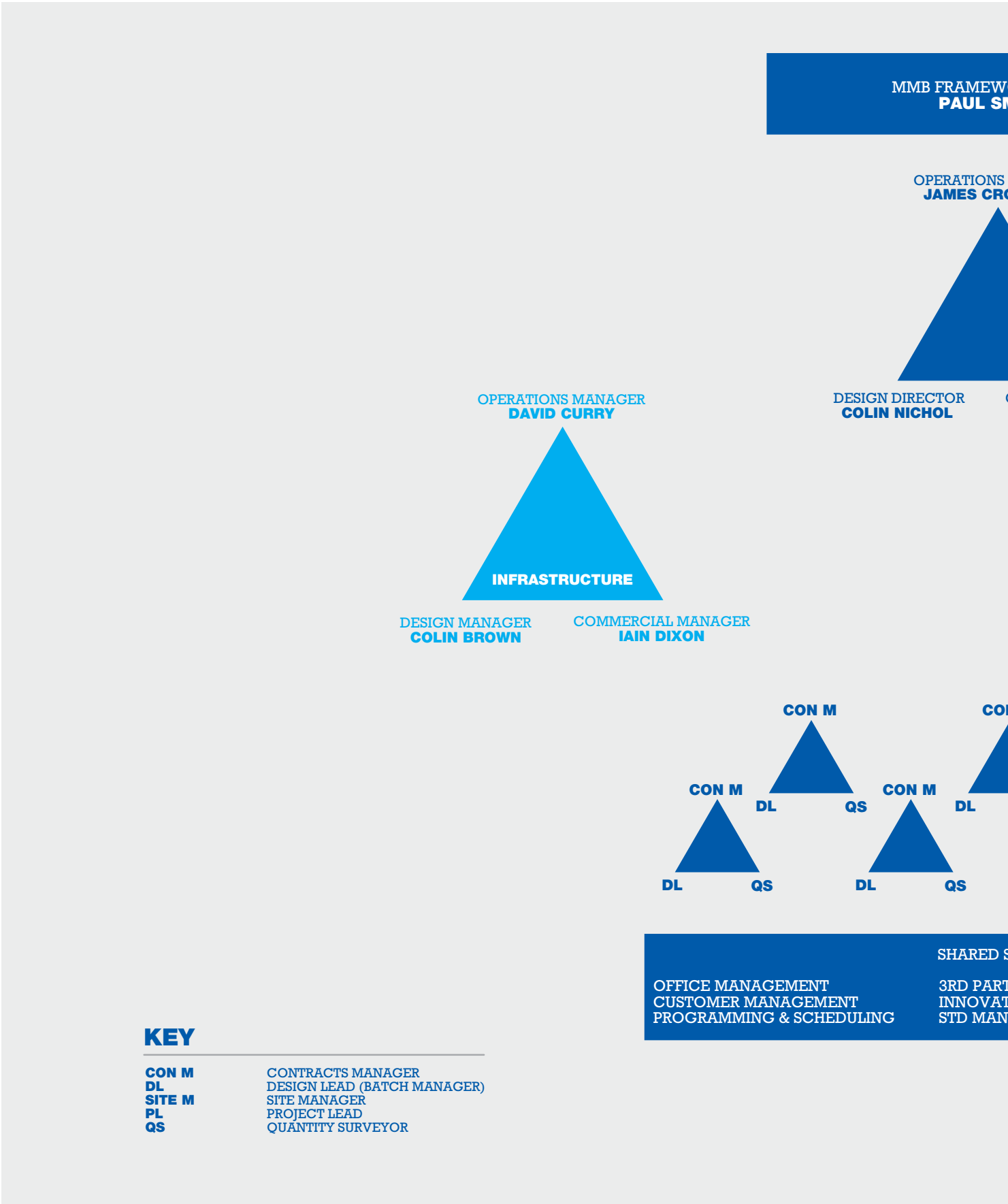
Dave is responsible for all aspects of design throughout both I&D and delivery phases.



NWG AND ITS RUNWAY 2 PARTNERS

MMB LTD ORGANOGRAM

This is a generic high level view to the organisation:



WORK DIRECTOR
MEDLEY

DIRECTOR
COMPTON

COMMERCIAL DIRECTOR
PAUL HEARN

OPERATIONS MANAGER
PETER LONG

TREATMENT

DESIGN MANAGER
DAVE OLSEN

COMMERCIAL MANAGER
ASHLEY PARKER

N M

CON M

QS

CON M

DL

QS

CON M

DL

QS

DL

QS

SERVICES

TY/ENABLING
ION/ASSET
AGEMENT

DATA/DRL MANAGEMENT
COMMISSIONING

NWG AND ITS RUNWAY 2 PARTNERS

INTERSERVE CONSTRUCTION LTD

Shane Davis

Framework Manager

T: 0777 171 6486

E: Shane.Davis@interserve.com

Shane is responsible for overseeing all aspects of framework delivery, which involves providing support and guidance to 45 members of staff to ensure successful AMP6 outcomes for Northumbrian Water.

Brian Stone

Framework Commercial Manager

T: 0785 305 6971

E: Brian.Stone@interserve.com

Brian is responsible for all commercial aspects of framework delivery including procurement, supply chain management, reporting and KPI's.

Andrew Georgeson

Contracts Manager

T: 0748 454 7180

E: Andrew.Georgeson@interserve.com

Andrew is responsible for the day to day running of the batched delivery teams. Andrew will ensure projects are delivered to a high HSQE standard, achieving NWG's KPI targets and delivering excellent AMP6 outcomes for Northumbrian Water.



Andy Glover*Investigate and Define Manager***T: 0771 164 7590****E: Andy.Glover@interserve.com**

Andy is responsible for the development and implementation of processes for the investigate and define (I&D) phase. Andy is responsible for the management of the I&D teams, providing support where necessary.

Michelle Johnson*Design Manager***T: 0781 544 8925****E: Michelle.Johnson@Amecfw.com**

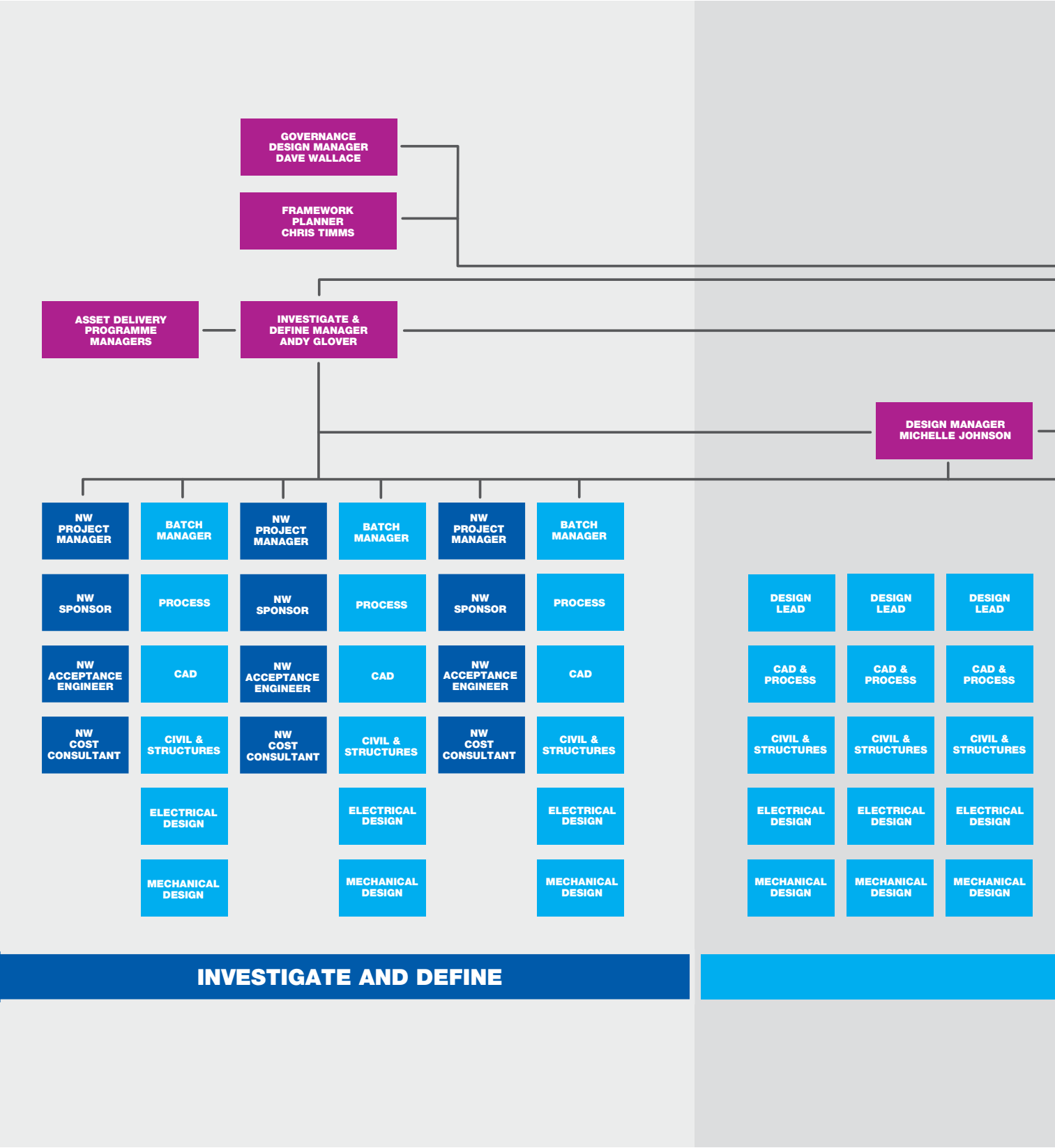
Michelle is responsible for leadership of consultancy and design services throughout both I&D and delivery phases.



NWG AND ITS RUNWAY 2 PARTNERS

INTERSERVE CONSTRUCTION LTD ORGANOGRAM

This is a generic high level view to the organisation:



MANAGING DIRECTOR
CHRIS TYERMAN

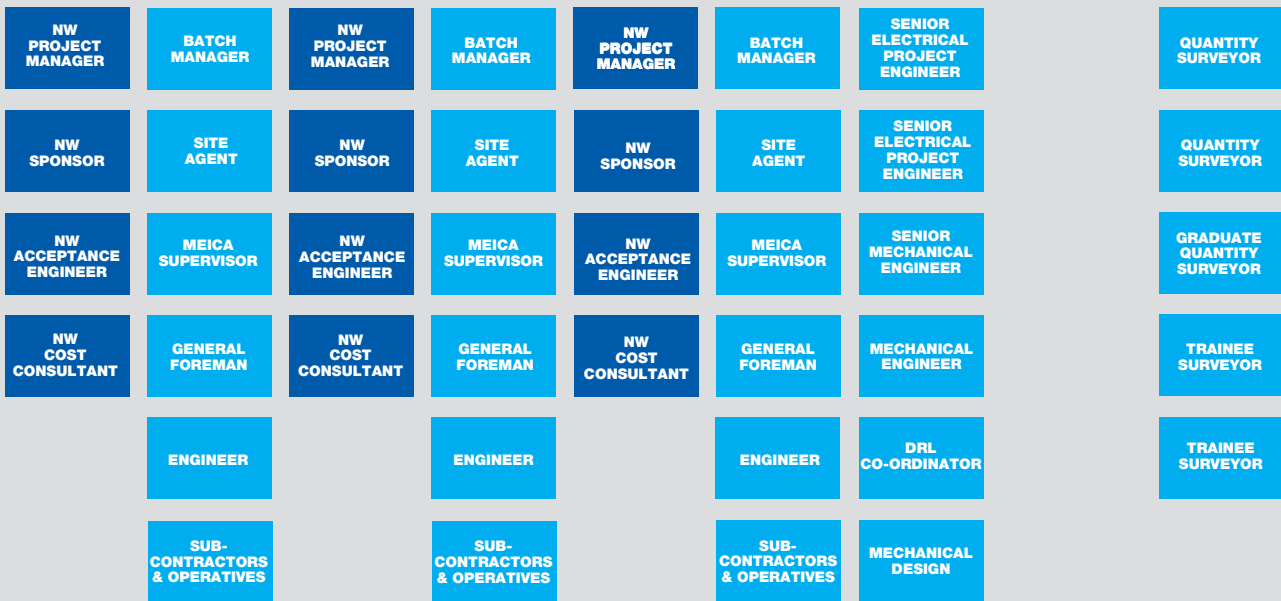
WATER DIRECTOR
CHRIS BROOKS

FRAMEWORK
DIRECTOR
SHANE DAVIS

CONTRACTS MANAGER
ANDREW GEORGESON

FRAMEWORK
COMMERCIAL MANAGER
BRIAN STONE

COMMISSIONING
MANAGER
ANDY GLOVER



DESIGN AND CONSTRUCTION PHASE

NWG AND ITS RUNWAY 2 PARTNERS

INTEGRATED WATER SERVICES LIMITED

John McGuckin

Framework Director

T: 0797 101 4485

E: johnmcguckin@integrated-water.co.uk

John is responsible for overseeing all aspects of framework Governance.

Dean Adams

Framework Manager

T: 0796 887 1901

E: deanadams@integrated-water.co.uk

Dean is responsible for overseeing all aspects of framework delivery.

Simon Phillips

Principal Design Engineering

T: 0797 008 5009

E: simonphillips@intergrated-water.co.uk

Simon is responsible for all aspects of design throughout both I&D and delivery phases.



Ian Cutter*Contract Manager***T: 0739 140 2487****E: iancutter@integrated-water.co.uk**

Ian is responsible for the overall day to day running of the batched local delivery teams.

Mark Waddilove*Senior Operations Manager***T: 0796 887 1893****E: markwaddilove@integrated-water.co.uk**

Mark is responsible for the operational delivery of large schemes.

Nathan James*Senior QS***T: 0739 140 2493****E: nathanjames@integrated-water.co.uk**

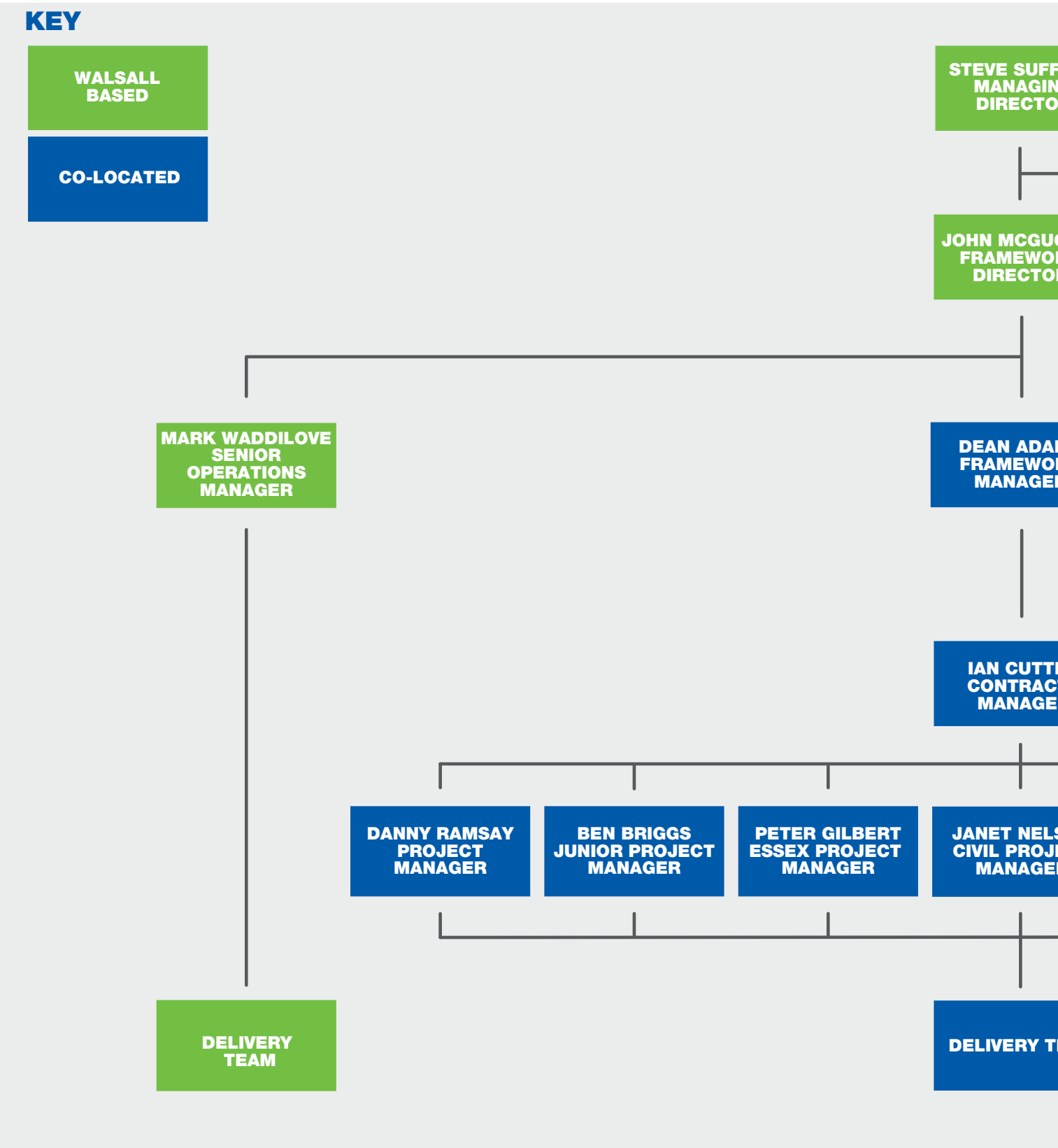
Nathan is responsible for commercial compliance and issuing supplier subcontracts.

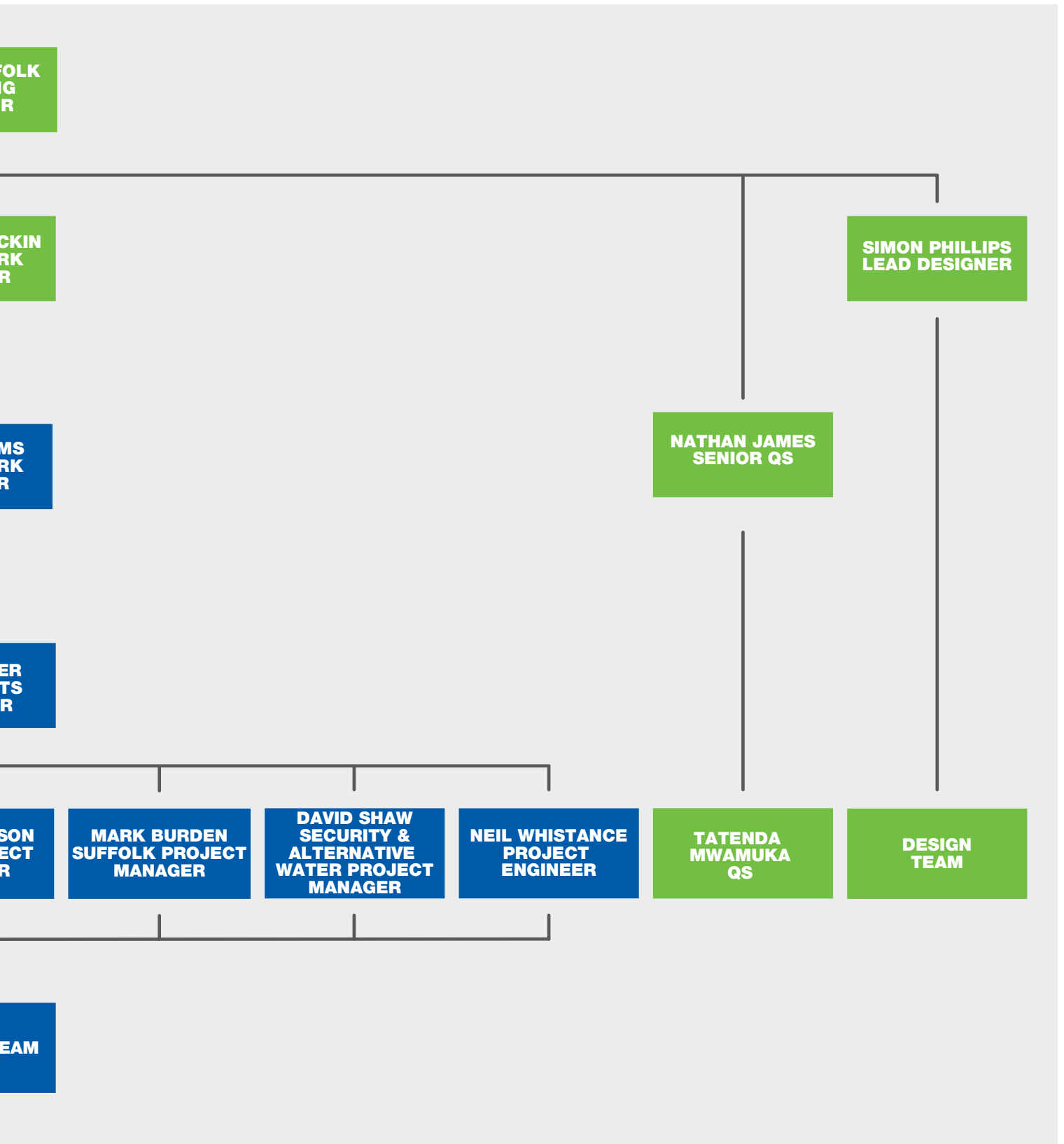


NWG AND ITS RUNWAY 2 PARTNERS

INTEGRATED WATER SERVICES LTD ORGANOGRAM

This is a generic high level view to the organisation:






ASSET AND ASSURANCE SUPPLIER CHARTER

A supply chain workshop was held by NWG and its Tier 1 partners and some key commitments were developed in a bid to maximise the value that the supply chain could deliver. These commitments have been put into a charter that provide the guiding principles for how we expect the supply chain to work in delivering the capital plan.

Our vision is to be the national leader in the provision of sustainable water and waste water services.

To help us achieve this, we have changed the operating model for delivering our Asset and Assurance Capital Plan. There is a clear focus on collaboration to drive efficiencies. After listening to our supply chain we have developed a supplier charter. This lays out clear commitments that we expect our Tier 1 and Tier 2 partners to follow in delivering the Asset and Assurance Capital Plan alongside NWG:


TIER 1 SUPPLIERS COMMIT TO:



VISIBILITY

Provide visibility of programme to the relevant supply chain suppliers as soon as they have accurate information. Our goals are:

- Provide sub-suppliers with the high level work requirements.
- To provide more detailed programme of works as soon as this has been developed.



INVESTIGATE AND DEFINE

Provide fair remuneration for services carried out as part of the investigate and define phase. How:

- Using NEC3 Professional Services Contracts (where appropriate).



OUR COMMITMENT

NWG commit to working with the supply chain partners in order to help deliver the

TIER 2 SUPPLIERS COMMIT TO:



VISIBILITY

Work with the Tier 1 suppliers to share information on current workload and future work commitments. Aims:

- To enable Tier 1 suppliers to award work based on a clear understanding of the supplier's capacity to carry out the work.



INVESTIGATE AND DEFINE

Engaging early in the process in order to help add value to the process. How:

- We will engage with the Tier 1 suppliers to drive efficiencies into the designs from an early stage.

COMMUNICATION

commitments of this charter.

COLLABORATION

All parties agree to work collaboratively

COMMUNICATION

Communicate effectively with the supply chain to make sure we are understood correctly and requirements are clear. Aims:

- Think telephone – where appropriate the information will be communicated verbally before follow up with written communication if needed.
- Provide information as early as possible to the supply chain.



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ENGAGEMENT

Engage with the supply chain and support forums and events to promote ongoing relationships. How:

- By providing relevant contact details.
- By inviting the supply chain to be involved in forums and working groups (where appropriate).
- By providing access to the co-located office (as required).



ENGAGEMENT

Actively drive and participate in various forums and events to drive improved performance for runway 2 delivery. These forums could include:

- Supplier days.
- Lunch and learns.
- Health and Safety forums.
- Innovation days.

COLLABORATIVE WORKING

Collaborative working means the delivery of processes or activities between two or more parties to achieve common goals and objectives. It puts a focus on working openly and honestly with all parties while encouraging a one team mindset. Positive challenge is promoted to drive value throughout the project lifecycle. It is important to note that working collaboratively doesn't mean that the contract doesn't apply. Working to the contract is a fundamental pillar of good collaboration.

NWG'S RESPONSIBLE PROCUREMENT STRATEGY

Responsible Procurement plays a vital role in ensuring NWG can achieve its vision.

We are committed to ethically procuring goods and services in a way that generates maximum value, not only to our organisation but also to the society and economy, while enhancing the environment and complying with all relevant laws. We expect all our suppliers to comply with all applicable local laws and regulations and respect internationally recognised human and labour rights. Our responsible procurement charter sets out some basic principles which we expect all our supply chain to comply with when doing business with NWG, either directly or via our Tier 1 partners. A copy of the charter can be found in the supporting information section.

INNOVATION

At NWG, we continuously strive for innovative and better ways to deliver our business. If you have a new technology, product or service offering which you think might be of interest to us then our Market Innovation and New Technologies (MINT) forum would be pleased to hear from you.

The MINT forum is a NWG cross-business group established to provide a central point of contact through which you can raise awareness of and provide information about your innovation. It also aims to accelerate the decision making process, providing a rapid response as to whether your new technology, product or service is likely to be of interest to us at this point in time.

You can find further details of the MINT forum and how to submit your innovation by visiting www.nwl.co.uk and selecting **Business>Supply Chain>Supply Chain Management>Innovation**.

NWG also actively works with industry bodies such as British Water to facilitate innovation exchange which will allow the supply chain to showcase and highlight their innovations, cost savings and advancements in the water sector.

Alternatively for established framework partners of NWG, we would encourage you to provide your ideas directly into the NWG teams and Tier 1 partners and actively participate in future supply chain engagement events.

OUR WAY

Our Way is everything we think, feel, say and do. It's how we do things here at NWG.

Our mind set is fundamental to demonstrating our values and achieving our vision. Each of us taking ownership and responsibility, demonstrating a can do attitude, encouraging feedback and understanding that 'I make a difference' is what will set us apart from the rest.

SUPPORTING DOCUMENTS

In this section you will find further information that will help you better understand NWG, what drives us, how we measure success and how we intend to become the national leader in the provision of sustainable water and waste water services. The only way we will achieve this is with help from our supply chain. We need you to buy into our philosophy and join us on our journey to becoming the national leader.

OUR APPROACH



OUR VISION

- To be the national leader in sustainable water and waste water services.
- To be the leading organisation for infrastructure Capex delivery.

HOW WE WILL WORK


PILLARS	PRINCIPLES
ACT AS A PROFESSIONAL CLIENT	<ul style="list-style-type: none">Understand and predict asset performance.Apply RBP and IRVM consistently on programmes.Develop notional solutions and set should cost.Assure asset management processes.Set asset and engineering standards.Manage asset information effectively.
GIVE WORK VISIBILITY AND CERTAINTY	<ul style="list-style-type: none">Develop and publish work programmes.Cluster for continuity and efficiency.Commit to and smooth work load.Maintain dialogue as part of planning process.
ENGAGE FOR VALUE	<ul style="list-style-type: none">Develop partners who share our values.Adopt appropriate ECI to gain value.Segment our approach (runways).Incentivise on what is important to us.Invest in relationships.
COLLABORATE AND IMPROVE	<ul style="list-style-type: none">Integration of design and construction.Collaboration systems and co-location.Joint performance management and review.NEC3 suite of contracts.Progressive assurance.PMO drives and supports.

NWG RESPONSIBLE
PROCUREMENT
SUPPLIER
CHARTER


Responsible Procurement plays a vital role in ensuring NWG can achieve its vision. 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 the society and economy, while enhancing the environment and complying with all the relevant laws.




We expect our suppliers to comply with all applicable local laws and regulations and respect internationally recognised human and labour rights. This responsible procurement supplier charter sets out some basic principles which we expect all of our supply chain to comply with when doing business with NWG.

- 


CUSTOMER

NWG aim to deliver industry leading customer service. Our customers are at the heart of our company and we have a clear focus on getting things 'right first time every time'. NWG suppliers must have a clear focus on customer service and always 'Think Customer' to ensure we deliver outstanding customer service every time.
- 

COMMUNITIES

NWG recognises the important of communities and we want to build strong relationships in the communities which we serve. NWG are committed to working with our supply chain to make a positive contribution to the communities which are affected by our activities and NWG suppliers must be willing to work with us to promote initiatives such as apprenticeships, work experience, school visits, charity events and other opportunities which will leave a lasting legacy in the community.
- 

LIVING WAGE

NWG is a Living Wage accredited Employer. We believe that paying a good wage not only helps the people who work for us but makes good business sense too. The Living Wage is an hourly rate set independently and updated annually and is calculated according to the basic cost of living for the UK. NWG's contracts for services and works will include a Living Wage obligation. That will mean that any contracted or subcontracted employee working regularly on NWG sites must also earn at least the living wage.
- 

BRIBERY AND CORRUPTION

One of our five core values is to behave ethically. NWG are committed to not engage in bribery or any form of unethical inducement or payment including facilitation payments and 'kickbacks' and NWG strictly prohibit its employees and suppliers from such activities. Suppliers must keep current, accurate, written accounts of all payments (including gifts, meals, entertainment and anything of value) made on behalf of NWG, or from funds provided by NWG.





MODERN SLAVERY ACT

The Modern Slavery Act was introduced in 2015 in an effort to tackle slavery and trafficking. NWG are committed to complying with the Act and as such will work with suppliers to provide transparency through our supply chains. NWG include provisions in its contracts relating to the Modern Slavery Act and suppliers will need to evidence their compliance with the Act. Furthermore, we expect suppliers to be aware of the ETI base code and where deemed appropriate will be asked to commit to signing up to the code.



HEALTH & SAFETY AND WELLBEING

NWG believes that the promotion of Health, Safety and Wellbeing is a fundamental requirement for us and our suppliers. NWG's suppliers will at all times and under all circumstances maintain a high level of safety including the achievement of all legal standards. NWG expects its Suppliers to work with us to establish and maintain a culture and working environment in which Health & Safety is of paramount concern to all.



ENVIRONMENTAL

NWG is committed to sustainable development which minimises the effect on the environment. Suppliers are encouraged to ensure that in designs, supply or construction for NWG that the activities:

- Focus on whole life cost
- Minimise energy use
- Preserve and enhance bio-diversity
- Minimise waste
- Eliminate pollution
- Conserve water resources.



EQUAL OPPORTUNITY, DIVERSITY AND INCLUSION

NWG recognise the value that different backgrounds, experiences and perspectives can bring to our business and we oppose all forms of unlawful and unfair discrimination or victimisation. All NWG suppliers must ensure that no employee or job applicant receives less favourable facilities or treatment (either directly or indirectly) in recruitment or employment on grounds of age, disability, gender / gender reassignment, marriage / civil partnership, pregnancy / maternity, race, religion or belief, sex, or sexual orientation (the protected characteristics as defined by Equality Act 2010).



CONFIDENTIAL INFORMATION

Some of the information we deal with has to be treated confidentially. We will always handle confidential information about NWG's business lawfully and with care, while maintaining confidentiality. Suppliers should ensure that they hold and process confidential information belonging or pertaining to NWG in accordance with all relevant laws and should take action to prevent its improper use or release.



CYBER SECURITY

NWG is a Critical National Infrastructure (CNI) company and relies on secure IT systems to provide essential services to our customers and stakeholders. It's paramount that our supply chain also follow good cyber security controls and follow the key principles of Confidentiality, Integrity and Availability of information and systems. Good practice Cyber Security controls should be applied to Technology, People and Process.

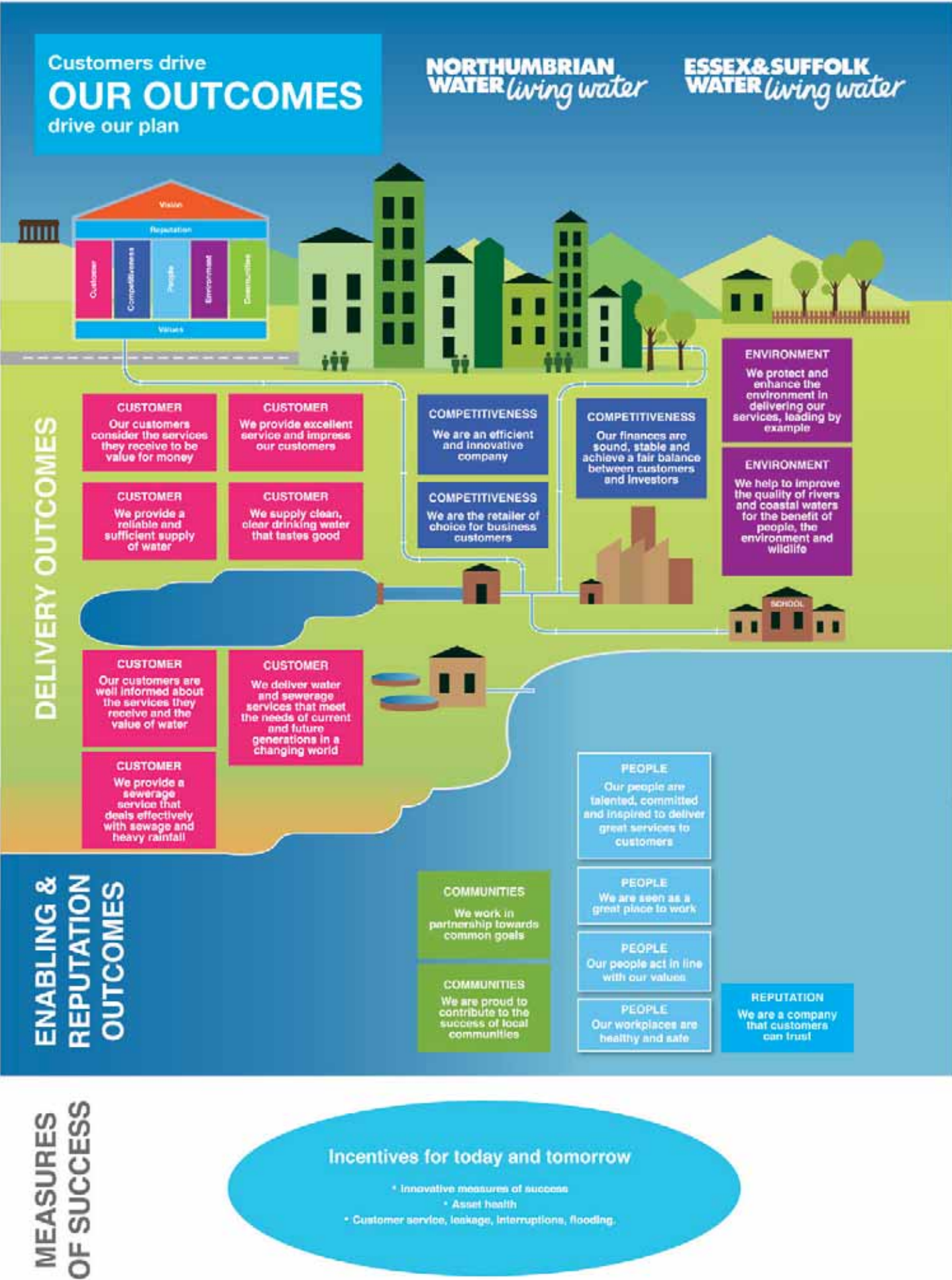


REPORTING

NWG want to work with its employees and suppliers to ensure compliance with this charter. Should any supplier become aware of or have a belief that a NWG employee or anyone acting on behalf of NWG (including suppliers) have engaged in illegal or improper conduct or are not complying with the principles of this charter then they should report the matter to NWG. To report the matter to NWG you can call NWG's independent Whistleblowing line on 0800 915 1571. All reports will be treated confidentially.



OUR OUTCOMES



Details overleaf

OUTCOMES AND MEASURES OF SUCCESS

Key

- P Financial penalty
- R Financial reward
- H Asset health
- R Reputational impact
- Non regulatory MoS

Outcome	Measure of success (MOS)	Penalty / Reward
We deliver water and sewerage services that meet the needs of current and future generations in a changing world	Asset health measures – water <ul style="list-style-type: none"> Discoloured water complaints Properties experiencing poor water pressure Water mains bursts Overall drinking water quality compliance 	H R P R
	Asset health measures – sewerage <ul style="list-style-type: none"> Repeat sewer flooding Pollution incidents Sewer collapses Sewage treatment works discharge compliance 	H R P R
We supply clean, clear drinking water that tastes good	Satisfaction with taste and odour of tap water	R P R
	Overall drinking water quality compliance	H P R
	Discoloured water complaints	H R P R
We provide a reliable and sufficient supply of water	Interruptions to water supply for more than 3 hours (average time per property)	R P R
	Properties experiencing poor water pressure	H R P R
	Water mains bursts	H P R
	Leakage (M/d)	R P R
We provide excellent service and impress our customers	NWL independent overall customer satisfaction survey	R
	Domestic customer satisfaction, net promoter score	R
	Ofwat Service Incentive Mechanism (SIM)	R P R
Our customers consider the services they receive to be value for money	NWL independent value for money survey	R
	CCWater value for money survey	R
Our customers are well informed about the services they receive and the value of water	NWL independent survey on keeping customers informed	R
We provide a sewerage service that deals effectively with sewage and heavy rainfall	Properties flooded externally (annual)	R P R
	Properties flooded internally (annual)	R P R
	Repeat sewer flooding (within past 10 years)	H R P R
	Properties flooded externally (annual) TDS	R P R
	Properties flooded internally (annual) TDS	R P R
	Sewer collapses	H P R
	Sewer collapses TDS	R
We help to improve the quality of rivers and coastal waters for the benefit of people, the environment and wildlife	Sewage treatment works discharge compliance	H P R
	Pollution incidents (category 3)	H R P R
	Bathing water quality compliance	P R
We protect and enhance the environment in delivering our services, leading by example	Greenhouse gas emissions	R
	Annual environmental performance and activity	R
We are an efficient and innovative company	Ofwat efficiency assessment and other benchmarking	• R
	Retaining EFQM 5 star status	• R
Our finances are sound, stable and achieve a fair balance between customers and investors	Credit rating	• R
We are the retailer of choice for business customers	Business customer satisfaction, net promoter score	R
We are proud to contribute to the success of local communities	Employees involved in community activity	• R
We work in partnership towards common goals	An annual report highlighting partnership working	• R
Our people are talented, committed and inspired to deliver great services to customers	Employee survey responses	• R
Our people act in line with our values	Employee survey responses	• R
We are seen as a great place to work	Employee survey responses	• R
Our workplaces are healthy and safe	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDORS)	• R
We are a company that customers trust	Achieve Business in the Community (BITC) platinum status	• R

GLOSSARY OF TERMS

Affordability target - a target cost for a project or programme group of issues, typically a 'business plan estimate' reduced by the desired efficiency factor. It is the initial value of NWG's willingness to invest to resolve the business issue/group of issues and is usually based on a notional solution.

Asset needs statement - a description of the project provided by NWG Asset Planning, summary of associated issues and constraints issued at inception.

Batch - a group of 'issues' which have been approved through the governance rules for delivery as 'reactive' works or to progress to 'investigate and define' for subsequent review.

Batch target cost - the contract cost for a project or programme of works; the cost agreed and awarded to a supplier based upon the preferred solution(s). This is normally as an NEC3 ECC contract Option C target cost with a pain/gain mechanism.

Business outcome - those customer, asset related and other outcomes defined within the NWG business plan.

Business plan estimate - an estimate made for a project or programme group of issues included in NWG's Business Plan to Ofwat.

Collaborative working - the delivery of processes or activities between two parties to achieve common goals and objectives.

Co-location - the locating of project resources and services in a common location.

Committed programme - an approved batch of projects and programmes of work, normally extending for a two year period, published by NWG and allocated to runway suppliers, usually refreshed annually.

Contract award - the value approved as a contract with a supplier for the delivery of a single solution, a batch or group of issues based upon a 'target cost' approach. This will be derived from the costs and scope in the 'investigate and define' phase and may combine activities from different programmes for optimum efficiency.

Contracts Procurement Manager - the person overseeing procurement activities on behalf of NWG.

Delivery target cost - an estimate made for a project or programme group of issues after 'investigation and definition' which validates, confirms or challenges the 'notional solution(s)'. It sets the target for delivery of the agreed 'preferred solution' and is reviewed for RBP (where applicable) and confirmed to still meet the business outcome. This is an overall project or programme target cost.

Early contactor involvement - the engagement of supply chain partners early in the definition process, to provide ideas, options and work with the client to evolve solutions that meet the client needs and constraints set at the planning phase. NWG will fund this activity.

Efficiency - a positive management action that delivers an outcome with the same or improved benefits at lower cost.

Employer's project manager - the person acting as project manager on behalf of NWG.

Integrated delivery team - individuals from various departments in NWG and one or more supply chain partners, working together on a project or programme, with aligned objectives, in a collaborative fashion to achieve the project or programme outcomes. There will be a clear framework of accountability and leadership, with a strong emphasis on teamwork, lean processes and efficiency. The aim is to deploy the collective talents of the team to best effect.

Investigate and define - the process through which the 'notional solution' and 'affordability target' is reviewed, investigated with supplier partners to challenge and provide innovative solutions to meet the business outcome.

Investigation budget - an 'investigation budget' is approved to fund activity to confirm/challenge a 'notional solution', the 'affordability target' and provide a 'delivery target' for a defined issue/group of issues.

Issue - a business risk, need or requirement that is reviewed prior to potential resolution through a capex programme.

Issue group - a group of issues which have been 'risk based prioritised' and are released as a group for investigation and/or delivery. The issues require to be investigated and defined through a programme approach; the grouping can be through asset type, work type, geographical, or particular specialism.

Measure of success - a suite of measures aligned to outcomes in the NWG business plan which are used to measure progress and set targets to show achievement of the outcomes.

Notional solution - an acceptable solution to an issue, appropriate to meet the business need and aligned to a business outcome, based on a scope agreed with stakeholders that is derived using readily available data. This is often carried out with little or no supply chain input as part of the 'professional client' function. The cost of this notional solution is used in risk based or cost/benefit prioritisation.

On-boarding process - a consultative process following the appointment of the selected suppliers, where key issues affecting the delivery of the framework will be jointly discussed.

Planned issue - an issue which requires some initial investigation and stakeholder review following initiation via a CPO, rated as important and linked to an asset need. Planned issues will normally be subject to risk based prioritisation and batching. Preferred solution - a solution which is the output of the 'investigation and definition phase'. The 'preferred solution' confirms the business outcome, measurement of success, the solution, the scope, cost and programme.

Professional client - an organisation that commissions construction services and is able to understand its asset base, assess and prioritise the risks, and set affordability targets for notional solutions before full engagement with the construction supply chain. It does not imply that the client has full capability in every facet of the design and construction process, rather it creates the conditions where suppliers are able to innovate and offer best value.

Reactive issue - work to resolve an issue with an immediate impact on health, safety, customer service, environmental performance or cost, typically delivered directly following initial validation and within the capability of operations, maintenance and their contractors.

Release - a significant portion of the capex plan that has been prioritised agreed by stakeholders and is committed for delivery. The expectation is that all of the outcomes associated with this release will be delivered, consistent with the application of should cost and risk based principles, i.e. not at any cost, and not without continued validation of benefits.

Risk based prioritisation - a methodology used within the asset planning process to assess the benefit of an intervention on an asset in terms of risk reduction and cost. It is used to rank and select issues and notional solutions to progress beyond the planning phase. The assessment is re-applied at specific stages in the project lifecycle, or if there are material changes to scope or cost.

Saving - a reduction in net cost against a previously defined baseline.

Should cost - is a concept or philosophy that frames the solution to a particular problem within an affordability envelope. It allows for consideration of a range of potential solutions to a problem, provided they deliver the desired outcome. The affordability envelope may be calculated and a target set using a notional solution based on historic costs, or derived from cost/benefit or risk analysis.

Tier 2 and/or 3 - term used to describe smaller supplier organisations, sometimes used as sub-contractor organisations to appointed framework suppliers.

Visible programme - a published, up to five year programme of work, visible to the business and framework suppliers, centrally maintained, reviewed annually and identifying: emerging, planned, released and in-delivery work types.

