



Bid Assessment Framework

August 2018

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1. Background

We produce this document setting out its bid assessment framework in response to the publication of Ofwat's PR19 Methodology (specifically Appendix 9: Company bid assessment frameworks – the principles¹). This document should be read in conjunction with our revised draft Water Resources Management Plan (WRMP).

1.1. Purpose

We are actively seeking third party bids for delivery of all elements of our WRMP.

The process is designed to ensure any third-party bids that are received in response to our WRMP are assessed in a structured manner. This process will ensure transparency, equal treatment, non-discrimination and proportionality when assessing third-party bids. This supports our underlying aims as an organisation:

- **Aim 1** Provide a reliable and sufficient supply of safe, high quality drinking water
- **Aim 2** Offer good value for money and keep bills at a fair and reasonable level
- **Aim 3** Increase the resilience of our network to drought, flooding and equipment failure
- **Aim 4** Deliver consistently high levels of service
- **Aim 5** Reduce our impact on the environment while seeking to make a positive contribution to its quality
- **Overall Aim** Continue to be a well-run, respected and successful business

We work closely with local authorities, community groups and government agencies to understand the demand for water. We believe that by having an open and transparent approach to any issues and challenges in providing a reliable and sufficient supply of high quality water through our networks, we can attract the interest of experts and specialist organisations with a wide experience in related topics, disciplines and ventures. These potential partners may have the proven solutions that will improve the level of service to our customers.

Therefore, it is in our, and our customers', best interests to investigate the capability and service offering of experts and specialist organisations through this bid assessment framework. We will assess all third-party bids received for any element of the WRMP. We expect proposals to be in keeping with our overall approach to the WRMP (e.g. to prioritise demand management); this will be essential because our strategy is also delivering against the priorities of Government (e.g. with respect to the environment) and Ofwat (e.g. regarding leakage reduction targets).

This bid assessment framework is therefore designed to support the market for water resources, demand management and leakage reduction services by promoting the

¹ <https://www.ofwat.gov.uk/regulated-companies/markets/water-bidding-market/company-bid-assessment-frameworks/>

opportunity for third parties to provide innovative bids. This paper sets out the process for the assessment of options or schemes proposed by third parties, and how we will carry them forward through an appropriate procurement process.

The award and commencement of any contracts under this process will be dictated by the remaining durations of any existing contractual agreements we have with incumbent suppliers of services.

1.2. SES Water

We have one water resource zone which covers our entire area of supply.

We supply water to 707,000 people across an area of 835 km², which includes the areas of east Surrey, parts of West Sussex, west Kent and south London. We also supply Gatwick Airport, which is located near the southern boundary of the distribution area. On average, we supply 160 million litres of clean water each day through 3,500 km of mains network.



1.2.1. Ground water

85% of the water we supply comes from underground sources beneath the North Downs and is abstracted via a network of boreholes before being treated.

1.2.2. Rivers

The River Eden provides 15% of the water available to us. The abstracted water from the river is stored in our Bough Beech reservoir at Edenbridge.

2. Planning for the Future

2.1. Introduction

We are one of several companies that supply water in the south east of England, which is recognised by Government as being an area of serious water stress. Therefore, it is important that we take a long-term view when planning water resources, as well as calculating water supply requirements. We are an active participant in the Water Resources in the South East (WRSE) group that looks at the needs of the whole region.

Part of WRSE's remit is to explore, promote and facilitate delivery of regional-wide options in order to achieve an appropriate supply-demand balance whilst building resilience in water resource availability for the long-term. We fully support the opportunity – as part of WRSE's work – to assess regional-wide solutions proposed by third parties under our, or any of the other constituent company's, bid assessment frameworks.

2.2. Supply-Side Schemes

The main objective when assessing bids in relation to supply-side schemes is to ensure that we maintain a surplus in our supply-demand balance, and that we are resilient to drought and non-drought events. In our revised draft WRMP, we have a surplus in our baseline supply-demand balance until 2047/48.

2.3. Demand-Side Management

The main objectives when assessing bids in relation to demand side schemes are to:

- Ensure we maintain an adequate supply-demand balance
- Build resilience
- Promote the efficient use of water resources.

We plan to employ a range of demand management options across the planning period from 2020 to 2080, with a particular focus in the 2020 to 2050 period.

Demand management measures are described in our revised draft WRMP and related market information tables. They include:

- Installation of meters – including a proportion of smart meters
- Leakage control
- Mains replacement
- Pressure management
- Water efficiency home visits
- Distribution of water-saving packs
- Tariffs

3. Bid Assessment Framework Overview

3.1. Aim of the Bid Assessment Framework

Our aim when producing this bid assessment framework is to show commitment to the three key principles of:

- Transparency – not allowing unfair advantage to any particular interested party or bidder
- Equal treatment/non-discrimination – providing an equal opportunity for potential suppliers to compete for any contract and making objective comparisons when evaluating all tenders
- Proportionality – keeping the process and specification simple and bidding costs low to avoid discouraging a wide range of interested parties/bidders.

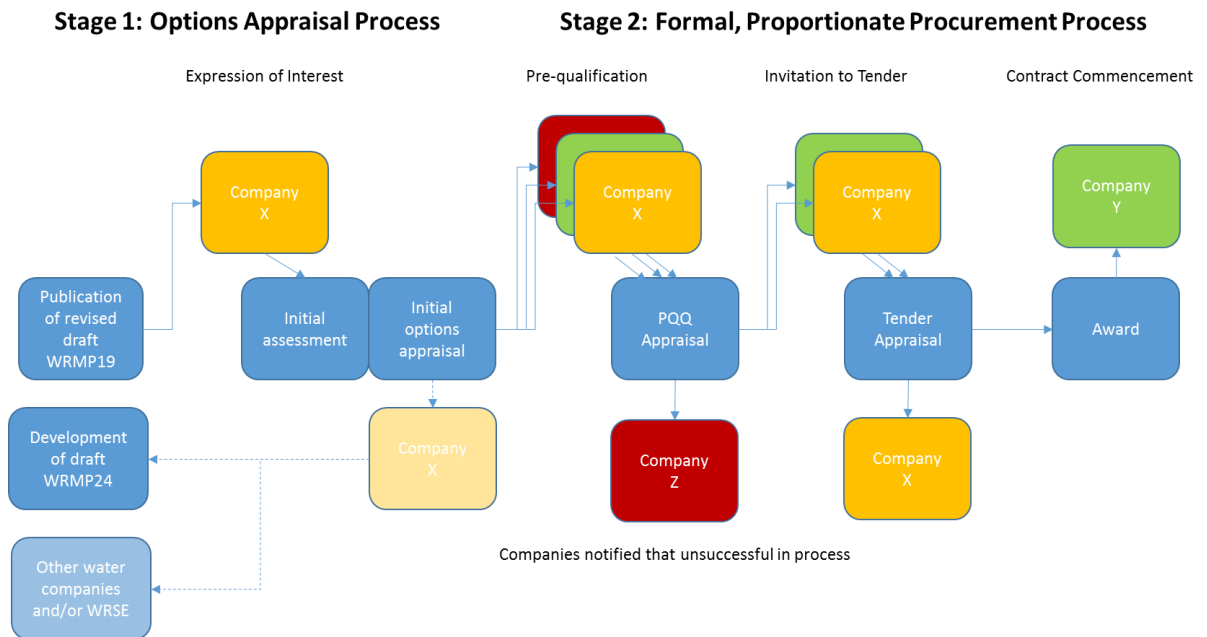
3.2. Timing, Plan and Process

The outline timeline and plan for the publication of our WRMP is set out below.

1. We will publish our revised draft WRMP, updated market information tables and bid assessment framework in September 2018.
2. Subject to direction from the Secretary of State, we will publish the revised draft WRMP as a final plan (the WRMP19) in spring 2019.
3. We will seek input from interested parties on ways to deliver the resource management measures contained within our plan through expressions of interest (EoI) from third parties.
4. We will undertake an options appraisal of sufficiently detailed solutions proposed in any EoI received.
5. We will notify interested parties prior to proceeding to next stage of the bid assessment framework:
 - a. For solutions proposed that are less cost-effective and/or do not align with the broad intent of the supply-demand measures within our WRMP19, interested parties will be notified that their submission will not be considered further by us at this stage. However, interested parties will be encouraged to make contact with other water companies whose WRMP19 measures may better align with their solutions. In addition, we will request of interested parties that we retain their submissions for use in the future development of our WRMP24.
 - b. For options that are cost-effective and that align with the broad intent of the measures within our WRMP19, interested parties will be invited to participate in a formal, proportionate, procurement process.

- In the event that the Secretary of State directs a public inquiry or other hearing in public in respect of the revised draft WRMP, the commencement of any procurement process will be delayed until these proceedings are complete and the findings have been published. In the event that this happens, the interested parties will be notified of the delay.

A summary of our proposed bid assessment framework, and its key stages, is shown below.



3.3. Options Appraisal Process

The intent behind the options appraisal process is to establish the applicability of the proposals being submitted by interested parties and to assess their suitability in the delivery of water resource management measures contained within our WRMP19.

Upon approval of our final WRMP19, we invite organisations to submit expressions of interest to us, setting out potential solutions to the requirements of our plan.

We want to consider innovative ways to deliver the measures contained within the plan, suitable alternatives to these, or new potential options for WRMP24, through the receipt of any expressions of interest (EoI) from third parties. A summary of the information required in an EoI for supply-side solutions is provided in Appendix 1, and for demand-side solutions in Appendix 2. Any EoI is to be submitted to us, with any supporting documentation, by email to tenders@seswater.co.uk. Any documentation submitted should be in PDF format.

These forms will be used for the initial assessment and the options appraisal elements of our bid assessment framework.

Specifically, and in assessing the favourability of an EoI, we would be looking for:

- Innovative approaches to delivering the outcomes required within the plan
- Indications of alignment of interested parties' ethos and culture with that of ours – specifically the importance of service to our customers and the environment both being at the heart of their business
- Evidence of attitudes towards building resilience now and for the long-term
- Probability of the offering being ideally cost beneficial – but at least no worse than cost neutral – to us in comparison to the current or proposed arrangements for the delivery of the measures.

The EoI should include sufficient information to allow for an initial assessment. In the event that insufficient information is provided, the submission will not be considered further and the bidder will be notified.

We aim to complete the initial assessment and options appraisal within a six-week period from the point of receiving the EoI, or a similarly reasonable timescale, dependent upon the relative complexity and scale of the proposal submitted.

Where a submitted EoI results in a positive options appraisal, we will inform interested parties of the outcome, and our decision to progress to the second stage of the bid assessment framework, the commencement of a formal – but proportionate - procurement process.

3.4. Procurement Process

Any procurement process that follows stage one of the bid assessment framework must comply with the legal requirements placed on us as a utility and must be proportionate to the scale of the solution proposed. We envisage that there will be two procurement paths that are followed – one for comparatively simple and small solutions, which will not trigger the full competition rules and the other for larger, more complex solutions that would.

Set out below is the procurement process that we currently follow within the business. We intend to adopt the same basic process, but where possible, scaled down proportionately for the smaller supply arrangements that we hope will materialise through this bid assessment framework.

In all cases, we require an appropriate minimum level of diligence be adopted in selecting suppliers for any goods or services provided to us. This approach is not inconsistent with being proportionate.

3.4.1. Process and Procedure

We adhere to the EU Directive for the utilities sector, which has been implemented through The Utilities Contracts Regulations 2016 (Statutory Instrument 2016 No. 274). There are several award procedures available but typically the negotiated procedure will be used with a call for competition.

Where appropriate, we will invite bidders in the market to the tender either via an OJEU Contract Notice or through the Achilles UVDB – a qualification tool.

The timelines for any bidding process will be published in the market, showing the key deadline dates for each of the projects. The process will follow the EU procurement rules for utilities as best practice for transparency and fairness.

To ensure the principles of transparency, equal treatment/non-discrimination and proportionality, as well as confidentiality of data, the process will be managed through our normal procurement process.

Bid submissions (either pre-qualification questionnaires or tenders) are scored by a panel of our employees (consisting of project team members), stakeholders and occasionally external technical specialists. Each panel member will score individually, then as a group they will either agree or moderate their scores to have a unilateral outcome and consolidated group score.

3.4.2. Pre-Qualification Questionnaire (PQQ)

In a negotiated procedure, there is initially a pre-qualification questionnaire (PQQ) stage. The purpose of this stage is to seek information regarding bidders' organisations, financial status, environmental cost, social cost, health & safety policies, environmental management policies, quality management policies and service delivery capability and capacity for any aspects of the scope.

The information provided at the PQQ stage will form the basis of whether bidders are shortlisted and invited to progress to the next stage, the Invitation to Tender (ITT). Therefore, it is important that bidders answer the questions fully as the evaluation panel will only evaluate the information provided in a written response.

Bidders may be required to provide referees who can be contacted to validate the bidder's responses in respect of certain identified questions.

3.4.3. Invitation to Tender (ITT)

At the ITT Stage, bidders will be asked to complete and submit an intent to bid in accordance with the tender timescales. Failure to complete this requirement will result in the company not being shortlisted and therefore not considered for any services covered in the bid process.

We will seek further information from shortlisted bidders on specific sections that covers; service provision, service delivery capability and capacity, implementation, commercial principles, legal position and supplier relationship management for any aspects of the scope. Each of the specific sections will be percentage weighted according to the level of importance and pre-determined evaluation criteria and weightings.

Bidders are to respond fully to each of the questions within the given sections. Bidders are permitted to submit clarification questions throughout the process. We will ensure that all parties equally receive the same shared response to any question raised by a bidder.

Bidders submitted tenders are evaluated on an equal basis by the project team, stakeholders and occasionally external technical specialists. As this process will be assessed in accordance with the Utilities Contracts Regulations (2016), typically the negotiated procedure, we may undertake negotiations with bidders who have been identified as preferred bidders based on the evaluation from the tender proposal.

3.4.4. Contract Award

A contract will be awarded as soon as possible after the evaluation and selection process is completed. Contracts are mostly awarded on the basis of the most economically advantageous tender, which means there is the correct balance between quality and cost of the service, product or works.

All suppliers will be informed of the outcome of the bid process including reasons for acceptance or rejection in accordance with EU procurement legislation.

4. Bid Proposal Instructions

The following section of this bid assessment framework sets out the requirements of our procurement process in relation to the submission of tenders, and is included here for completeness.

4.1. Response

It is very important that the bidder takes care to provide all requested information in their response to ensure that they demonstrate their full capability and insight. Omissions or inadequacies will be reflected in the evaluation process.

4.2. Amendments

We may issue amendments to clarify, modify or add to the specification prior to the bid submission deadline. A copy of each amendment will be issued to each bidder and will become part of the process. We must receive notification of receipt of any amendment within three working days of issue.

4.3. Submissions

The bidder response document and any additional supporting documentation should be emailed to tenders@seswater.co.uk. It should be uploaded in PDF format.

Bidders are to submit their response within the deadline set by us in advance as any bids received after the deadline will not be accepted.

Once a bid has been received, we cannot allow any requests for a variation on the grounds of mistakes, oversights or misunderstandings by the bidder.

4.4. Sales & Marketing Literature

Bidders should not send any sales and marketing literature or additional non-related information with their responses. It will not be read or evaluated.

4.5. Bidder's Costs

We will not be responsible for any cost, expenses or losses incurred by the bidder in relation to the preparation of any other stage in the bid assessment process. All parties will be responsible for their own costs incurred as a result of any bidding process.

4.6. Bid Validity

The bidder is required to confirm bid offer validity for 180 days after the date of the return of bids.

4.7. Site Visits

We may wish to visit the bidder's premises during the tender period. The bidder may also be required to supply samples, where relevant, for product evaluation and trial.

4.8. Questions Procedure

All questions should be submitted via email at procurement.support@seswater.co.uk. Messages sent by any other method will not be taken into account.

Our responses to all questions will be sent simultaneously to all participants, unless the question is deemed by us, at our discretion, to be confidential to a particular bidder. If we do not believe a question submitted by a bidder is confidential, they will be given the opportunity to withdraw the question, before any answer is given and sent to all participants.

All questions must be received by a specified date. Questions submitted after the deadline date will not be answered. It is in the interest of all parties for the questions to be asked as soon as they become known.

We will log all questions and answer responses. It is the responsibility of the bidder to ensure they read and apply these responses to their bid where appropriate.

4.9. Disqualification

Canvassing of any of our employees or temporary personnel by the bidder, directly or indirectly, before the award of the contract shall be grounds for disqualification.

5. Complaints

We ensure transparency and fair treatment when handling complaints or appeals following an outcome decision. Complaints should be sent to the following email: procurement.support@seswater.co.uk. We adhere to EU procurement legislation and will fully investigate complaints in line with this guidance to ensure best practice is followed.

6. Auditing

An essential element of this bid assessment framework – as it is for our existing procurement process – is its regular auditing and assurance to ensure compliance both with our own internal procedures, and legal and regulatory requirements.

It is our commitment that the operation of the bid assessment framework is regularly audited and assured through a combination of internal and external resource. Key areas of focus for both will include, but not be limited to:

- Compliance with the overall process as set out, our policies and the overarching legal requirements
- Adherence to the key principles of transparency, equal treatment/non-discrimination and proportionality of application
- The degree of success gained in encouraging interested parties to bid, and the conversion of these bidders to new suppliers of goods and services, and the benefits that flow from this as a result.

The findings of these audits will be reported to our Audit Committee and Board of Directors on an annual basis.

Appendix 1 – Expression of Interest (Supply-side)

Data Type	Data Required
Option Details	Donor Company
	Option Name
	Option Reference
	Resource type (Raw/potable)
	Deployable Output (Ml/d) for dry year annual average (DYAA) and dry year critical period (CP) conditions
	Option earliest start date
	Proposed connection point to SES Water network
	Connection point coordinates
	Option Description
Security and Resilience	An assessment of the risks and uncertainty associated with the option, including the likelihood and impact of reduced yield due to climate change, environmental constraints, and the occurrence of drought. For the occurrence of drought, describe and demonstrate the resilience of the option to severe drought, including the nature and severity of droughts that have been tested; as a minimum we expect that it would provide resilience to a drought with an approximate 0.5% chance of annual occurrence (a 1 in 200-year drought event)
	An assessment of the flexibility of the option to adapt to future uncertainty
	An explanation of whether the option depends on an existing scheme, or is mutually exclusive with another scheme
	Any factors or constraints specific to the option
Water Quality	Water quality data to be provided by Donor Water Company to allow an assessment of risk of discolouration, nitrates, pesticides (including specific reference to metaldehyde) fluoridation, pH impacts and control of disinfection by-products, sufficient to meet the requirements of Regulation 15 of the Water Supply (Water Quality) Regulations 2016 (in England), and to allow us to undertake an assessment of the potential impact of mixing of different water types within our distribution network.
Environmental	An assessment of the environmental impacts of the option, including the impacts on River Basin Management Plan (RBMP) objectives
	Details of the licence/s in place or required to facilitate the option
	A Habitats Regulations Assessment (HRA) if an option could affect any designated European site

	<p>An assessment of the risk of transfer of Invasive non-native species (“INNS”). This should cover options that;</p> <ul style="list-style-type: none"> • Create a hydrological connection between locations not already connected, and • Where new schemes provide a pathway between locations that have an existing hydrological connection. <p>Options that risk spreading INNS should include proposed measures to manage that risk, which must be completely effective for removal of all life stages.</p>
	An assessment against the Water Framework Directive “No- deterioration” requirement to ensure that options do not pose a risk of deterioration or prevent the achievement of ‘good’ status (or potential).
Operational regime	Description of how the option will be utilised. e.g. Is the bulk export to be 365 days a year, or is only required in drought etc. Enough information on how it will be operated to allow the WRP tables to be completed.
Cost Information	Bulk Export cost £/Ml
	The environmental and social impacts of the option, including carbon
Please enter your contact information.	All information relating to the PQQ will be sent to this person
Name of organisation submitting proposal:	
Contact Name:	
Title:	
Company Name:	
Address:	
Telephone No:	
Mobile Phone No:	
Fax No:	
Email Address:	
Web Site:	
Company Registration Number (if your organisation is a company)	
Please outline any assumptions you have made in completing your response	
Is your organisation part of a Business Partnership with SES Water involving	

<p>use of intermediaries, joint ventures or consortia?</p>	
<p>Has your organisation been issued with any Bribery Act, fraud or money laundering related convictions, prosecutions or investigations or received any Deferred Prosecution Agreements?</p>	
<p>Please give details of any judgements on record, or pending, against the company or organisation submitting this proposal in respect of: any financial matter, corporate, or management malpractice or non-compliance with any legal requirement.</p>	

Please note: As part of the evaluation SES Water will use an external commercial analytical data provider to review your company status

Appendix 2 – Expression of Interest (Demand-side)

Data Type	Data Required
Option Details	Donor Company
	Option Name
	Option Reference
	Type (Metering/leakage/other)
	Deployable Output (Ml/d) benefit for dry year annual average (DYAA) and dry year critical period (CP) conditions
	Option earliest start date
	Proposed WRZs and locations within SES Water supply area
	Option Description
Security and Resilience	An assessment of the risks and uncertainty associated with the option, including the likelihood and impact of reduced benefit due to climate change, environmental constraints, and the occurrence of drought
	An assessment of the flexibility of the option to adapt to future uncertainty
	An explanation of whether the option depends on an existing option, or is mutually exclusive with other options
	Any factors or constraints specific to the option
Water Quality	Details of how compliance with water quality regulations will be maintained (where applicable) e.g. Water Supply (Water Quality) Regulations 2016 (in England).
Environmental	An assessment of the environmental impacts of the option.
	Details of the licence/s in place or required to facilitate the option.
	A Habitats Regulations Assessment (HRA) if an option could affect any designated European site
	An assessment against the Water Framework Directive “No- deterioration” requirement to ensure that options do not pose a risk of deterioration or prevent the achievement of ‘good’ status (or potential).
Operational regime	Description of how the option will be implemented including how data will be managed.
Cost Information	Unit cost £/Ml
	Details of the benefits and costs and whether the option is cost beneficial.
	The environmental and social impacts of the option, including carbon.

Please enter your contact information.	All information relating to the EoI will be sent to this person.
Name of organisation submitting proposal:	
Contact Name:	
Title:	
Company Name:	
Address:	
Telephone No:	
Mobile Phone No:	
Fax No:	
Email Address:	
Web Site:	
Company Registration Number (if your organisation is a company)	
Please outline any assumptions you have made in completing your response	
Is your organisation part of a Business Partnership with SES Water involving use of intermediaries, joint ventures or consortia?	
Has your organisation been issued with any Bribery Act, fraud or money laundering related convictions, prosecutions or investigations or received any Deferred Prosecution Agreements?	

<p>Please give details of any judgements on record, or pending, against the company or organisation submitting this proposal in respect of: any financial matter, corporate, or management malpractice or non-compliance with any legal requirement.</p>	
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Please note: As part of the evaluation SES Water will use an external commercial analytical data provider to review your company status