Agenda Item 18

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OXFORD CITY COUNCIL

To:	**Cabinet**
Date:	08.07.2026
Report of:	Carolyn Ploszynski, Director of Regeneration, Economy and Sustainability
Title of Report:	**Delegate authority to the Deputy Chief Executive - Place to Direct Award the Council's Water Supply and Wastewater Contract to Anglian Water Business (National) Limited t/a Wave Utilities on a 2+1+1 contract term.**

Summary and recommendations	
Decision being taken:	To give Delegate authority to the Deputy Chief Executive - Place to Direct Award the Council's Water Supply and Wastewater Contract to Anglian Water Business (National) Limited t/a Wave Utilities on a 2+1+1 contract term, subject to final contract price; and delegate authority to the Deputy Chief Executive - Place to make non-substantive changes to the framework should they become necessary.
Key decision:	Yes
Cabinet Member:	Cllr Anna Railton, Deputy Leader & Cabinet Member for Planning & Zero Carbon Oxford
Corporate Priority:	None
Policy Framework:	None

Recommendation(s): That Cabinet resolves to:

Approve Delegate authority to the Deputy Chief Executive - Place to Direct Award the Council's Water Supply and Wastewater Contract to Anglian Water Business (National) Limited t/a Wave Utilities on a 2+1+1 contract term, subject to final contract price; and delegate authority to the Deputy Chief Executive - Place to make non-substantive changes to the framework should they become necessary.

Appendix No.	Appendix Title	Exempt from Publication
Appendix 1	Exempt Appendix 1 – Not for publication	Yes This information is exempted from publication under Schedule 12A to the Local Government Act 1972 on the following basis: • Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings
Appendix 2	Appendix 2 -Risk Register	No Please note legal risks are held in Appendix 1 and are confidential
Appendix 3	Appendix 3 – Equality-Impact-Assessment-Water Supply & Wastewater Contract Cabinet	No
Appendix 4	Appendix 4 – Background Paper – Utilities Procurement 2024-2028	No
Appendix 5	Appendix 5 – LASER Framework	No

Introduction and background

1. The Council is required to secure ongoing provision of non-domestic water supply and wastewater treatment services for its corporate estate in which it pays the utility bill.
2. Since deregulation of the non-domestic water market in 2017, the Council has procured these services under Kent County Council t/a LASER Water Supply and Sewerage Services framework. Kent County Council /LASER is a recognised Public Buying Organisation, and the Council has used LASER established frameworks for utilities for over 20 years.
3. The Council's current water supply and wastewater contract with Anglian Water Business (National) Limited t/a Wave Utilities (WAVE) will expire on 14 September 2026. This report seeks approval to award the replacement contract to WAVE under Lot 1 of Kent County Council's framework for the Supply of Water and Sewerage Services, ensuring continuity of service and value for money during the period leading up to Local Government Reorganisation (LGR).

Reasons for Direct Award

4. The proposed contract has been procured through the framework via a direct call off process meaning no specific competition has been held by the Council to select the

recommended supplier. For this specific contract the direct approach represents the most robust and value for money procurement route available to the Council at this time.

5. The non-domestic water market is highly constrained with wholesale water prices set regionally and regulated nationally, meaning suppliers do not compete meaningfully on water tariffs. Most of the price organisations pay per unit is set by the wholesaler and only approximately 7% of the total cost goes to the retailer. The Council contracts with a retailer for its water provision and under the framework agreement, the retailer's prices are fixed for the duration of the contract and have already been market-tested and benchmarked through a competitive procurement exercise in order to be appointed to the framework.
6. Under the framework agreement there are two suppliers on Lot 1 eligible for Direct Award. Which supplier is selected depends on the criteria chosen. Within this exercise it LASER advised that any marginal difference of costs between the two suppliers would not amount to any substantial cost savings because of the retail costs are a very small percentage of the total water bill. For example, even if a retailer offers 'half' the price of another this likely constitutes a 1-2% price difference.
7. Any marginal difference in retailer fees would be far outweighed by the additional costs and risks associated with a supplier change. Switching supplier would require estate-wide closing meter reads, which cannot be undertaken with existing staff resources and would require short-term additional capacity at an estimated £25,000 revenue cost. Incomplete or delayed meter reads would result in estimated billing, increasing the risk of overcharging and generating avoidable disputes and additional officer time.
8. WAVE is the Council's current supplier and to award a new contract to them avoids the above costs and risks entirely. WAVE already hold validated consumption data, understands the Council's estate, and provides established billing accuracy. WAVE was independently ranked as the highest-scoring supplier for service quality when appointed to the framework. This combined with the cost savins identified above provides assurance that the appointment WAVE will secure best value service for the Council.
9. Additionally, the Council has been impressed with the level of service WAVE has delivered throughout the current contract period. A direct call off procurement to appoint also avoids a time and resource intensive competition which will likely deliver no service benefit and no or negligible price benefit given the environment of the water market.
10. The proposed contract term ensures stability while organisational responsibilities and assets are transitioning under LGR but also allows flexibility in term length while future arrangements are being determined.

Alternative Options Considered

11. **Mini competition via the LASER Framework:** The Council could opt for LASER to run a mini competition on the Council's behalf. This would involve LASER building a tender pack, based upon the Council's specified weighting requirements for service, social value and price, and any additional requirements. Within this option the tender would be made available to four suppliers. Running a mini competition under the LASER Framework, was rejected for the following reasons:

a) Undertaking a mini-competition or standalone procurement would duplicate work already completed at sector level, require additional LASER and internal resource and associated costs, and introduce timing risk, with the potential for exposure to deemed rates if award timelines slipped. This approach would cost more money with no benefit. For reference LASER charges 1.5% of annual water chargers under their management fee for the Direct Award route and 3% to run a mini competition

b) Resource burden – a mini competition would require more internal resource

c) Time constraint and risk of deemed rates – given Cabinet timelines if this option were to be taken the process would not be complete until after the date of the current contract end, meaning the Council would be subject to deemed rates with its current supplier whilst sorting out the new contract

d) Higher cost – LASER would require an increased rate to run this option when compared to the Direct Award option

e) Little value added – LASER has already undertaken a full competitive procurement exercise to refresh the framework, during which WAVE scored the highest on service. Running a separate Council-level competition would likely duplicate effort with minimal value due to the cost environment outlined above

f) Operational disruption - a Mini competition may have resulted in a change of supplier, which would trigger the need for closing meter reads across a large number of sites. Completing this manually would require substantial Council resource

g) Risk avoidance during LGR - introducing a supplier change immediately before LGR could cause avoidable billing and service continuity issues

12. **Running a full standalone procurement** (outside the framework): This was rejected for the following reasons:

    a) Excessive time and administrative cost compared with using an established public sector framework agreement

    b) LASER's framework agreement already provides market-tested, competitively tendered pricing, ensuring compliance and value for money

    c) A standalone procurement would be particularly impractical during the pre-LGR period and would duplicate work already undertaken at sector level by LASER

13. **Switching supplier through a direct call off to the alternative Supplier under the LASER Framework**: This was rejected for the following reasons:

    a) LASER’s recent full procurement ranked WAVE as providing the best service of all Lot 1 framework agreement suppliers

    b) Switching supplier would trigger significant operational workload relating to meter reads, onboarding, and data validation

    c) The risk of overcharging through estimated reads is higher if the Council switches supplier

    d) No evidence demonstrated that an alternative supplier would offer material financial or service improvements relative to WAVE.

Implications of Local Government Reorganisation

14. A limited 2+1+1-year contract has been selected specifically to avoid binding the successor authority to a long-term arrangement, allowing the new authority freedom to review and procure services strategically once established. The +1 options have been included to be flexible given the unknown timelines associated with LGR.
15. Awarding a contract to the incumbent supplier, WAVE, also prevents the significant operational burden that a competitive exercise or supplier change would create. Undertaking closing meter reads for a large number of sites immediately before LGR would require considerable resource and carries a substantial risk of incorrect estimated billing, which could introduce avoidable financial pressure.
16. To note, this is an essential service of which there is not an option not to enter a new contract.

Financial implications

17. Since the current contract was awarded, water industry costs have risen. Ofwat has approved a £104bn national investment programme (2025–2030), with early industry estimates indicating that water costs will increase from April 2026. These increases apply regardless of supplier, as wholesale costs are regulated regionally and make up the majority % of the unit fees.
18. Use of the LASER framework agreement provides financial benefit due to portfolio scale and aggregated buying power. Historically, the Council has secured water pricing below the national average through LASER. Importantly, the retail prices under the new contract will remain fixed for the full contract term, providing cost certainty during a period of rising market prices.
19. The Direct Award route avoids avoidable transition costs (estimated at c. £25,000) associated with a necessary extra resource to conduct meter reads and supplier change and therefore represents the lowest whole-life cost option available to the Council.
20. The water contract is an essential service required for the daily operation of Council buildings. Existing approved budgets are in place to meet these costs.
21. Until LASER have finalised the arrangement with WAVE on our behalf the exact water costs are unknown, however, it is understood that OCC annual water costs for the new contract will sit at £300k which is in line with our current annual chargers.

Legal issues

22. Under 4.5 (11) of the Council's Constitution Cabinet is the decision-making body for the award of contracts in excess of £750,000. The estimated value of the contract means the decision to award the contract is a key decision.
23. Additional legal comment is provided in Appendix 1.

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Level of risk

24. The main financial and operational risks relate to supplier change, billing accuracy, internal capacity and timing pressures. These risks are minimised through an award to the incumbent supplier, use of a framework, and a short, flexible contract structure aligned to LGR. A detailed Risk Register is attached as an appendix.

Equalities impact

25. Attached as an Appendix 2.

Carbon and Environmental Considerations

26. The proposed contract award supports the Council's environmental objectives by retaining a supplier that has clearly articulated and externally recognised sustainability credentials. WAVE operates under a comprehensive Social and Sustainability Framework, with a focus on water efficiency, environmental management and carbon reduction. During 2024–25, WAVE enabled customers to save over 10.4 million cubic metres of water, exceeding its stated targets and reducing associated emissions. WAVE also maintains ISO-accredited environmental management systems (ISO 14001) and has committed to achieving Net Zero carbon emissions by 2030, ahead of the national 2050 target and in line with the broader UK water industry. Its Carbon Reduction Plan, prepared in accordance with PPN 06/21 and the GHG Protocol, sets out a science-based pathway covering Scope 1, 2 and 3 emissions, with clear interim reduction targets and a hierarchy focused on reducing emissions before procuring or offsetting residual impacts.

27. Retaining Wave avoids the carbon impacts associated with supplier transition, including estate-wide meter reading activity and data re-validation, while maintaining continuity with a supplier that actively supports customers' own decarbonisation journeys through water efficiency, demand reduction and engagement on the role of water in achieving Net Zero.

Report author	Alice Jones
Job title	Carbon Reduction Project Manager
Service area or department	Regeneration, Economic Development, and Environmental Sustainability
e-mail	ajones@oxford.gov.uk

Background Papers:

List the background documents and, if possible, link to them.

All background papers must be listed in accordance with the Local Government (Access to Information) Act and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. This includes, any material which discloses facts or matters on which the report or an important part of it is based and which have been relied on in the preparation of the report Each document must be listed and a copy of each document made available to members and the public on request, (or they should be directed where to find it if it is already published on the Council's website). All confidential, exempt, copyrighted and published works are EXCLUDED from this requirement.

1	Utilities Procurement 2024-28 OxCityCouncil Cabinet report

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