

South West Water

Bid Assessment Framework September 2022



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1 Introduction

This is South West Water’s Bid Assessment Framework (BAF) for bioresources services. It describes how we assess bioresources solutions to support the bidding market for bioresources services.

If you are a supplier or another interested stakeholder, and have views on the content of this framework, then please contact us at marketenquiries@southwestwater.co.uk.

Bioresources is another name for wastewater sludge, and bioresources services include:

- transport of raw wastewater sludges from where they are generated to a location where they are processed (either thickened or treated)
- thickening of raw sludge for onwards transportation
- treatment of liquors produced through thickening raw sludge
- transport of thickened sludge to a treatment centre
- treatment of wastewater sludge
- capture and processing any gases produced through treatment, including generating of renewable energy
- dewatering of treated sludge products
- treatment of liquors produced through dewatering the treated products
- transport of treated sludge products to a location for their beneficial use or to disposal
- incorporating treated products (biosolids) into agricultural soils.

Figure 1: Where our bioresources are treated



Third party providers can submit bids to provide solutions to help meet our bioresources needs as revealed in our bioresources market information¹ and described in our five yearly business plans.

We have ensured our BAF process complies with Ofwat's principles of transparency, equal treatment/non-discrimination and proportionality, and that it complies with both Utilities Contracts Regulations 2016 (UCR16) and competition law.

We have developed ten strategic priorities for our bioresources activities as follows:

- Safe operation and maintenance of sludge and bioresource assets at all times by appropriately skilled and experienced staff
- Minimising the negative impact on our neighbours and communities of our sludge and bioresources operations whilst maximising the benefits to them
- Maximising the benefit of the resources we have through the sludge treatment processes to target net zero delivery whilst reducing fugitive emission and embodied carbon
- Complying with the revised Farming Rules for Water and the EA's assessment of satisfactory sludge disposal
- Complying with the requirements of the Industrial Emissions Directive to control pollutant emissions from our bioresources treatment sites
- Resilient operation of our sludge treatment centres to manage sludge-related risks across all wastewater treatment works
- Reducing our reliance on composting and landfill to manage grit and screenings volume and disposal
- Responding effectively to the opening of the bioresources market
- Complying with and enhancing Best Available Technique (BAT) under the Biosolids Assurance Scheme (BAS), including for meeting emerging legislation linked with plastic removal and taking opportunities linked with co-digestion
- Efficient transfer of bioresources information.

This BAF should be read in conjunction with our:

- Trading and Procurement Code, which sets out the policies, principles and requirements that will apply should we enter into arrangements with other companies
- Code of Conduct for Supply Chain Partners, which details our expectations of the way our suppliers operate their businesses in relation to their employees, the wider community and the environment
- Our latest business plan, published on our website²
- Our bioresources strategic priorities.

2 Why we have a bid assessment framework

Since 2020, our bioresources activities have been regulated and reported on separately to the rest of our wastewater activities, in order to make these services more visible and promote markets. We are keen to explore market solutions in bioresources services to ensure the best services for our customers and the environment.

We recognise that others may be able to provide more efficient and effective bioresources solutions than those we design ourselves. This may be the case in our region as our bioresources

¹ South West Water, [Bioresources market information](#)

² South West Water, [Business plan 2020-25](#)

production is dispersed across the south-west region and does not benefit from the economies of scale seen in more urban regions.

We produce over 40,000 tonnes dry solids of bioresources at our wastewater treatment works which are treated in one of 25 sites. Our long-term strategic approach is to maximise the use of agricultural recycling of treated sludges, coupled with a formal assessment of market solutions to deliver any enhancement of service. We will use the most cost-effective solutions for customers to refine and evolve our longer-term strategic approach.

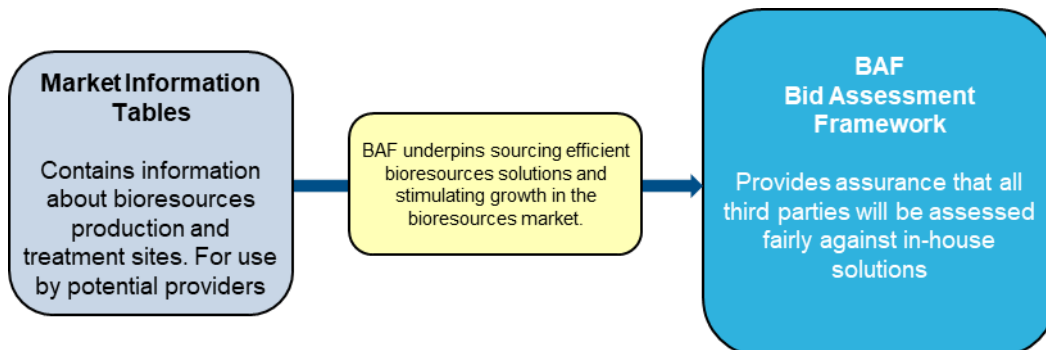
The bioresources market can add economic and environmental value through the use of technology, economies of scale, inter-company optimisation and co-digestion with other organic waste.

Our BAF is designed to ensure any third-party bids that we receive are assessed in a structured manner with transparent processes that ensure equal treatment / non-discrimination and applies proportionality when assessing bids. In this BAF, we summarise our processes, designed to support our active engagement with the market and we set out how we will engage with third parties proposing solutions.

This framework provides third parties with confidence and clarity about the integrity of our procurement process. However, it also outlines an appeals and complaints process, should any third party feel they have not been treated in accordance with the framework

The market information tables will support our active participation in the market as described in Figure 2 below.

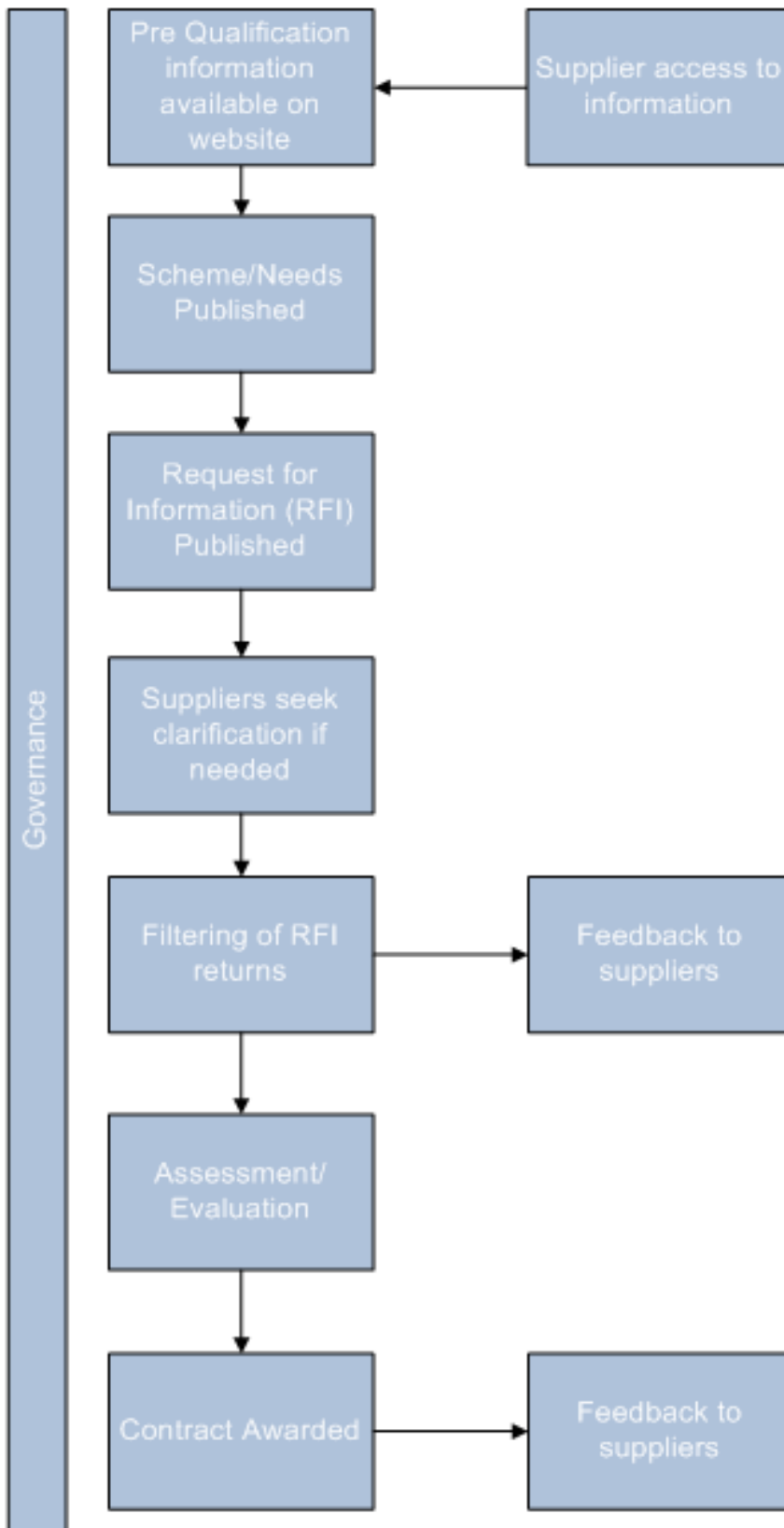
Figure 2: Documents supporting active participation in the bioresources market



3 Overview of the BAF process

The diagram in Figure 3 overleaf provides a high-level view of the BAF process for proposals over £10,000. The full details of the process are contained within section 5.

Figure 3: Bid assessment processes



4 Key Elements of the BAF

4.1 Transparency

For a successful bid assessment framework, it is important the process is transparent and clearly explained to all potential bidders.

When publishing the invitation to submit bids we will publish the assessment criteria we will use alongside the invitation. This will also outline the overall process and timescales expected (these may differ depending on contract size). The same criteria will be used to assess all parties, including in-house proposals.

Figure 4 - Assessments

Commercial	Contract price and overall commercial terms proposed by the supplier
Technical	Technical details of how the supplier intends to deliver the scheme in question and the evidence they can do so
Risk	What risks with the scheme has the supplier identified? How do they intend to mitigate/avoid/accept/transfer those risks?
Corporate Social	Supplier's credentials with respect to corporate social responsibility, how they envisage the delivery of the scheme aligning to ESG priorities
Innovation	Are there any innovative practices that the supplier is proposing to utilise in the delivery of the scheme?
Value-add	Any actions/ deliverables the supplier intends to undertake/ provide that would provide value above and beyond the need specified
Sustainability	Supplier's plans to contribute to sustainability of bioresources activities through their solution and past experience creating resilient, sustainable solutions
Net Zero	Supplier's contribution to our net zero ambitions and their approach to reducing carbon intensive materials and processes where possible

The main objectives when assessing bioresources bids will be to ensure wastewater treatment works compliance through timely removal and treatment of solids and to maximise resource recovery and beneficial use by recycling treated products to optimise the circular economy.

We will be keen to understand the level of risk to meeting these objectives that could result from contracting with third parties. We will assess the risk through asking for relevant information at the pre-qualification stage of any procurement process we undertake, as described below.

4.1.1 Addressing contract risks through a Pre-qualification Stage

We have a duty of care and remain responsible for how treated bioresources products are used or disposed of, even when we contract out these bioresources services. We also need to ensure there are continuous effective bioresources services throughout the year to avoid risks to wastewater treatment compliance. Contracting out services without appropriate controls could therefore pose risks to the quality of products and services for which we are responsible.

We will include in a pre-qualification stage relevant and proportionate questions to inform an assessment of contract risk, depending what services we are looking for. We provide more detail of our assessment process below. We will provide feedback to any bids that are rejected due to being assessed as high risk.

This is an important aspect of our bioresources BAF. We are keen to understand from stakeholders if our criteria are clear and appropriate. We welcome your views.

4.1.2 Our bioresources assessment criteria

Our assessment criteria are provided in Table 1 below. All parties will be subject to the same criteria (in-house and third party) and responses to the following criteria are mandatory for all bid submissions.

Table 1: Bioresources bid assessment criteria

Assessment Criterion	Details
Capacity	The capacity of bioresources that the solution would accommodate and for what period of time.
Cost	We assess costs against our long-term revenue requirements for providing bioresources solutions in house. We will include assessing wider costs and benefits in terms of environmental and social costs and benefits
Energy / carbon / environment	The energy generation and consumption, renewable energy incentives, carbon emissions or other material environmental factors associated with the proposal.
Reliability of delivery	Constraints by way of maintenance activities, holiday periods etc, when the scheme may not be available for service. Track record of delivering similar services.
Flexibility	The extent that the scheme can deal with changing circumstances
Sludge quality	Identifying the sludge quality constraints required by the solution and any issues that could arise with sludge that is out of specification.
Seasonal variation	Bioresources production rates vary due to seasonal conditions including peak tourism. We assess the extent that the solution would impact the ability to deal with variation in quantity
National or sector policy and regulation	Whether the solution aligns with regulations and with any national or sector policy guidelines, such as farming Rules for Water etc.
Innovation	The extent that the solution harnesses innovative practices / concepts
Operational resilience	Assessing the likelihood that a supplier will be unable to provide services without notice or for an extended period of time
Regulatory risk record	Assessing the likelihood that the bidder will not provide: appropriate documentation; adhere to safety standards; and adhere to quality protocols such as the biosolids assurance scheme
Health and Safety record and procedures	Whether bidders have adequate health and safety processes and records, with the necessary staff training and adherence to the relevant regulations.

We also publish on our website a code of conduct for our suppliers which we expect all successful bidders to adhere to.³

We have the responsibility for managing emergency procedures relating to our wastewater treatment works and bioresources facilities. Any successful bidder will be expected to cooperate with our procedures during times of an emergency.

4.1.3 Supporting bidders

Opportunities of a value above the UCR threshold will be posted on the Achilles procurement portal which will provide details of schemes to a wide range of third parties. However, we recognise there are benefits from making an even wider audience aware of our proposed schemes to generate the best possible range of responses.

Therefore, in addition to the market information already provided on our website, we will also publish details of current and future bioresources opportunities. This information will be updated whenever a requirement is uploaded to Achilles, thereby providing visibility to third parties not registered on Achilles. Information on the website can be found at: [Bioresources & Water Resources Markets](#).

Our website provides contact details should third parties wish to approach us about providing a solution / speculative bid.

Where it is relevant and proportionate to the opportunity, we will consider publishing the opportunity in relevant industry or trade specific publications. Moreover, we will consider holding 'Supplier Days' to inform suppliers about significant upcoming opportunities where beneficial.

This provides us with the chance of engaging in a dialogue with the supply chain early to understand their interest, capabilities and raise awareness of innovative solutions.

We will support bidders throughout the process and ensure that all participants understand the requirements and what information they are expected to submit. Dialogue between the procuring department and bidders will be used to 'coach' bidders through the process where necessary.

All unsuccessful participants will receive feedback on their submissions and are entitled to complain or appeal the decision if they consider we did not follow the processes set out in this framework. More information on this can be found in Appendix C.

4.2 Equal treatment

To avoid the potential favouring of any in-house solutions, we will ensure that no one who is involved with the design and or delivery of an in-house option is involved in deciding upon the precise specifications or in procurement preparation, as well as tendering. Anyone involved in in-house delivery would be limited to providing input in pre-tender preparation, but ring-fenced from determining specifications, assessment and procurement.

The team assessing third-party bids will be separate from the team that designed any in-house solution.

Any proposed in-house solution will be assessed against the same criteria as third-party bids. The criteria will be set and assessed by our procurement team. This will avoid any risk of:

³ South West Water's [Code of conduct for suppliers](#)

- over-specifying tender requirements which can act as a barrier to entry, and deter innovative proposals
- under-specification which could lead to third parties not submitting bids due to perceiving the uncertainty as being too great.

We will ring-fence the assessment team from anyone who would be part of the team who would deliver any in-house options.

For schemes below the UCR threshold, we have introduced additional controls.

1. If in-house delivery is identified as the preferred option for a bioresources scheme, then the business panel (the team assessing the bids, this will differ depending on the department the solution will interact with) must complete a form justifying why this represents the best value for customers. This is then reviewed by our procurement team and is filed for future reference. The form will be made available to unsuccessful third-party bidders upon request.
2. No one from the business panel can be a part of the team who would deliver the in-house option (if in-house delivery is an option).

4.2.1 Access to data

It is important that third party bidders have the same access to information as the in-house design team where possible. This is to ensure the in-house team does not have a significant competitive advantage from information asymmetry when there are in-house proposals.

Further to this, commercially sensitive information submitted by bidders will be protected and subject to confidentiality during and after the tendering process. Members of any in-house design teams will not have access to this information to inform current or future bioresources projects.

In providing feedback to unsuccessful bidders, we will not provide any details of other suppliers' bids unless it is required for the purposes of transparency as part of a regulated procurement.

Outside regulated procurements our feedback is solely in terms of how the bidder in question performed against the assessment criteria, and what they could have done to improve their score.

There is also an opportunity for face-to-face feedback post-tender where necessary.

In our standard tendering process, we state that:

The ITT and all supporting information supplied either directly or indirectly in connection with the Invitation to Tender, shall be treated as private and confidential by Tenderers, except that such information may be disclosed for the purpose of obtaining sureties and quotations necessary for the preparation and submission of the Bid.

Tenderers shall not disclose the fact that they have been invited to tender or release details of the ITT documents other than in confidence to those who have a legitimate need to know or who they need to consult for the purpose of preparing a Bid

'Legitimate need' does not include in-house delivery teams – they will not be provided information of a supplier's bid.

We use restricted access electronic folders, which are available only to those directly involved in purchasing the project to protect commercially sensitive information.

4.3 Proportionality

When developing this framework, we have focussed on creating a simple process to ensure bid costs remain as low as possible for third parties, whilst balancing the need for sufficient information to assess bidders adequately and fairly.

In some cases, the procurement process will follow a more simplified less labour, cost and time intensive version of the BAF, instances include:

- Emergency sludge trades needed at short notice
- Innovation / trialling / proof of concepts to inform future strategy
- Low value sludge transport contracts (where efficiencies are minimal)

In these cases, we may use an alternative approach to procure services outside of those described in this framework. We will directly contact existing and known contractors to provide additional services where they are required in an emergency or for low value needs. Innovation trials are typically low value, for a relatively short period of time and have bespoke contractual arrangements to protect Intellectual Property.

The bid assessments may differ based on the value of the contract. More information on these differences is available in Appendix A.

4.4 Avoiding conflicts of interest

We will identify any possible conflicts of interest in the Bioresources market and remedy these by increasing scrutiny and through contractual clauses if necessary. Conflicts will be mitigated through a transparent process and strong internal controls.

4.5 Complaints and appeals process

We have a process of addressing complaints within our procurement process, with more complex cases escalated to our Head of Procurement. We outline the associated appeal process for bioresources bids in Appendix C.

4.6 Assurance processes

Our assurance processes are designed to ensure risks are identified and mitigated appropriately. We follow an approach built upon three lines of defence: local quality controls and performance reviews; policy setting and compliance checking; and external scrutiny.

We apply this assurance framework to all areas of the business, including key projects and procurement exercises as they arise.

The assurance of procurement processes will be documented, and an audit of compliance retained and made available to Ofwat should they require it.

On a risk-based approach we will test business compliance with this framework. We will also undertake an assessment of compliance when any complaints have been escalated to the independent arbitration body.

Further detail of our assurance framework is provided in the Assurance Plan available on the South West Water website.⁴

5 Appendix A – Detailed Assessment Process

5.1 Schemes exceeding threshold values for Utility Contract Regulations

All schemes exceeding threshold values (for supplies or services contracts) will go through a full and mandatory external tendering process.

1. **Pre-Qualification**

Pre-qualification criteria are within Achilles.

2. **Need Specification**

The details of the schemes are communicated to suppliers via the Pennon Group Supplier Portal.

Third parties that have subscribed to the Achilles Utilities Vendor Database (UVDB) and opted into updates (either by selecting an interest in South West Water, or the type of project in question) will be notified via email with further details on how to participate.

Gaining access to the Achilles UVDB is straightforward with minimal barriers to entry, see appendix B for further information.

3. **Request for information**

Once we launch the project in the Pennon Procurement Portal, we issue a request for information (RFI), or a selection questionnaire (SQ), which leads to us receiving expressions of interest from third parties through the Achilles service or direct to us.

4. **Filtering**

The responses are filtered down based on a set of project specific criteria that is made available as part of the RFI. The purpose of this stage is to identify suppliers that could realistically provide solutions to the tender.

Any supplier who is filtered out at this point in the process, is offered feedback explaining why they were not successful on this occasion. Feedback is structured in line with the pre-published assessment criteria.

5. **Request for quotation**

A request for quotation (RFQ) is issued along with further information.

6. **Assessment**

We assess the responses in line with the pre-published assessment criteria. The weighting for each of the criteria is also published.

7. **Feedback**

Feedback is provided to all parties that provided quotations (in accordance with the regulations and Alcatel mandatory standstill period). Evaluation scoring is completed by all cross-functional team members that are nominated to be involved in the sourcing project.

⁴ South West Water, [2021/22 Assurance plan](#)

8. Time Limits

We generally do not have a limit on the time for bids to be considered from when they are first submitted, however any time limits will be stated within the RFQ documents.

9. Awarding of Contract

The Contract Award is published in the Find a Tender (FTS) platform the UK e-notification service system for all procurements which have a value above threshold, as per the Procurement regulations (UCR2016).

10. Clarification

Opportunities for clarification are clearly outlined as part of a tender schedule (published within the RFI/RFQ). Queries are usually anonymised and shared with other bidders to enable all to see the query and response. Time limits are dependent on the project requirement, but we would always apply reasonableness and fairness to time allocations to each stage of the process to ensure bidders have time to respond effectively.

For schemes above the threshold, we will consider Early Contractor Involvement (ECI). This will enable a greater level of early-stage involvement for bioresources schemes.

5.2 Schemes between £50,000 and the threshold

For schemes between £50,000 and threshold, we require involvement of the procurement department to provide advice on the procurement before the market is approached. Achilles may not be used for some schemes of this size to reduce bidding costs.

The procurement department in this case follows one of several routes to market:

- (i) add the service, material or work in the procurement to the scope of an existing contract
- (ii) nominate a supplier - the category manager (part of the procurement department) reviews the nomination of the relevant suppliers, as well as the appropriateness of using that supplier
- (iii) obtain multiple quotations from the market, to be assessed at the budget holder's discretion.

If in-house delivery is identified as the preferred option for a bioresources scheme, then the business panel must complete a form justifying why this represents the best value for customers. This is then reviewed by our procurement team and is filed for future reference. The form will be made available to unsuccessful third-party bidders upon request.

5.3 Schemes between £10,000 and £50,000

For schemes between £10,000 and £50,000 we require at least three quotations to be received if there is not a supply agreement already in place that the stakeholder can use.

A lighter touch, proportionate approach is used in assessing the quotations. It is in the relevant budget holder's discretion, which of the quotes to accept.

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

We already have several controls in place for schemes £10-50k to ensure efficient and effective procurement through the use of a three quotations process.

If a supplier makes a proactive submission offering to provide services two other quotations will be required to evidence that they have chosen a market tested value. If obtaining quotes is not feasible then the supplier will have to demonstrate that their quote is efficient.

5.4 Schemes under £10,000

This BAF provides a robust structure for medium to large scale tendered exercises, supplier feedback has led us to make the process simpler for schemes under £10,000 in order to promote more market activity.

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

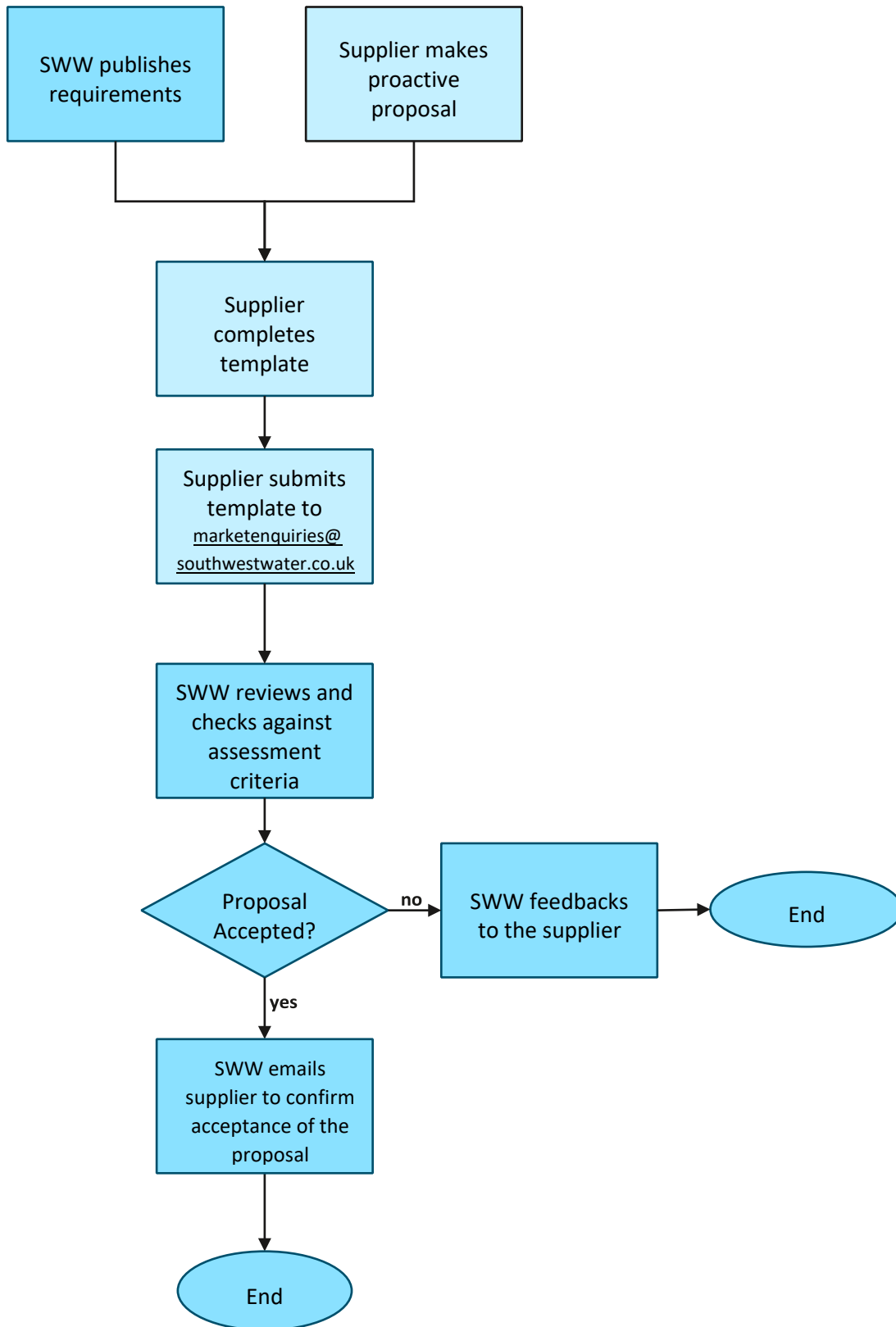
For schemes published by South West Water for less than £10,000, the purchasing departments must obtain a minimum of two external quotes.

Invitations to submit costed proposals for schemes under £10,000 are posted on our website at this location <https://www.southwestwater.co.uk/commercial-services/bioresources/waterresources-market-opportunities/>

Suppliers can contact us at any time with proposals by emailing us at marketenquiries@southwestwater.co.uk.

Figure 5 shows the process for assessing proposals.

Figure 5: Process for assessing proposals



6 Appendix B: Achilles Entry

The cost of subscribing to Achilles depends on the number of products and services that the supplier wants to make searchable with their own product codes.

Achilles also offers a Small Supplier Tier available to businesses with fewer than 10 employees and an annual turnover of less than £1m.

Becoming a member of the Utility Vendor Database (UVDB) community enables suppliers to be directly informed about tender opportunities relevant to their business.

To register, suppliers must provide basic pre-qualification information such as: financial stability information; insurance details; Health & Safety Management System overview; and Supply Chain Management information.

Achilles UVDB Suppliers are regularly audited to ensure that accurate and reliable information is available to assist with the pre-qualification and due diligence stages of the procurement process.

7 Appendix C: Complaints and appeals process

Our process for dealing with a complaint or appeal of a procurement decision is as follows:

1. Supplier sends an email to marketenquiries@southwestwater.co.uk with request for appeal or a complaint.
2. Procurement will provide an independent view (assisting the bid assessors who have been involved in the process) and seek informal resolution.
3. If necessary, we will escalate to a senior member of staff internally to attempt to resolve in good faith.
4. If issues cannot be resolved to the supplier's satisfaction, we will escalate the complaint to independent arbitration.
5. We will agree appropriate independent /industry body to act as arbitrator.
6. Independent arbitrator reviews the supplier's complaint, along with the initial assessment of their proposal against the assessment criteria
7. Arbitrator's decision is binding on both parties.

Successful appellants are eligible to re-enter the process at the end of their last successful stage.

Given that the independent arbitration body would vary depending on the scheme in question, we cannot set out a prescriptive timeline, however we commit to seeking to resolve any dispute as expeditiously as possible.

If the complaint can be resolved without going to independent arbitration, the processes and timings follow the same timings as those for environmental information requests, which is that we will respond to the complaint within 20 working days of our receipt of it. However, if the nature or complexity of a complaint is high then our response within the 20 days will be an interim response

explaining why this is the case and will outline the next steps and timeframe in reaching a full resolution.

In the event that a supplier suspects wrongdoing, unlawful or unethical conduct, Pennon's policy is to encourage suppliers to raise any concerns rather than using the complaints process. Contractors should be able to do so without the fear of reprisals and are able to make use of Pennon Group's whistle blowing policy, details of which can be found on the Pennon website.⁵

⁵ Pennon Group, [Whistleblowing policy – 'Speak Up'](#)