

**Programme:** Water 2020

## Contract Period

The Commencement Date shall be 10 February 2017.

The Contract end date is expected to be 28 April 2017; unless extended or terminated earlier in accordance with the Contract.

## Charges

### Charges per Working Day

The table below provides the Charges per Working Day for each grade of Staff involved in the performance of the Services.

Framework Grade	Maximum Framework Daily rate (£)	Charges per Working Day * (£) for Contract
Director / Partner (including Sub-Contractors: KPMG LLP & Atkins Limited)	£1,870	£1,870
Principal Consultant	£1,200	£1,200
Senior Consultant (including Sub-Contractor: KPMG LLP)	£1,040	£1,040
Consultant	£790	£790

\*A Working Day is based on 8 hours

### Contract Price

The capped Contract price for the project is **£57,909** (excluding VAT and travel and accommodation) and the breakdown is attached at Appendix B.

The capped price payable by the Customer for the project will only be exceeded by agreement between the parties. Such agreement will only be given by the Customer where cost overruns have arisen as a result of the work involved being over and above that reasonably anticipated prior to the commencement of the Contract.

Where the resource costs incurred by the Contractor in performing the Services falls below the quotation as set out below, the Contractor shall invoice the Customer for the actual value of the Services provided according to the charging structure described in the Order Form.

The delivery of draft and final reports and presentation slide package which satisfactorily address any points raised by the Customer (including points raised on previously submitted draft reports and presentation) and their acceptance by the Customer will signify successful completion of that phase of the project.



**ORDER**

ORDER NO: <b>SER/0661</b>	Date of Order: <b>8 February 2017</b>
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*(To be quoted on all correspondence relating to this Order)*

<p><b>FROM (Customer):</b></p> <p>Water Services Regulation Authority                  Centre City Tower                  7 Hill Street                  Birmingham                  B5 4UA</p> <p>Customer's representative: Ian McNicol</p> <p>T: +44 (0) 121 644 7609                  E: <a href="mailto:ian.mcnicol@ofwat.gsi.gov.uk">ian.mcnicol@ofwat.gsi.gov.uk</a></p>	<p><b>TO (Contractor):</b></p> <p>Vivid Economics Limited                  26 – 28 Ely Place                  London                  EC1N 6TD</p> <p>Contractor's representative: <span style="background-color: black; color: black;">[REDACTED]</span></p> <p><span style="background-color: black; color: black;">[REDACTED]</span></p>
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<p><b>SERVICES TO BE DELIVERED TO:</b></p> <p>Not applicable</p>	<p><b>INVOICE ADDRESS:</b></p> <p><a href="mailto:finance@ofwat.gsi.gov.uk">finance@ofwat.gsi.gov.uk</a></p> <p>or</p> <p>Finance Team                  Water Services Regulation Authority                  Centre City Tower                  7 Hill Street                  Birmingham                  B4 5UA</p>
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Any Contract arising from this Order shall be governed by the Call-Off Terms and Conditions as set out in the Ofgem Framework Agreement for Economic, Financial and Related Consultancy Services, between the Gas and Electricity Markets Authority and Vivid Economics Limited with effect from 1 September 2015; the Customer's Invitation to Tender, dated 26 January 2017 and clarification paper (attached at Appendix A); the Contractor's tender submitted on 3 February 2017, resubmitted on 6 February 2017 (corrected breakdown of fees and costs fee data table) and 8 February 2017 clarification email on Key Personnel; and any enhancements thereto and provisions expressly listed herein.

**Description of Services Requirement:**

Water Resources Optimisation (PROC.01.0549)

**Service Category**

Economic, Financial and Related Consultancy Services – Lot 5: Policy Development & Implementation

## OFFICIAL: COMMERCIAL - SENSITIVE

Any travel and accommodation must be in accordance with Ofwat's standard travel and accommodation rates as attached at Appendix C as updated and amended from time to time. Any travel and accommodation required in connection with the provision of the Contract Services will be reimbursed on acceptance of receipts and where appropriate a mileage log.

The Customer will not pay for:

- Any items which it regards as part of the Contractor's overheads (for example; word-processing, secretarial time, cost of faxes and telephone charges);
- Any expenses not authorised in advance by the Customer's project manager;
- Travelling time unless the Customer's project manager has authorised in advance the payment of travelling time.

The costs are all inclusive with the sole exceptions of:

- Disbursement for travel and accommodation expenses;
- Value Added Tax.

### Deliverables

The table below sets out the Deliverables and payment profile:

Deliverables	Delivery Dates	Percentage of total cost excl VAT and travel and accommodation
On acceptance of the first draft report and draft presentation slide package	17 March 2017	30%
On acceptance of the final report and final presentation	31 March 2017	65%
On acceptance of the post-project feedback and lessons learned*	28 April 2017	This payment shall be calculated by deducting the above payment from the total costs, which shall be determined in accordance with the pricing arrangements described above.

\*Invoice for post-project feedback and lessons learned to be billed separately.

### Invoicing and Payment

Invoices for payment will be due upon acceptance of each Deliverable by the Customer. Payment will be made electronically via Banks Automated Clearing Services (BACS). Any payment will be in accordance Clause 3 of the schedule 5 Call off terms.

All invoices shall contain the following information:

- the Order number (as stated above);
- a summary of the Services; and
- the line value; total value excluding Value Added Tax (VAT), the VAT percentage and total value including VAT.

The Customer shall pay the Contractor within thirty (30) calendar days of receipt of a valid invoice, submitted in accordance with the payment profile set out above and the provisions of this Contract.

Invoices must not contain the Contractor's terms and conditions, nor can reference be made to the Contractor's terms and conditions. Invoices with the Contractor's terms and conditions printed on them or referred to therein will not be accepted by the Customer.

### Customer's Key Personnel

Ian McNicol – Project Manager  
Colin Green – Project Director

### Contractor's Key Personnel



### Use of Sub-Contractors

The Customer agrees to the use of Andrew Beaver and Petra Szaloky at KPMG LLP and Doug Hunt at Atkins Limited, as Sub-Contractors, in the performance of the Services.

### Variation to Contract

Any amendments to the Contract must be agreed in writing in accordance with the provisions of the Variation Form at Appendix 1 of the Schedule 5 – Call off Terms and Conditions.

### Formation of Call Off Contract

BY SIGNING AND RETURNING THIS ORDER FORM THE CONTRACTOR AGREES to enter into a legally binding contract with the Customer to provide to the Customer the Services specified in the Order Requirements set out in this Order Form incorporating the rights and obligations in the Call-Off Terms and Conditions set out in the Framework Agreement entered into by the Contractor and the Gas and Electricity Markets Authority effective from 1 September 2015.

For and on behalf of the Contractor:

Name	
Position	
Signature	
Date	9th February 2017

For and on behalf of the Customer:

Name	Douglas Black
Position	Senior Director, Water 2020
Signature	
Date	8/2/17

## Appendix A

### Clarification – Written Questions and Answers to the ITT Document

No.	Submitted	Question	Answer	Answered
1	31/01/2017 16:07	<p>Could you please clarify the following aspects of project requirements: - In the review of potential models for water resources allocation, should the review include potential changes to abstraction licenses allocations and charges? Or should we assume that the abstraction licenses remain unchanged in the scope of this project? - Should the review be limited to water licences for public water supply (residential and business supply)? Or should all types of water and abstraction licenses be included? - Do you require previous experience of working with Ofwat for this project? - Do you require previous experience of water allocation project in the UK? - How many FTEs would you expect to be devoted to this project? Many thanks.</p>	<p>1 - Defra has set out its position for abstraction licence reform which it intends to implement in the future. We would expect that the Contractor is aware of those changes when considering the models. It will be for the Contractor to determine whether there is merit in considering anything further in relation to abstraction licence reform and charges. 2 - The focus for the study is allocation of water for public water supply. This does not preclude the Contractor drawing on relevant broader considerations. 3 - Previous experience of working with Ofwat is not essential. An understanding of the U.K. water sector is necessary. 4 - Previous experience of a water resource study in the UK is not a requirement but Contractor needs to demonstrate an understanding of the issues and be able to show their approach and expertise to deliver the scope of work. 5 - It is for the contractor to form a view on the resources necessary to deliver the scope of work.</p>	01/02/2017 09:16

## Appendix B

### Contract price breakdown

Key Personnel	Day rates (£) *	Estimated time inputs in Days	Total excluding VAT and travel and accommodation
[REDACTED]	[REDACTED]	[REDACTED]	£20,570
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Project Cost £			£57,909

## Appendix C - Travel and Accommodation rates

Receipts must be submitted with all claims and must be in accordance with these rates

### Accommodation:

Paid on actual expenditure within the following prescribed ceilings:

London	£165
Elsewhere	£115
Private residence	£25

These rates cover a 24 hour period for accommodation only, inclusive of VAT, receipts must be submitted.

### Mileage Rates:

25p per mile

A mileage log must be submitted (to/from, mileage/date, to see/purpose)

### Rail Travel:

The actual cost of public transport (normally rail) may be reimbursed. Economy Class (second class) rail tickets should be purchased.

