

ORDER



ORDER NO: **SER/0694**

Date of Order: **7/7/17**

(To be quoted on all correspondence relating to this Order)

<p>FROM (Customer):</p> <p>Water Services Regulation Authority Centre City Tower 7 Hill Street Birmingham B5 4UA</p> <p>Customer's representative: Andrew Chesworth</p> <p>T: +44 (0) 121 644 7500 DDI: +44 (0) 121 644 7660 E: Andrew.chesworth@ofwat.gsi.gov.uk</p>	<p>TO (Contractor):</p> <p>Europe Economics Chancery House 53-64 Chancery Lane London WC2A 1QU</p> <p>Contractor's representative [REDACTED]</p> <p>[REDACTED]</p>
<p>SERVICES TO BE DELIVERED TO:</p> <p>Where necessary, as above</p> <p>and/or</p> <p>Ofwat London Office, Bloomsbury House, 21 Bloomsbury Street, London, WC1B 3HF</p>	<p>INVOICE ADDRESS:</p> <p>finance@ofwat.gsi.gov.uk</p> <p>or</p> <p>Finance Team Water Services Regulation Authority Centre City Tower 7 Hill Street Birmingham B4 5UA</p>
<p>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, with effect from 1 September 2015; the Customer's Invitation to submit a bid (Invitation to tender for: PR19 – INITIAL ASSESSMENT OF THE COST OF CAPITAL), the Contractor's Proposal provided on 5 June 2017 and any enhancements thereto and provisions expressly listed herein.</p>	
<p>Description of Services Requirement:</p> <p>PR19 – Initial Assessment of the Cost of Capital (PROC.01.0562)</p> <p>Service Category</p>	

Pan-Regulators' Framework for Economic, Financial & Related Consultancy Services

Sub Lot 4B – Cost of Capital and Financeability

Contract Period

The Commencement Date shall be 12 July 2016.

The expiry date is 30 November 2017; unless extended or terminated earlier in accordance with the Contract.

Charges per Working Day

The table below provides the charges per Hour and per Working Day for the Key Personnel involved in the performance of the Services. Where other grades are brought onto the project they shall be in compliance with the Framework.

Framework Grade	Daily Rate	Hourly Rate
[REDACTED]	[REDACTED]	[REDACTED]

Contract Price

The capped Contract Price for the project **£125,000**.

The service shall be carried out for a total sum no greater than the capped price payable by the Customer for the project and will only be exceeded by agreement between the Customer and the Contractor. 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 Customer's approval to commence work on the project.

Where the resource costs incurred by the Contractor in performing the Services falls below the quotation, 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 Deliverables which satisfactorily address any points raised by the Customer and their acceptance by the Customer will signify successful completion of that element of project.

Costs are all inclusive with the sole exceptions of:

- Disbursement for travel and accommodation expenses;

- Value Added Tax.

Any travel and accommodation required in connection with the project will be reimbursed on acceptance of receipts and where appropriate a mileage log. Any Travel and Accommodation must be in accordance with the travel and accommodation rates as attached at Appendix A (rates are subject to changes, the Customer will notify the Contractor of any changes that may occur from time to time). Any changes to be rates will become applicable 30 days after the Contractor is advised of such changes.

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 Contractor is expected to monitor expenditure against the capped price which must only be exceeded with prior approval from Ofwat. On a fortnightly basis (or as agreed by the Customer's project manager) the Contractor must provide a report (in the form of a spread sheet or equivalent) and be available to discuss any issues face-to-face or on the telephone (as appropriate). The arrangements and formats will be agreed between Ofwat's project manager and the Contractor's project manager but should include spend to date details and projected costs.

Key Deliverables and corresponding Delivery Dates

The Contractor is required to provide the following Deliverables by the following Deliverable dates:

Description	Dates
Delivery of training course	To be confirmed – early in the contract
Short slide pack on the issues associated with setting the cost of capital in a current market context	31 July 2017
Initial view on the PR19 cost of capital and methodology	25 August 2017
Updated view on the cost of capital following review of methodology consultation responses and other information that may have been provided by Ofwat; draft slide pack with recommendations for Ofwat board	25 September 2017

Final slide pack to present to Ofwat board	10 October 2017
Draft report	31 October 2017
Final report	30 November 2017
Post-project feedback and lessons learned	December 2017 or January 2018

Invoicing and Payment

Payment will be due upon Acceptance by the Customer of the Deliverables in accordance with the following schedule.

Deliverables/Milestones	Percentage payment of capped price
On acceptance of the slide pack setting out the initial view on the PR19 cost of capital and methodology	10%
On acceptance of the slides for Ofwat board	20%
On acceptance of the draft report	30%
On acceptance of the final report	40%

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.

Contractor's Key Personnel

The Contractor's Key Personnel for the delivery of the Contract Services are:

		Framework Grade
		Director/Partner
		Managing Consultant
		Managing Consultant
		Managing Consultant
		Consultant
		Junior Consultant

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 effective from 1 September 2015.

The Parties hereby acknowledge and agree that they have read the Order Form and by signing below agree to be bound by this Contract.

For and on behalf of the Contractor:

Name	
Signature	
Date	31/08/2017

For and on behalf of the Customer:

Name	ANDY CHESWORTH
Position	DIRECTOR
Signature	
Date	30/8/17

Counter signed by John Russell
Senior Director, Strategy & Planning



31/8/17

Appendix A – Ofwat’s Travel and Accommodation 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.

