

**ORDER**

ORDER NO: <b>SER/0642</b>	Date of Order: <b>15 December 2016</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: Ynon Gablinger</p> <p>T: +44 (0) 121 644 7500                  DDI: +44 (0) 121 644 7654                  E: ynon.gablinger@ofwat.gsi.gov.uk</p>	<p><b>TO (Contractor):</b></p> <p>Cambridge Economic Policy Associates Ltd                  Queens House, 55-56 Lincoln's Inn Fields                  London                  WC2A 3LJ</p> <p>Contractor's representative: <span style="background-color: black; color: black;">[REDACTED]</span></p> <p>T: +44 (0) 20 7269 0210                  E: <span style="background-color: black; color: black;">[REDACTED]</span></p>
<p><b>SERVICES TO BE DELIVERED TO:</b></p> <p>Where necessary, as above and/or Ofwat's London Office</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>
<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, between the Gas and Electricity Markets Authority and <b>Cambridge Economic Policy Associates Ltd</b> effect from 1 September 2015; the Customer's Invitation to provide a Proposal dated 23 November 2016, the Contractor's Proposal dated 1 December 2016 and any enhancements thereto and provisions expressly listed herein.</p>	
<p><b>Service Category</b></p> <p>Pan-Regulators' Framework for Economic, Financial &amp; Related Consultancy Services. Sub Lot: 3C - Cost Assessment</p>	
<p><b>Description of Services Requirement</b></p> <p>Cost Assessment Support and Advice - Call-off Agreement (PROC.01.0543)</p>	

SER/0642 - COST ASSESSMENT SUPPORT AND ADVICE - CALL-OFF AGREEMENT (PROC.01.0543)

This Services Order seeks to aggregate smaller, typically low value work under a single Service Order reference in order to facilitate invoicing and payment for Services rendered, and the measurement and provision of management information. Such ad hoc Services may include, without being limited to providing advice on matters relating to cost assessment, in particular on reporting requirement, data quality and on the treatment of certain operational expenditure, provide external review and validation of data including but not limited to ‘:

- Review the reporting requirements for cost assessment, their suitability for the PR19 regulatory framework, and the consistency and quality of reported data.
- Expert advice on specific areas of cost assessment, such as business rates; third party operating costs and pensions deficit recovery costs.

The Contract governs the overall relationship of the Parties with respect to the provision of Services. It is not an exclusive arrangement for the provision of services and the Customer reserves the right to invite competing bids and/or place orders elsewhere for other, the same or complementing services during the Contract Period.

The Customer is entitled (but not required) at any time during the Contract Period to call-off Services from the Contractor in accordance with the arrangements set out below. The Contractor shall not provide (and shall not be entitled to charge for) any Services until such Services are ordered by the Customer in accordance with such procedure.

## **Call off of Services**

Contract Services may be engaged by the Customer’s Project Manager contacting the Contractor and quoting the Services Order number (SER/0642). Work may be given by letter, by email, by telephone or face to face. On receipt of a work from the Customer the Contractor will complete a “Confirmation of work” and will forward this to the Customer.

The Confirmation of Work shall be in a form and manner to be agreed by the Customer and the Contractor. The Contractor shall include in the Confirmation of Work Package at least the following information:

- Scope and deliverables/services;
- Delivery personnel;
- Timetable; and
- Time inputs and costs estimate.

The Confirmation of Work and this Order, together with the Schedule 5 Call off Terms for the provision of Economic, Financial and Related Consultancy Services will form the contractual basis on which the Services will be provided in relation to each work package.

The agreed cost estimate for each Confirmation of Work will be the capped price payable by the Customer for the Services under that Confirmation of Work and 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 Customer’s approval to commence work under the relevant Confirmation of Instructions. Where the resource costs incurred by the Contractor performing the Services falls below the quotation for each call-off, the Contractor shall invoice the Customer

for the actual value of the Services according to the charging structure and daily charge rates described below.

The Deliverables which satisfactorily address any points raised by the Customer and their acceptance by the Customer will signify successful completion of the work.

## **Contract Period**

The Commencement Date shall be **6 January 2017**. The expiry date is **31 March 2017** unless extended or terminated earlier in accordance with the Contract.

## **Contract Cap and Charges per Working Day**

The Customer's spend under this Services Order is restricted to **maximum** of £40,000 ("**the Cap**").

All costs are all inclusive with the sole exceptions of:

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

The Customer will not pay for:

- Any items which it regards as part of the Supplier'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 table below provides the Charges per Working Day for the Key Personnel involved in the performance of the Services.

<b>Framework Grade</b>	<b>Maximum charge per Working Day* (£) for Framework</b>	<b>Charges per Working Day* (£)</b>
Director	£2,100	£2,100
Managing Consultant	£1,800	£1,800
Principal Consultant	£1,600	£1,600
Senior Consultant	£1,400	£1,400
Junior Consultant	£1,100	£1,100

\*A Working Day is based on 8 hours

Any travel and accommodation must be in accordance with Ofwat's standard travel and accommodation rates as attached at Appendix A (rates are subject to changes, the Customer will advise the Contractor of any changes. Changes become applicable 30 days after the Contractor is advised of such changes, as updated and amended from time to time). Travel and accommodation required in connection with the provision of the Call-Off Agreement will be reimbursed on acceptance of receipts and where appropriate a mileage log.

## **Key Deliverables**

Due to the nature of the Services to be performed, it is not possible to specify the Deliverables in this Services Order. Any Deliverables required and Deliverable dates will be agreed between the Customer and the Supplier in advance but could include:

- Written recommendations on the scope of data collection for cost assessment;
- Written recommendations on the quality and suitability of the company reported data for cost assessment;
- Support in developing cost assessment data tables for PR19
- Review of Ofwat's historical approach to certain operational expenditure (e.g. pension deficit recovery costs, business rates, third party costs) and written recommendations on approach for PR19

The timeframe for any Deliverables will be agreed with the Customer project manager. The majority of the work is expected to be completed between December and February.

Potential dates include:

- Recommendation on the scope, quality and suitability of the data – by mid-March 2017
- Development of cost assessment data tables for PR19 – by end of March
- Recommendation of approach to operational expenditure – by mid-February.

## **Invoicing and Payment**

Payment will be due upon Acceptance by the Customer of the Deliverables 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.

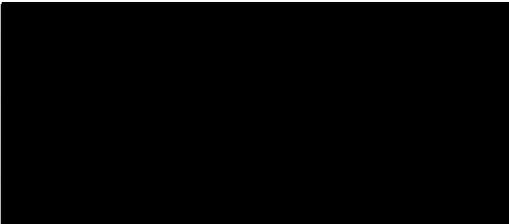
*Invoices must not contain the Contractor's terms and conditions, nor can reference be made to the Contractor's terms and conditions. Invoices with the Contractor's terms and conditions printed on them or referred to therein will not be accepted by the Customer.*

## Contractor's Key Personnel



Other staff

CEPA's nominated analytical staff, from which they will select the appropriate personnel for each work package are,



## 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.

## Subcontractor

The Contractor will use Jeremy Thomson (TRF Solutions Limited) CEPA Associate as a sub-contractor in the delivery of the Services.

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## 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:**

**OFFICIAL: COMMERCIAL - SENSITIVE**

<b>Name</b>	[REDACTED]
<b>Position</b>	[REDACTED]
<b>Signature</b>	[REDACTED]
<b>Date</b>	5 January 2017

**For and on behalf of the Customer:**

<b>Name</b>	Ynon Gablinger
<b>Position</b>	Project Manager
<b>Signature</b>	[REDACTED]
<b>Date</b>	5 January 2017