

## ORDER

ORDER NO: SER/ 0703

Date of Order: 18 August 2017

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

<b>FROM (Customer):</b>  Water Services Regulation Authority Centre City Tower 7 Hill Street Birmingham B5 4UA  Customer's representative: Ynon Gablinger  T: +44 (0) 121 644 7654 E: ynon.gablinger@ofwat.gsi.gov.uk	<b>TO (Contractor):</b>  Cambridge Economic Policy Associates Queens House, 55-56 Lincoln's Inn Fields London WC2A 3LJ  <div style="background-color: black; height: 20px; width: 100%;"></div> <div style="background-color: black; height: 40px; width: 100%;"></div>
<b>SERVICES TO BE DELIVERED TO:</b>  Ynon Gablinger Ofwat London Office, Bloomsbury House, 21 Bloomsbury Street, London, WC1B 3HF.	<b>INVOICE ADDRESS:</b>  <a href="mailto:finance@ofwat.gsi.gov.uk">finance@ofwat.gsi.gov.uk</a>  or  Finance Team Water Services Regulation Authority Centre City Tower 7 Hill Street Birmingham B4 5UA
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, and Cambridge Economic Policy Associates with effect from 1 September 2015; the Customer's Invitation to Tender(v2) (ITT) for Cost Assessment Modelling Support: Developing Cost Benchmarking Models for PR19 ref PROC.01.0569, issued on the mytenders website on 5 July 2017, the Contractor's Proposal for Work Package 2 dated 14 July 2017 and any enhancements thereto and provisions expressly listed herein.	

**Description of Services Requirement:**

**Cost Assessment Modelling Support: Developing Cost Benchmarking Models for PR19 ( PROC.01.0569)**

### Service Category

**Pan-Regulators' Framework for Economic, Financial & Related Consultancy Services. Sub Lot 3D: Economic Appraisal**

### Contract Period

**The Commencement Date shall be 28 August 2017**

The expiry date is 8 December 2017 unless extended or terminated earlier in accordance with the Contract.

## Charges

The Capped Price for the project using Work Package 2 is £189,905 (with 5% discount applied), being the maximum amount payable to the Contractor for completion of the project, the Capped Price 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.

The scope of services is as described in the Invitation to Tender Document and the Tender submission by the Contractor dated 14 July 2017.

Where the resource costs incurred by the Contractor in performing the Services falls below the Capped Price, the Contractor shall invoice the Customer for the actual value of the Services provided according to the charge rates described in the Order Form.

**The Services/deliverables which satisfactorily address any points raised by the Customer and their acceptance by the Customer will signify successful completion of this element of project.**

The charge rates are all inclusive with the sole exceptions of:

- **Disbursement for travel and subsistence expenses;**
- **Value Added Tax.**

**Travel Rates shall be paid with the agreement of the Customer's Representative and in accordance with Appendix A.**

**The Project Team Daily Charge Rates (with 5% discount applied)**

[illegible]

The Customer will not pay for:

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

## Key Deliverables

1. A final set of econometric cost benchmarking models developed in STATA to support our various prices controls included in the work package (To include all relevant STATA code and any data pre-processing files, should be compatible with STATA13).
2. Full model documentation so the models can be replicated and further developed by the Customer if new or updated information is received beyond the project timeframe if necessary.
3. A draft and final report describing method, findings and rationale for selected models, as well as for models that have been tested and not selected. This report will be published by the Customer
4. A short report with a view and critique of models developed by us which were out of scope of the work package (where applicable). This report may be published by the Customer.
5. A final presentation of findings with the Customer's Water2020 team including the Senior Director and Ofwat's Chief Economist.

## 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 and the percentage payments specified below.

Deliverables/Milestones	Percentage payment of capped price
On delivery of initial presentation of model results	10%
On acceptance of the draft report	30%
On acceptance of the final report and models	This payment shall be calculated by deducting the above payments from the total costs, which shall be determined in accordance with the charging structure described in the



	Order.
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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

### Core Team



## Variation to Contract

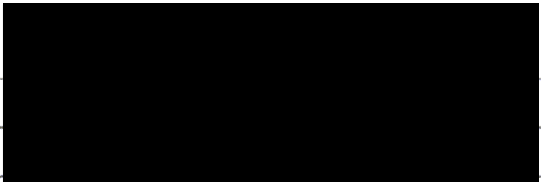
Any amendments to the Contract must be agreed in writing in accordance with the provisions of the Variation Form at Appendix 1 of the Schedule 5 – Call off Terms and Conditions.

## Formation of 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 and referred to 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 effective from 1 September 2015.

The Parties hereby acknowledge and agree that they have read the Order Form and Conditions of Contract for Professional Service including Consultancy and by signing below agree to be bound by this Contract.

For and on behalf of the Contractor:

Name	
Position	
Signature	
Date	

For and on behalf of the Customer:

Name	JOHN RUSSELL
Position	SENIOR DIRECTOR
Signature	
Date	29/8/17

## Appendix A - Travel 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.