

# Engineering Transformation & Procurement

**Civil Engineering Contractors Association  
(South West)**

**Richard Price  
Chief Engineering Director**

**28<sup>th</sup> June 2023**



# Engineering Transformance & Procurement - Agenda

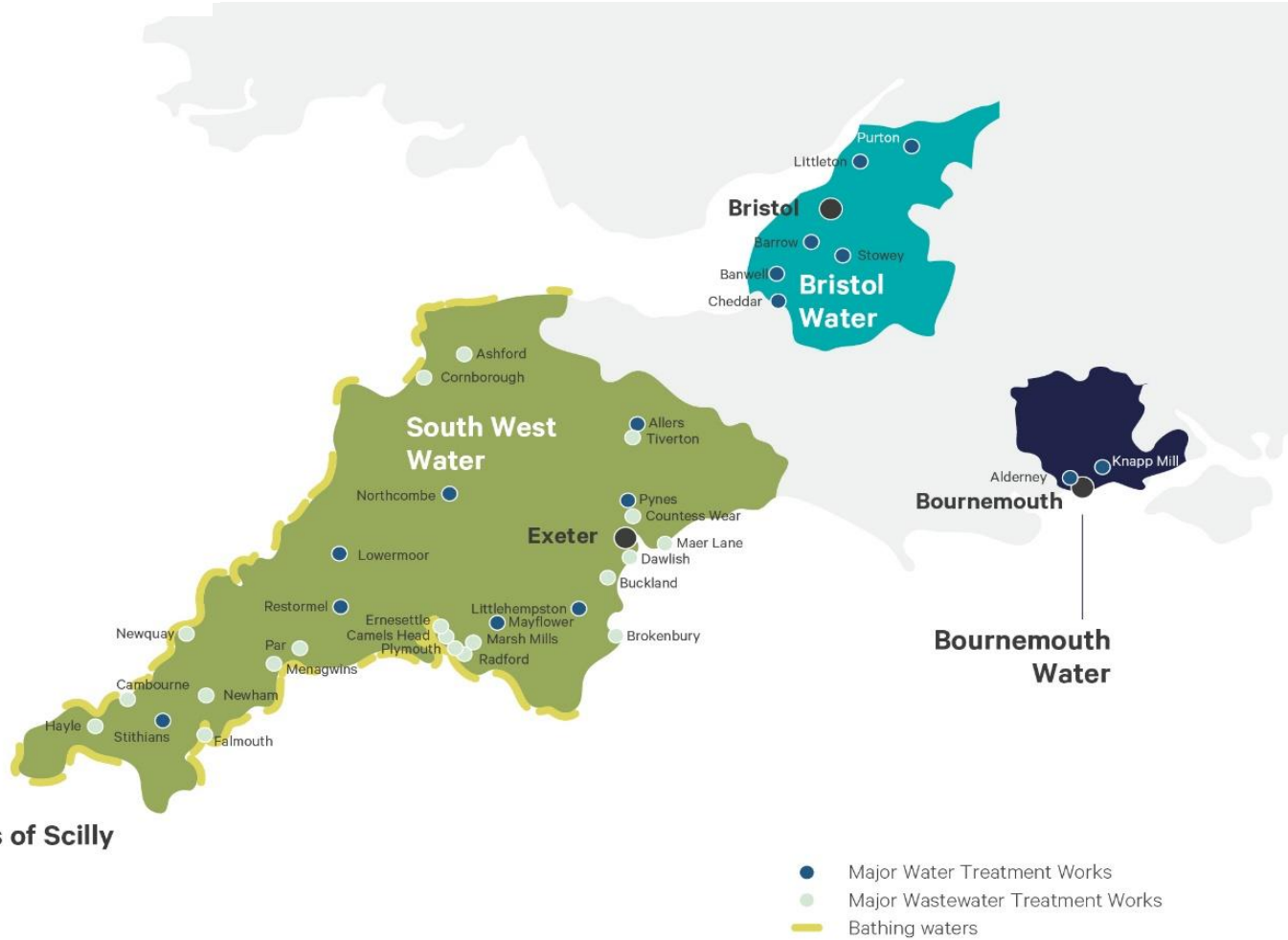
- **The Pennon Group**
- **Principles for Delivery**
- **The Integrated Delivery Model**
- **Procurement Process**
- **Question & Answers**



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# Welcome to: The Pennon Group





### Living our values



Trusted



Responsible



Collaborative



Progressive



# Principles for Delivery



# Main components of Capital Programme include:

## Waste Water Programme

- Wastewater chemical improvements.
- Nutrient improvements
- Bio-resources
- Coastal Flooding
- Storm Overflows
- **Net Zero Carbon - Whole Life Carbon consideration**

## Clean Water Programme

- Natural Resources to include habitat improvements
- Eel screens/passages
- Bio security schemes
- Water Resource improvements to include Drought resilience projects.



# Safety first....

*We want everyone to come to work and go home safe...*

**And we want to be the best in the water industry on safety.**

These are our goals.  
They're ambitious, yet achievable.

Together, we can make them a reality.  
And HomeSafe provides the framework that will enable us to do exactly that.



## Customer Excellence....

*We want to ensure that our customers are at the heart of every decision...*

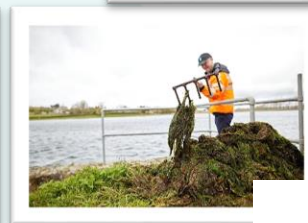
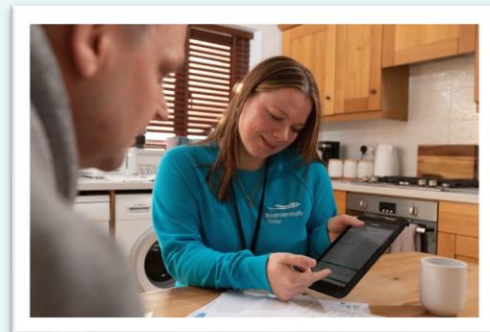
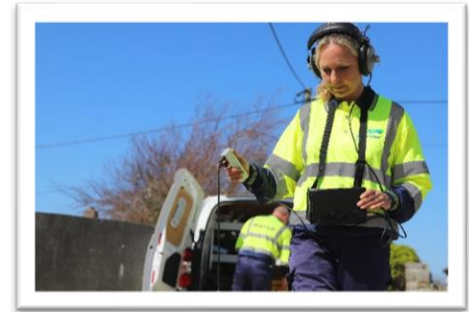
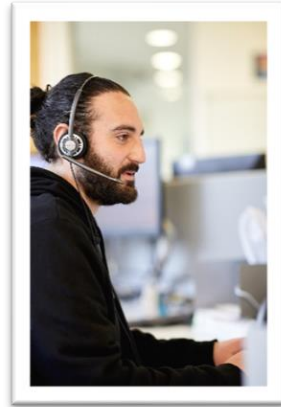
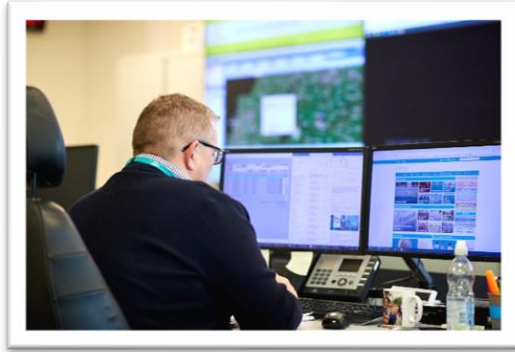


- We want to ensure that our Supply Chain works collaboratively with us to improve the Customer Experience.
- We will stay connected to our Customers through regular engagement to help gather insights.



One Version of the  
Truth

# Summary:



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# The Integrated Delivery Model

**Graham Murphy**  
**Major Projects & Transformation**  
**Director**



# Planning the future together

## *The SWW Capital Delivery Challenge ...*

- Following privatisation, we have developed evolved and transformed our approach to the delivery of our capital programme to ensure that our delivery models are efficient and appropriate given the changing nature of our programme
- The next few slides provide a brief summary of the delivery strategies that SWW have developed following privatisation



## *The Evolution of SWW's Delivery Strategies...*

- K1 1990 – 1995 Traditional approach (Competitive Tender)
- K2 1995- 2000 Partnering approach (Open Book)
- K3 2000-2005 Partnering approach future development
- K4 2005-2010 Transition from Q To Capital Maintenance
- K5/6 2010-2020 Delivery Alliance Model

## *K7 Capital delivery – A Time of Change*

### *Macro Economic Events*

- Brexit
- Global pandemic
- War in Ukraine
- Inflation
- Internal Changes (SWW)
- Migration away from the Alliance Model
- Reduction in Tier 1 & 2 capacity
- Migration to project delivery rather than programme
- Loss of Internal Capability

## Planning the future together

*For K8 we need to build on past success's and create a model that will...*

- Create an internal/external capability to deliver circa £2b
- Engage partners in a 'open book' environment
- Provide forward visibility of workload
- Align our incentivisation methodologies to drive the right behaviour, share in our success
- Pain gain 50/50
- Move away from individual "project to programme" based approach
- Create integrated and co-located teams

## Planning the future together

*For K8 we need to build on past success's and create a model that will...*

- We are giving the new delivery model a fresh new identity
- Develop “best person / organisation” for the Job (Tier 1 / Tier 2)
- Model must be appropriate for SWW and fit within the context of the supply chain in the greater South West
- Need to ensure that we achieve optimal engagement of Tier 2 delivery partners and its supply chain



# Planning the future together

## *Contractual Arrangement*

NEC4

- Option 'C' - Target cost pain/gain 50/50
- Option 'A'
- Option 'E'
- Long term strategic contracts (5 + 5 Years)

# Planning the future together

## *The Runway Approach*

### *Runways*

3 - Major Projects - **Tier 1**

2 - Complex Works/Programmes – **Tier 1 & Tier 2**

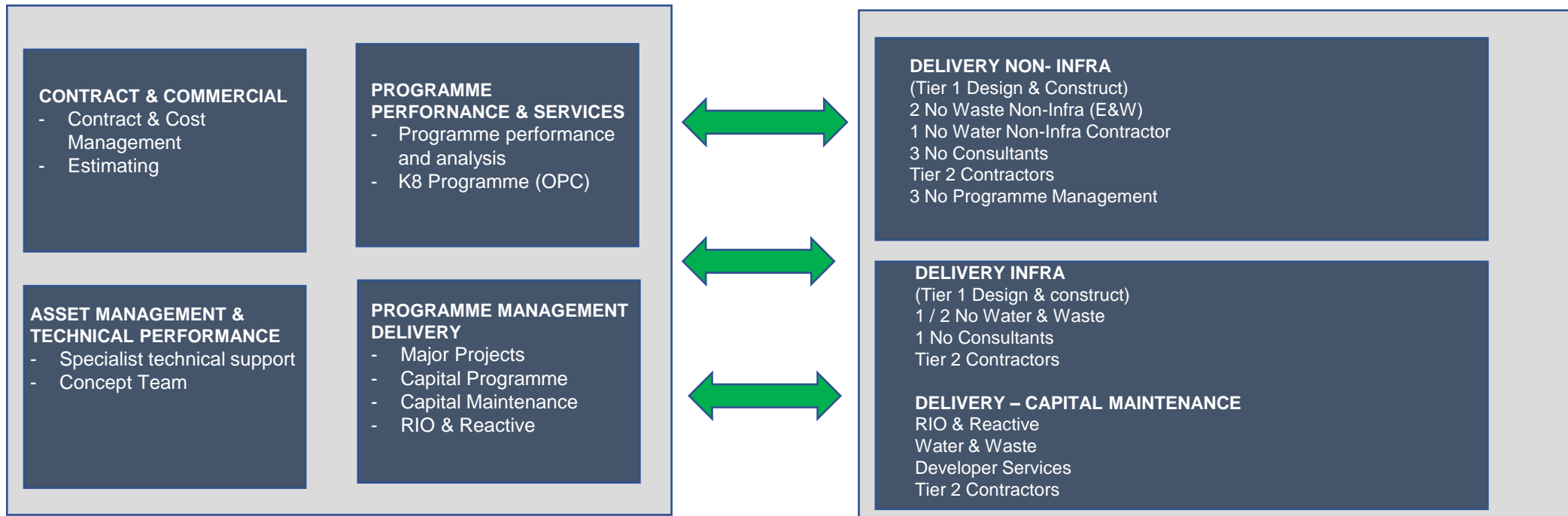
1 - Other Capital Maintenance >£1M – **Tier 1 & Tier 2**

0 - RIO/Reactive works <£1M – **Tier 2**

# SWW K8 Integrated Delivery Model

**Chief Engineering Officer**

**Integrated Delivery Board**



# Planning the future together

## *K8 Capital Delivery Strategy - Implementation*

- Professional Services (PS) tender process has commenced with contract award due July 2023
- The framework consists of three lots:
  - Lot 1 - Project/ Programme Management x 3no.
  - Lot 2 - Cost Consultants x 3 no.
  - Lot 3 - Multi disciplinary design x 4/5 no.

# Planning the future together

## *K8 Capital Delivery Strategy – Implementation*

- Tier 1 Contractor tender process has commenced with contract awards due September 2023
- The framework consists of four lots:
  - Lot 1 – Waste water Non-Infra Cornwall & Isles of Scilly x 1no. (Circa £500m)
  - Lot 2 - Waste water Non-Infra Devon x 1no. (Circa £500m)
  - Lot 3 - Water Non-Infra Regional x 1no. (Circa £250m)
  - Lot 4 – Infra (Potable & Waste) Regional x 1/2 no. (Circa £200m)
  - AAD & Incineration (Major Project & Circa £200m)



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# Procurement Process

**Les Metcalfe**  
**Head of Contracts, Commercial & Estates**



## Planning the future together

*The South West Water procurement approach is changing; today demonstrates a new approach for the next AMP.*

- Previous tenders have restricted opportunity for new suppliers.
- Supply market is being more selective.
- This is the right time for SWW to run a tender.
- Our Procurement team is adapting to become fit for purpose.

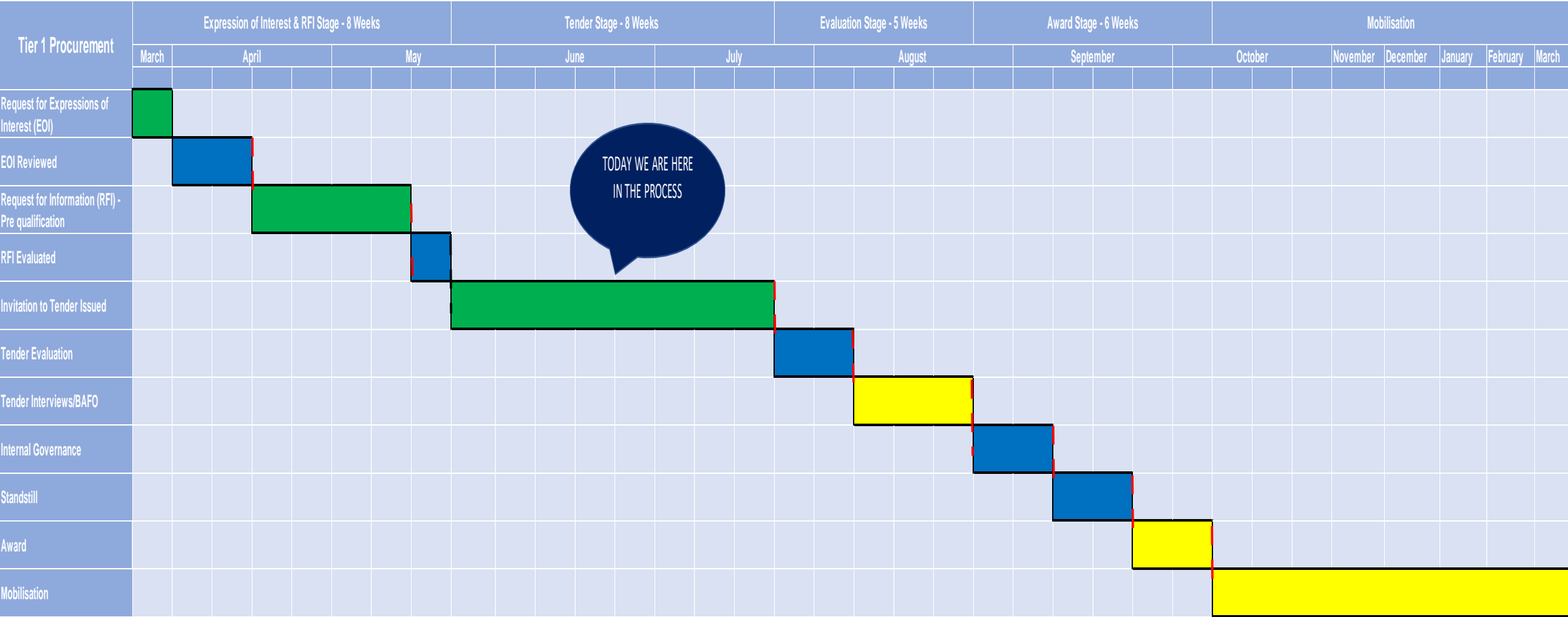
## Current Situation

### *Incumbent supply chain*

- Tier 1 Contractor, Strategic Consultant arrangements all due to terminate 31<sup>st</sup> March 2024.
- MEICA partners, contracts arrangements extended to 31<sup>st</sup> October 2024
- SWW Infrastructure partners , contract arrangements extended to 31<sup>st</sup> October 2024
- SWW CCTV partner, contract arrangements extended to 31<sup>st</sup> October 2024



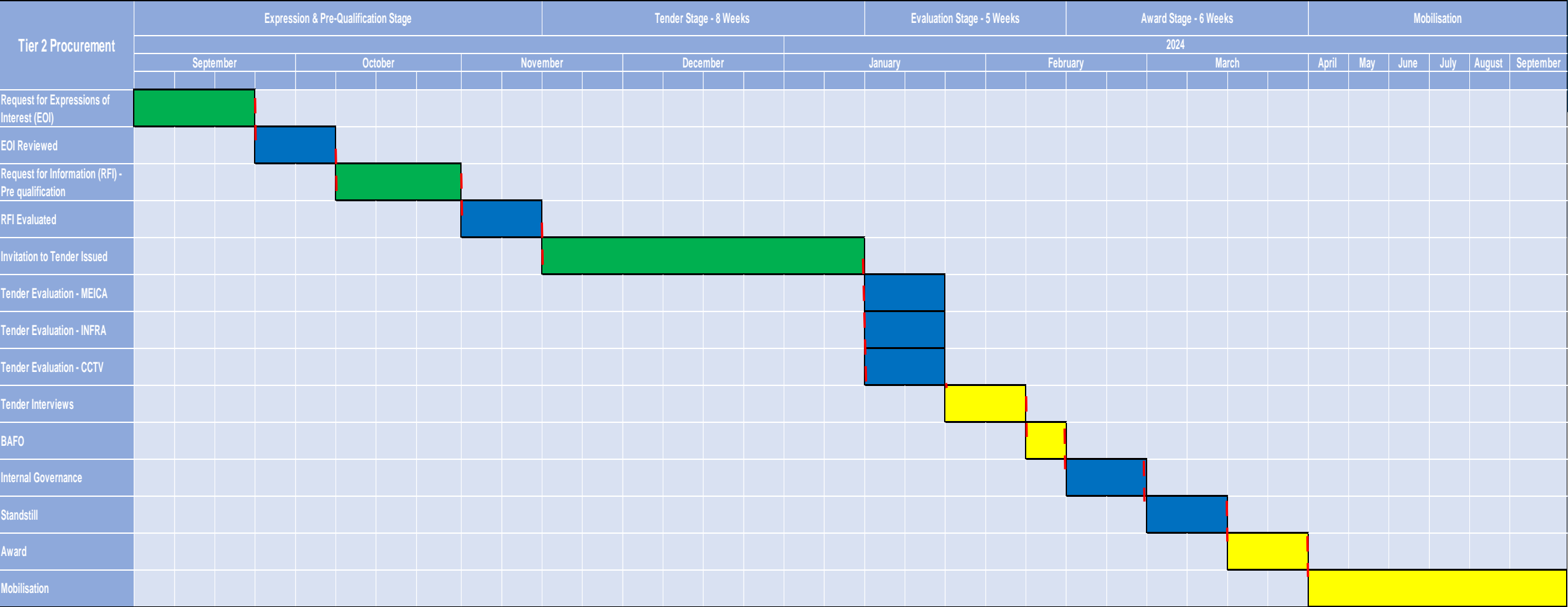
# Planning the future together – Tier 1 Procurement



TODAY WE ARE HERE  
IN THE PROCESS



# Planning the future together – Tier 2 Procurement



Key - █ - SWW Tasks █ - Supplier Tasks █ - Joint Tasks



# Planning the future together – Tier 2 Procurement

## *UVDB CATEGORIES – Ensuring you are match ready?*

- **MEICA – UVDB:**
  - 4.8.1-Control & Instrumentation Services,
  - 4.8.2 Electrical Inspection/Testing Services,
  - 4.8.3-Mechanical Inspection/Testing Services,
  - 4.8.4-Electrical Installation Services,
  - 4.8.5-Mechanical Installation Services,
  - 4.8.8-Compressed Air/Gas System Services,
  - 4.8.9-Metal & Steel Fabrication Services,
  - 4.8.14-Water Treatment Plant Services,
  - 4.8.15-Gas Network Plant Services,
  - 4.8.17-Gas Storage Plant Services
  - 4.8.6-Pump Services
  - 4.8.7-Valve Services
  - 4.1.1-Pumping Station - Clean Water,
  - 4.1.2-Pumping Station - Waste Water,
  - 4.1.3-Treatment Works - Waste Water,
  - 4.1.4-Treatment Works - Clean Water,
  - 4.1.5-Water Tower and Tank



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## Planning the future together – Tier 2 Procurement

### *UVDB CATEGORIES – Ensuring you are match ready?*

- **INFRA – UVDB:**
  - 4.3.2 Water Mains Pipe Laying
  - 4.3.3 Sewer Pipe Laying
  - 4.3.7 Sewer Pipe Maintenance & Repair
  - 4.3.10 Trenchless Pipe Laying
  - 4.3.21 Pipe Coating / Lining Services
  - 4.1.6-Reservoir/Dam/Weir/Lock
  - 4.1.7-Tunnelling & Shafts,
  - 4.1.39-Pipeline Construction
  - 4.3.1-Water Service Pipe Laying
- **CCTV – UVDB:**
  - 4.3.20 Pipeline CCTV/Inspection Services
    - 4.3.20.1 Pipeline Inspection Services
    - 4.3.20.2 Pipeline CCTV Services



**Thank you for  
listening**

**Do you have any  
questions**



*Thank you!*

