

# Bid Assessment Framework



The Bid Assessment Framework provides the basis and process for inviting and considering third party bids and comparing them against potential in-house solutions for Bio - Resources requirements.

It builds on existing processes and obligations such as requirements, procurement principles, and competition obligations, with a focus on ensuring consistency, non – discrimination and transparency throughout the tendering process.

**United Utilities Water Limited**



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## 1 Executive summary

This document summarises the structure and approach United Utilities will take in relation to the Bid Assessment Framework for Bioresources. The introduction of the Bid Assessment Framework complements the existing market structure and help to ensure UUW procures bioresources services in a way which is transparent and promotes the market.

The procurement principles of transparency, non-discrimination and proportionality shall be applied across all procurement activity including when considering all submissions from third parties and our own in-house solutions;

Robust confidentiality and conflict of interest provisions will apply to ensure both information provided and the integrity of any process is protected;

Further information can be reviewed and queries raised via our dedicated website [www.unitedutilities.com/BAF](http://www.unitedutilities.com/BAF).

## 2 Introduction

Setting the context for the trading and possible procurement of Bioresources services.

### 2.1. About this document

This is United Utilities' Bid Assessment Framework (BAF) and has been put in place to support the bidding market for Bioresources services.

The BAF provides the basis and process for inviting and considering third party bids and comparing them against potential in-house solutions, and builds on existing processes and obligations such as water resources planning requirements, procurement principles, and competition obligations, with a focus on ensuring consistency and transparency throughout the tendering process.

Set out within this Framework are details as to how a competitive tendering process will work and the principles, stages and requirements which both United Utilities and third parties, be they suppliers or other wholesalers and licenced undertakers will be required to follow and comply with

Working together may include the provision of alternative water resources and demand management solutions, alternative Bio Resources solutions, the provision of specialist advice or innovative products.

The BAF aims to inform United Utilities PR24 plans for Bio Resources process by providing greater transparency on how third party bids/options are appraised and by inviting third parties to submit ideas, proposals and engage in dialogue with us about potential solutions

Additional specific information, including standardised documents are contained on our dedicated website [www.unitedutilities.com/BAF](http://www.unitedutilities.com/BAF).

This Framework has been produced in line with the Bioresources bid assessment framework – final guidance published by Ofwat. <https://www.ofwat.gov.uk/publication/bioresources-bid-assessment-framework-final-guidance/>

#### 2.1.1. Get in touch

We are keen to open up dialogue and hear from third parties in relation to Bioresources services and have created a dedicated website where anyone interested can read more about our Framework and the processes that underpin it, as well as:

- Review existing potential opportunities;
- Review previous awarded opportunities;

- Ask questions and seek further information from United Utilities on Bioresources and our approach;
- Find useful information for other potential bidding opportunities with United Utilities;
- Find standard documentation and guides on submitting proposals; and
- Propose ideas and potential innovations within a safe and confidential environment.

Anyone wishing to work with United Utilities can obtain further information via our dedicated [website](#) and can ask questions or submit ideas for consideration via our procurement mailbox:

[SourcingExcellence@uuplc.co.uk](mailto:SourcingExcellence@uuplc.co.uk)

Where ideas are received they will be evaluated in accordance with the terms of this Framework or may be included within a specific competition depending on the number of interested third parties and proposals which are submitted.

## 2.1.2. Procurement and Innovation

To see how a procurement process under this Framework might work and to learn more about innovation in the water sector, and at United Utilities, please see our Innovation Lab web page at:

<https://www.unitedutilities.com/innovation>

The Innovation Lab was awarded under a regulated process but we will look to follow the format and structure under this Framework where appropriate, further details of which are contained below in section 3.3.5.

In addition to this Framework you should also read United Utilities' Trading and Procurement Access Codes, the latest versions of which are available [here](#)

## 2.2. United Utilities

United Utilities Water Limited is the appointed water and sewerage company for the North West of England. It is responsible for the public water supply network and sewerage services in this area. It supplies an average of 1.8 billion litres of water each day to 7.4 million people across the North West, making it one of the largest of the appointed companies in England and Wales.

Our operating area shares a border with Northumbrian Water, Yorkshire Water, Severn Trent Water, Hafren Dyfrdwy and Welsh Water. A small number of new appointees (NAVs) also operate in the North West with their focus typically around serving new housing developments in the region.

## 2.3. Bioresources in U UW

Our strategy for our Bioresources business is as follows:

- 1) Safe and compliant operation and maintenance of our assets;
- 2) Maximise the value we can realise from treating sludge, e.g. green energy;
- 3) Disposal of biosolids to land in accordance with the Biosolids Assurance Scheme (BAS); and
- 4) Embracing new and efficiency ways of delivering our services to deliver continuous improvement

## 2.4. Statutory obligations

United Utilities provides its services to customers against a backdrop of complex procurement, competition and environmental legislation and obligations, which set tight standards which must be met, and United Utilities is committed to meeting these standards across all procurement activity.

The procurement of many goods, works and services by United Utilities is regulated by the Utilities Contracts Regulations 2016 (UCR).

Whilst we will look to align all processes under this Framework to the best practice principles laid down by the UCR, should the UCR apply these would take precedence over any process laid down by this Framework and any resulting procurement would be run in accordance with United Utilities' Category Management Process by the Commercial department.

## 2.5. United Utilities – Bioresources

<https://www.unitedutilities.com/corporate/about-us/what-we-do/bioresources/>

As of September 2022 Bioresources Services forms part of the Bid Assessment Framework. All aspects of sewage sludge transport, treatment and disposal are within the scope of the BAF.

Every year we treat around 200,000 dry tonnes of sewage sludge which is produced from our wastewater treatment processes. We have 36 bioresources facilities for sludge treatment. For Wastewater Treatment Works (WWTW) which are not co-located with our Bioresources facilities the sludge is collected and transported to a Bioresources facility <https://www.ofwat.gov.uk/regulated-companies/markets/bioresources-market/bioresources-market-information/>

Our Bioresources facilities undertake one of the following activities:

- 1) Sludge thickening to produce a liquid or cake sludge for onward treatment
- 2) Treatment using digestion technologies and one site undertaking chemical treatment

The biogas from our digestion operations is used to create renewable energy. The majority of the biogas is used to produce electricity to run the site and heat for the digestion process. We also process Biogas to produce Bio Methane to inject to the gas network.

Our focus is to continually optimise our bioresources service to benefit our customers and environment. Figure 2 below splits our end to end bioresources service into five primary steps;

- 1) Raw sludge transport
- 2) Pre-treatment of sludge
- 3) Treatment
- 4) Energy production
- 5) Disposal

It also shows a matrix of potential activities that bidders might offer from individual discreet capabilities through to combined activities that support the delivery of our bioresources service.

Sludge		Raw Sludge Transport	Pre-Treatment	Treatment	Energy Production	Disposal
Raw Sludge (Liquid or Cake)	1	Collection and delivery by tanker / tipper				
	2		Preparation of raw sludge			
	3			Treating raw sludge	Energy production	
	4				Energy production	
	5					Collection and disposal of biosolids
	5a					Biosolids disposal
	5b					Raw sludge disposal
	6	Collection and delivery by tanker / tipper	Preparation of raw sludge			
	7		Preparation of raw sludge	Treating raw sludge	Energy production	Residuals from treatment or direct disposal

Bid Assessment Framework			unitedutilities.com			
	8		Treating raw sludge	Energy production	Residuals from treatment or direct disposal	
	9	Collection and delivery by tanker / tipper			Residuals from treatment or direct disposal	
	10	Collection and delivery by tanker / tipper	Preparation of raw sludge		Residuals from treatment or direct disposal	
	11	Collection and delivery by tanker / tipper	Preparation of raw sludge	Treating raw sludge	Energy production	Residuals from treatment

Figure 2 Matrix of Services that can be offered

## 2.6. Bioresources specific risks

We recognise the need from Ofwat and potential market participants, to understand how risks will be evaluated. “The nature of the bioresources industry means that sewerage companies need to be confident that the sludge for which they hold responsibility can be properly treated and disposed of at all times”.

During the pre-qualification stage United Utilities will have a BAF/Tender “Launch” session where all applicants can understand the nature of the procurement process and all associated risk. Hence, this will allow suppliers to submit an informed bid.

We have summarised below some of the key risks associated with Bioresources and key considerations for UU when working with others to provide Bioresources services.

Risks	Example Criteria for assessing risk
Sludge Quality: Sludge cannot be accepted for treatment	<ul style="list-style-type: none"> <li>• Sludge Preparation (screening etc.)</li> <li>• Dry Solids Content</li> <li>• Rag and Grit</li> <li>• Wider waste acceptance criteria</li> </ul>
Sludge Transport: Vehicles / service not suitable for sludge	<ul style="list-style-type: none"> <li>• Vehicle type</li> <li>• Licenses</li> <li>• Safety record</li> </ul>
Permit and planning compliance	<ul style="list-style-type: none"> <li>• Relevant planning and permits are in place and conditions met to deliver the service</li> <li>• Demonstration of compliance for management of sludge for the service provided</li> </ul>
HS & Process Safety: Assets, operations and management systems are not acceptable	<ul style="list-style-type: none"> <li>• Suitable sludge storage and access</li> <li>• Biogas systems management</li> <li>• Relevant inspection records</li> <li>• Training records</li> <li>• Safety management systems</li> </ul>
Biosolids Management: Cannot meet required standards for transport and application of sludge to land	<ul style="list-style-type: none"> <li>• Able to Comply with Biosolids Assurance Scheme (BAS)</li> <li>• Comply with wider regulation for sludge to land</li> </ul>



	<ul style="list-style-type: none"> <li>Customer service record</li> </ul>
Resilience: Continuity of service	<ul style="list-style-type: none"> <li>Period of notice for suspension of service</li> <li>Duration of 'no service' events</li> <li>Track record</li> <li>Size of service relative to U UW operational requirements</li> </ul>

## 2.7. Bid Evaluation

BID ASSESSMENT FRAMEWORK						
PURPOSE OF THIS DOCUMENT	STEP 1 Defines types of services that could be offered by the market	STEP 2 Matrix of potential service solutions the market could offer	STEP 3 Current U UW services and type of service (solutions) that the market could offer	STEP 4 Pre-qualification criteria and supporting information required from potential bidders		
<b>STEP 1: OVERVIEW OF BIORESOURCES SERVICES</b>						
Sludge	Raw Sludge Transport	Pre-Treatment	Treatment	Energy Production	Disposal	
Liquid Sludge	Collection and delivery by tanker	Preparation (raw sludge not co-located)	Treating raw sludge	Energy generation from biogas	Dispose of residues from treatment or raw sludge	
Cake	Collection and delivery by tipper					
<b>STEP 1: OVERVIEW OF BIORESOURCES SERVICES</b>						
Sludge	Raw Sludge Transport	Pre-Treatment	Treatment	Energy Production	Disposal	
Liquid Sludge	Collection and delivery by tanker	Preparation (raw sludge not co-located)	Treating raw sludge	Energy generation from biogas	Dispose of residues from treatment or raw sludge	
Cake	Collection and delivery by tipper					
<b>STEP 2: MATRIX FOR SERVICES THAT COULD BE OFFERED - Green possible options for services (single or combinations)</b>						
Sludge	Raw Sludge Transport	Pre-Treatment	Treatment	Energy Production	Disposal	
Raw Sludge (Liquid or Cake)	1	Collection and delivery by tanker / tipper				
	2		Preparation of raw sludge			
	3			Treating raw sludge		
	4				Energy production	
	5					Collection and disposal of biosolids
	5a					Biosolids disposal
	5b					Raw sludge disposal
	6	Collection and delivery by tanker / tipper	Preparation of raw sludge			
	7		Preparation of raw sludge	Treating raw sludge	Energy production	Residuals from treatment or direct
	8			Treating raw sludge	Energy production	Residuals from treatment or direct
	9	Collection and delivery by tanker / tipper				Residuals from treatment or direct disposal
10	Collection and delivery by tanker / tipper	Preparation of raw sludge			Residuals from treatment or direct disposal	
11	Collection and delivery by tanker / tipper	Preparation of raw sludge	Treating raw sludge	Energy production	Residuals from treatment	
<b>STEP 3: CURRENT U UW SERVICE &amp; TYPE OF SERVICE THAT COULD BE OFFERED</b>						
Sludge	Raw Sludge Transport	Pre-Treatment	Treatment	Energy Production	Disposal	
Liquid Sludge	<b>Current U UW operation:</b> Liquid sludge is collected in tankers. Most common size is 28m <sup>3</sup> .  Collection of liquid sludge using a compliant tanker from a Wastewater Treatment Works (WwTW) and delivery to facility for pre-treatment or treatment.	<b>Current U UW operation:</b> Thickening to increase dry solids (DS) and remove contaminants with output being thickened liquid or cake.  <b>Other alternative solutions:</b> • Removal of contaminants, e.g. new screening / processing techniques to remove contaminants • Drying and pelletising raw sludge for onward treatment or disposal	<b>Current U UW operation:</b> Sludge treatment using Anaerobic Digestion (AD) and Advanced AD (AAD). Produces biogas for energy production, biosolids recycled / disposed of to land; and liquors for treatment.  <b>Other alternative treatment solutions, e.g.:</b> • Bioconversion	<b>Current U UW operation:</b> Biogas produced and used in CHP engines for heat and power production; and biomethane production.  Other options for biogas to energy: • Different primary movers, e.g. fuel cells • Biogas to green hydrogen • Biogas to biomethane / transport	<b>Current U UW operation:</b> Biosolids collection, transport and agricultural services for biosolids cake produced from AD/AAD  Post Treatment Solid Residue, e.g. biosolids • Drying/pelletising biosolids from AD/AAD* • Incin. of AD/AAD biosolids • ATT of AD/AAD biosolids *undergo drying/pelletising with output disposed of to land or used onward use as a fuel.  Direct disposal services for raw sludge, e.g.: • Incineration of raw sludge • Advanced thermal treatment (ATT)	
Cake	<b>Current U UW operation:</b> Raw cake produced by Bioresources is transported using tipper vehicles which are typically move 25 tonnes per load.  Collection of sludge cake using a compliant tipper vehicle from a raw cake production operation (Bioresources) and delivery to facility for treatment.					
Notes	<i>The scope for transport excludes the transfer of raw sludge where U UW wastewater operations are co-located with Bioresources processing operations. This transfer operation is through pumping the sludge from the wastewater operations to the Bioresources operations.</i>	<i>The scope of service is to take raw sludge and process to improve quality for onwards treatment and/or disposal.</i>	<i>A provider could offer a solution comprising treatment only or treatment with disposal. A treatment only service where U UW need to manage residual materials, e.g. biosolids would need to be assessed to determine if U UW or other service provider can provide the required downstream service. There are a wide range of potential treatment solutions that could be considered at differing levels of technical maturity</i>	<i>A provider could offer to take biogas from existing AD operations and process this to produce energy outputs and earn revenue from this. Therefore biogas would be sold to the service provider by U UW</i>	<i>Services for disposal can be for raw sludge (which has not been treated) and residual outputs from treatment, e.g. biosolids. There is a wide range of potential solutions at differing levels technical maturity</i>	

Further information will be found in the Bid Assessment Framework Summary spreadsheet.

## 2.8. Contact details

Any queries in relation to this Framework or United Utilities' procurement generally should be directed to:

Supply Chain Manager: Sourcing  
United Utilities Water Limited  
Grasmere House  
Lingley Mere  
Warrington  
WA5 3LP

Email: [Sourcingexcellence@uuplc.co.uk](mailto:Sourcingexcellence@uuplc.co.uk)

## 3 Key Principles of this framework

### 3.1. Summary

United Utilities is committed to encouraging open trading with third parties and ensuring this is done in a transparent, non-discriminatory and proportionate manner, including the procurement of bioresources services.

In this Framework we set out the general stages which would apply and how we would approach trading for bioresources services with third parties ensuring the above principles are met whilst at all times remaining compliant with all legal and regulatory requirements, including the Competition Act 1998. This Framework, together with our dedicated website, provide the basis for more detailed, commercial negotiations with potential trade parties in a structured, transparent and valued added way.

This Framework also looks to build on the underlying procurement obligations of transparency, equal treatment and proportionality which apply to United Utilities under the UCR as well as the licence condition changes<sup>1</sup>.

These conditions will prohibit water companies from showing undue preference towards, or undue discrimination against, themselves as well as place restrictions on the circumstances in which water companies could externally disclose or internally use information they were provided with in relation to the submission of bids to provide certain services.

Whilst such measures are already in place both within our standard procurement processes and under procurement law, by including such requirements within the licences of Water and Wastewater companies it is hoped this will continue to facilitate new competitive markets whilst also giving added comfort and security to third parties wishing to bid. We will not disclose the information provided in the delivery of the services covered by this framework beyond what is necessary to deliver this service, or legally required, without your permission.

This Framework shall be applied to third party proposals which we believe could provide material efficiencies or savings to us or where we advertise to the market a requirement for an area where we believe significant improvement is needed.

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<sup>1</sup> Consultation under section 13 of the Water Industry Act 1991 on modifications to the licence conditions - July 2018 - <https://www.ofwat.gov.uk/consultation/consultation-under-section-13-of-the-water-industry-act-1991-on-proposed-modifications-to-the-licence-conditions-of-17-water-companies/>

Whilst we will actively consider all options put forward, we currently propose only to run a dedicated process for those which will be of material benefit to our customers and the environment.

Anyone interested in supporting United Utilities via this Framework should look to get in touch via the website or via our procurement mailbox:

[Sourcingexcellence@uuplc.co.uk](mailto:Sourcingexcellence@uuplc.co.uk)

### 3.2. General principles

We believe the following general high-level principles are crucial to the success of any procurement process and as such these will govern our approach to procuring and negotiating agreements. These general principles should be taken in conjunction with those specific principles set out in the further sections below.

**Table 2: General high-level principles of procurement process**

<b>BAF</b>	This Bid Assessment Framework
<b>Compliance</b>	All procurement processes caught by this Framework shall be undertaken in accordance with the processes and policies contained herein, together with the Trading and Procurement Code and the Access Code, as applicable.
<b>Conflicts of Interest</b>	Any actual or potential conflict of interest should be highlighted as soon as it becomes apparent and will be dealt with in accordance with United Utilities’ policy on the same (a copy of which will be provided as part of the Procurement Documents for each procurement process). This applies both to internal conflicts which may exist within United Utilities or external conflicts with or between potential Bidders and United Utilities and the potential conflict between an In-House Solution and that of a third party Bidder. Where any Bidder feels there is even a potential conflict of interest this should be raised with the Sourcing Excellence Team member identified in the procurement documents for the specific process being undertaken.
<b>Early BAF</b>	A limited scope Bid Assessment Framework event which allows proposals which are highly likely to benefit customers to be evaluated early without having to wait until a full periodic Bid Assessment Framework is undertaken.
<b>Electronic Procurement</b>	All procurement processes shall be undertaken via United Utilities’ electronic procurement portal, CTM by EU Supply.
<b>Equal Treatment</b>	Equal treatment requires that all potential Bidders must have: (i) an equal opportunity to compete for the contract (unless a difference in treatment can be objectively justified); and (ii) there is an objective comparison of all tenders. This also applies to the consideration of bids against an In-House Solution. This helps to avoid discrimination.
<b>In-House Solutions</b>	United Utilities’ ability to provide the specific requirements subject to this Framework will be assessed in the same manner, and against the same evaluation criteria as third party Bidders during a Bid Assessment Framework event.
<b>Non-discrimination</b>	United Utilities shall not discriminate against any party seeking to trade with it nor favour an In-House Solution over any other and will at all times apply the evaluation criteria specified in the procurement documents.

<b>Periodic BAF</b>	Bioresources’ periodic BAF will be conducted as agreed with the UU Bioresources Team, as required
<b>Proportionality</b>	For the principle of proportionality to be met, the measure taken must be appropriate for attaining the objective pursued and must not go beyond what is necessary to achieve it. For example, when designing a Specification for a contract, incumbents should not over specify the requirements, as this could increase bidding costs which may result in the withdrawal of some or all of the potential Bidders.
<b>Sourcing Excellence Team</b>	Unless agreed otherwise and in accordance with Action Route G detailed below, all procurement processes shall be undertaken by the Sourcing Excellence Team and all correspondence during any procurement process must be directed through them, via the Electronic Procurement portal. This team is independent from, and will oversee the bidding process and will not be part of any pre-tender engagement or involved in other United Utilities’ operations. This team is also responsible for undertaking all procurement processes for the United Utilities’ Group, including those caught by the UCR.
<b>Transparency</b>	The principle of transparency requires the process for the selection of third parties and award criteria to be transparent to all Bidders. Transparent rules-based decision making is important to show that the incumbent is following the principle of equal treatment and non-discrimination in each step of the procurement process. More transparency in the process ensures confidence that incumbents will not favour an In-house Solution, or allow unfair advantage to other Bidders. Confidence in the procurement process will help to stimulate third parties to make bids.

### 3.3. BAF Principles:

<b>BAF Principles</b>	<b>How the UU BAF addresses these principles</b>
Transparency	<ul style="list-style-type: none"> <li>The process by which any bids will be assessed is laid out in the published BAF document.</li> <li>The BAF guides potential market participants as to the type of information that must be provided including having worked examples published alongside the BAF.</li> <li>In developing the BAF views were sought from potential market participants and there feedback was incorporated into the Final BAF.</li> <li>We are open to receiving feedback from market participants and periodically we will review the BAF process and will incorporate any relevant feedback into updates to the BAF.</li> <li>When requested, feedback will be provided to all bidders.</li> <li>UU will periodically publish a market review of third party activity, a high level view of all bids received, along with reasons for why solutions were not assessed to be viable.</li> <li>The BAF includes a link to the UU complaint process should a potential bidder believe that the process was unfair.</li> </ul>
Equality/non-discrimination	<ul style="list-style-type: none"> <li>We will apply the same BAF process and evaluation framework with all market participants, including any in-house bids.</li> <li>All potential suppliers will be provided with consistent information at the same time.</li> <li>The UUW conflict of interest process is laid out in the BAF and is in addition to procedures to ensure independence of the Commercial team</li> </ul>
Proportionality	<ul style="list-style-type: none"> <li>The BAF process has different action routes depending on the solution proposed. This includes an ‘early BAF’ which takes a proportionate approach where a proposal has significant potential to deliver benefit for customers and is ready to implement</li> <li>The Bioresources BAF includes pre-qualification (gateway criteria) that is proportionate, being not overly heavy on time / resource for bidders.</li> <li>Published specifications will be proportional to the outcome being sought.</li> </ul>

### 3.4. Specific issues:

Bioresources specific issues	How the UU BAF addresses these principles
Contract risk	<ul style="list-style-type: none"> <li>Information collected in the pre-qualification/screening phase includes questions on factors effecting operational resilience. This includes timing, location and service model guarantees.</li> </ul>
Pre-qualification stage	<ul style="list-style-type: none"> <li>So as to avoid the situation where any bid is automatically rejected, every submission must go through a pre- qualification stage or screening stage. All submissions are reviewed against standardised criteria.</li> </ul>
Data provision	<ul style="list-style-type: none"> <li>UU will not unreasonably withhold information that bidders may need in order to fulfil bid requirements. All potential suppliers will be provided with consistent information at the same time.</li> </ul>
Sludge quality	<ul style="list-style-type: none"> <li>During the pre-qualification stage United Utilities will have a BAF/Tender “Launch” session were all applicants can understand the nature of the procurement process and all associated risk</li> <li>Likely sludge quality evaluation criteria are provided within the main BAF document.</li> </ul>

### 3.5. Access to the BAF process

#### 3.5.1. Timescales

If a third party has a product or service that can support United Utilities in the area of Bioresources, they can send us their idea at any time using the submission form which is available on the BAF dedicated [website](#).

#### 3.5.2. Types of BAF procurement process

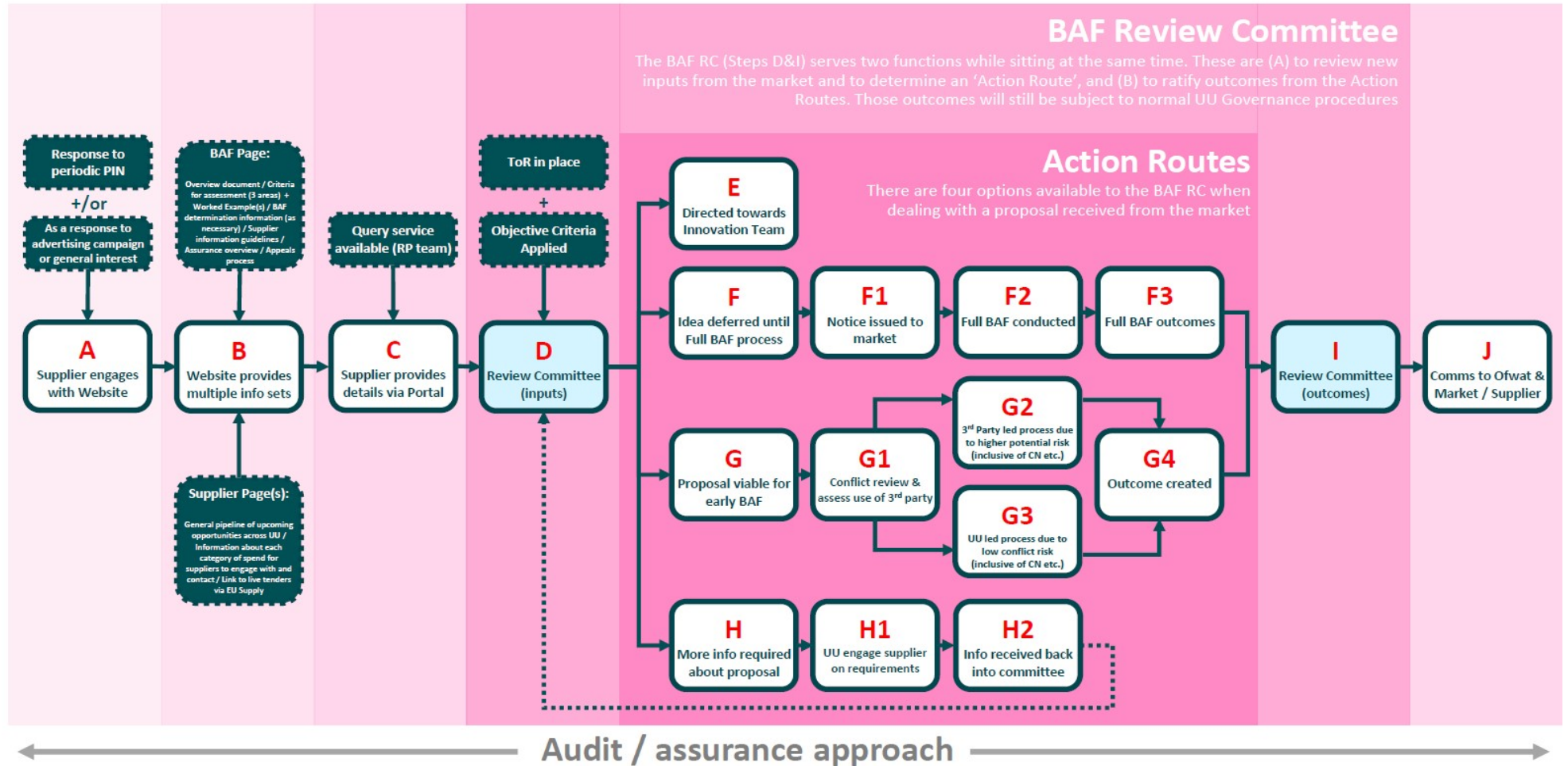
United Utilities recognise that solutions from third parties will come in many different shapes and sizes. For Bioresources, a separate Periodic BAF will take place encompassing the identified, in-scope services included on Figure 2; again this will as required.

However, some solutions can have a significant impact, even though they are relatively limited in scope. For example: Sludge treatment from small rural treatment works where the scale of activity may be relatively limited. In order to cater for ideas which may still be of significant benefit, United Utilities propose the use of a limited scope Early BAF process. An Early BAF can take place at any time as required. The type of procurement and risk profile will be communicated in advance to all relevant parties.

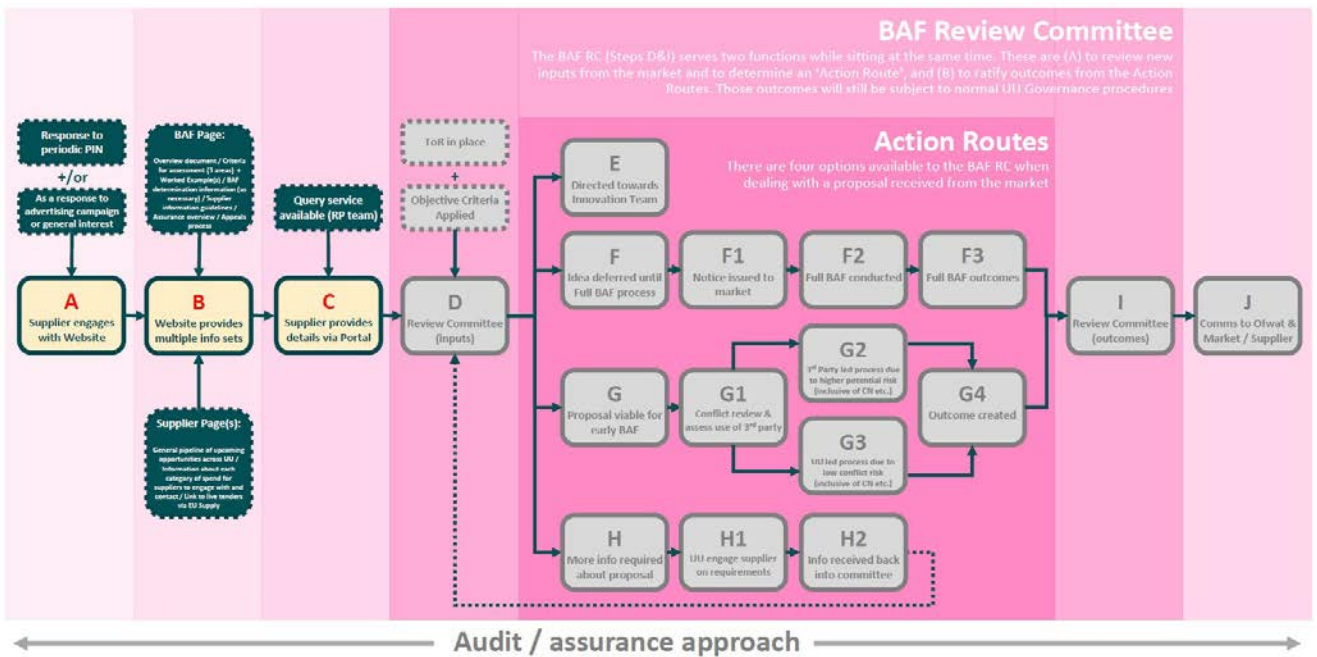
Figure 2 illustrates the end to end BAF process including the various assessment routes any proposal may take. The key principle of this approach is that all proposals will be looked at within the same framework. There are no fundamental gateways, a de-minimis response being direction towards our innovation pages for those solutions proposed that may not even be BAF relevant. We want to hear from everybody, about anything that can deliver value for our customers.

Figure 2: BAF Process

## The BAF Process



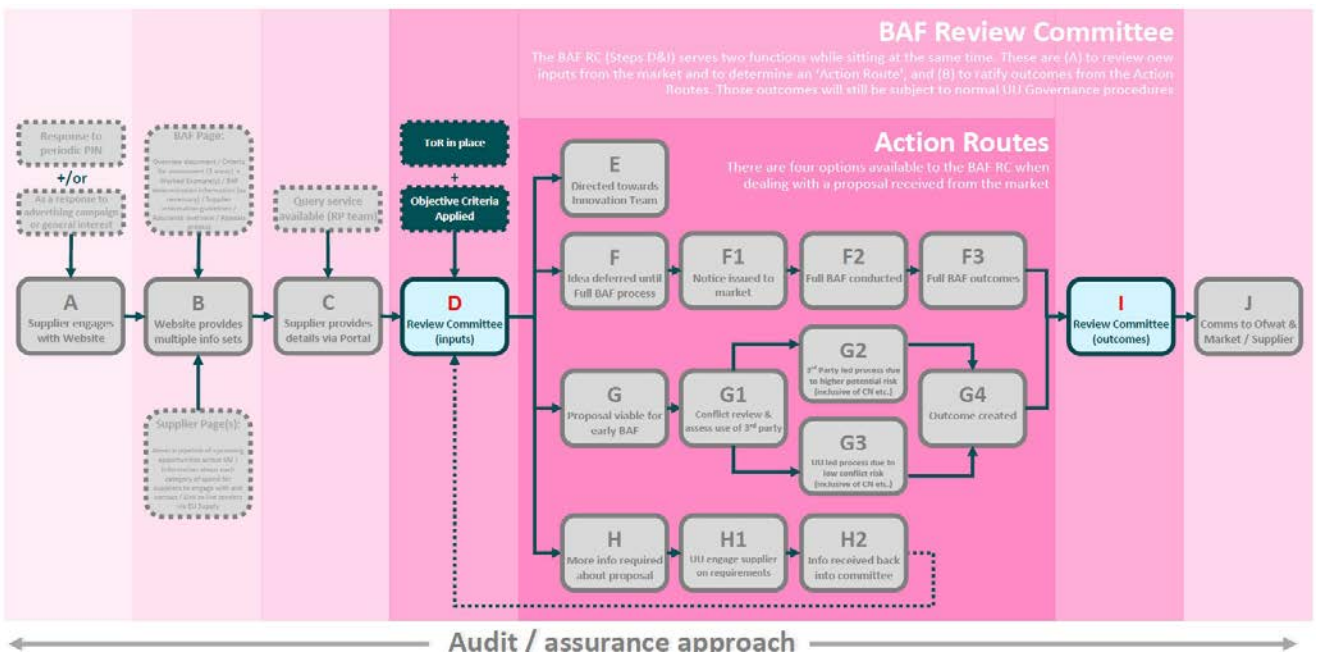
### 3.5.3. Third Party Engagement (Stages A / B / C)



Third parties may submit proposals at any time. Periodically, United Utilities will publish a PIN (Prior Information Notice) through the Government's Find a Tender portal notifying the market of the Bid Assessment Framework including its aims and inviting third parties to visit the dedicated BAF [website](#).

More detail about this stage can be found in section 4.3 Advertisement.

### 3.5.4. BAF Review Committee (Stages D & I)



The BAF review committee will be made up of a range of subject matter experts and will have an independent external assurance to review yearly the BAF outcome and processes. A more detailed breakdown of the committee can be found in the BAF Governance Document available on the BAF [website](#).

All submissions through the website will be considered by the BAF review committee. The BAF review committee will sit as required and will have terms of reference. It will be the responsibility of the BAF review committee to determine the correct course of action for any proposal, referred to as 'Action Routes'.

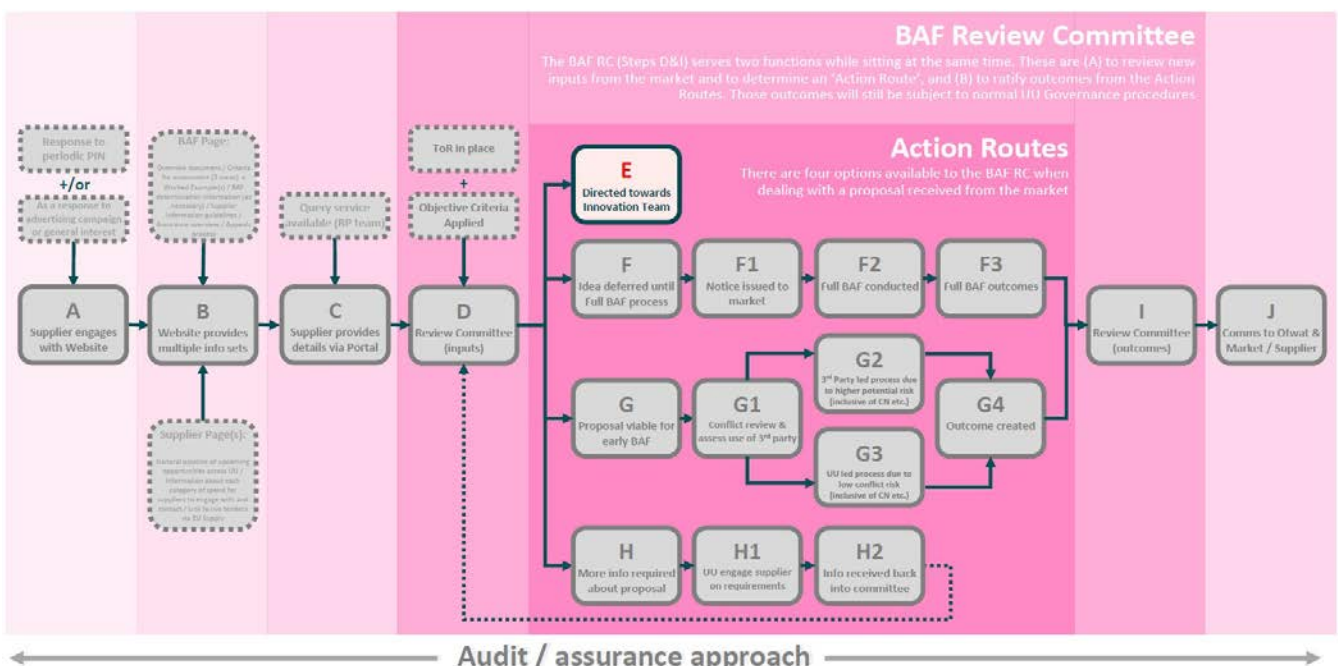
The committee may determine one of four possible such routes;

- Establish the idea is not within the scope of BAF and direct it towards United Utilities Innovation Team for consideration (Route E);
- Recommend that the idea is kept on file, with the third party re-engaged at the time of the next Periodic Full BAF process (Route F);
- Can immediately recommend the proposal for an Early BAF (Route G); and
- Request that further detailed information is sought in relation to the proposal to help inform the committee's determination (Route H).

The two main criteria for determining suitability for an early BAF will be the proposals potential to deliver benefit, and the proposals readiness to be deployed. Further detail to show the application of these criteria can be found in the BAF Criteria Document on the BAF [website](#).

The BAF review committee also sits once a BAF has been completed. The purpose of this step is to ratify the outcomes from each of the action routes and to provide oversight that the process is operating as expected.

### 3.5.5. Action Route E – Innovation (Stage E)

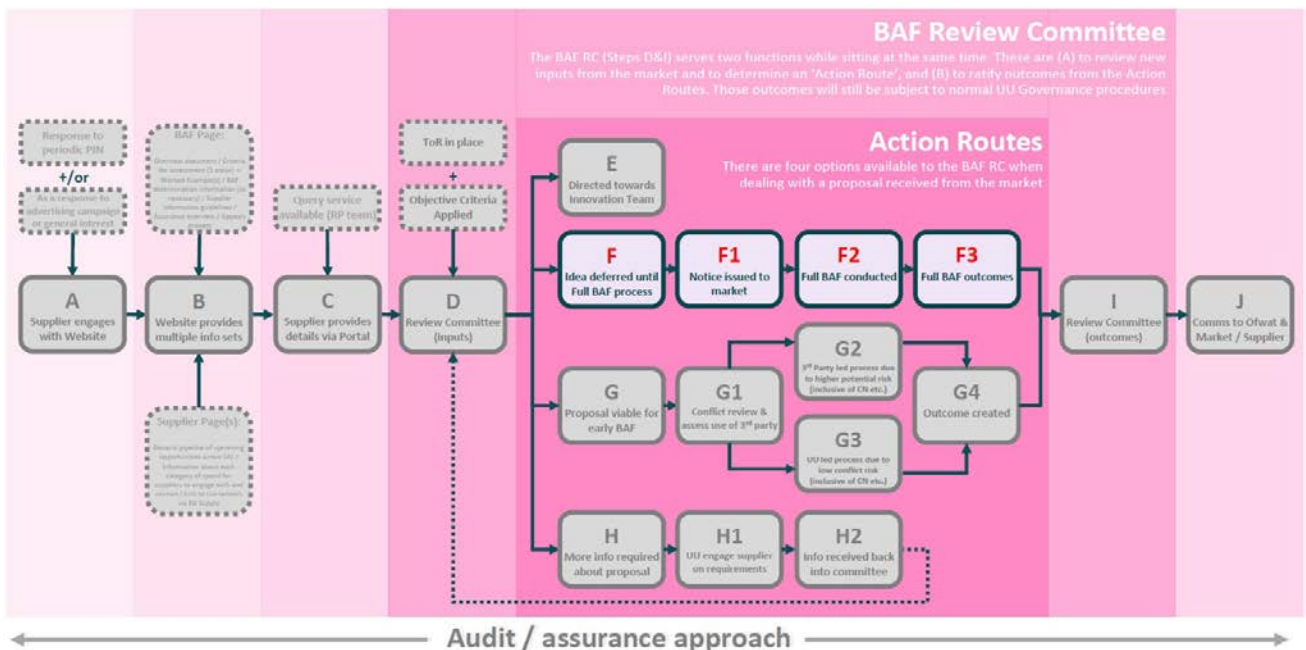




From time to time it is anticipated that Third Parties will either send proposals which are out of scope of the BAF process, or are in to early a stage of development to be relevant for either an Early or Periodic BAF.

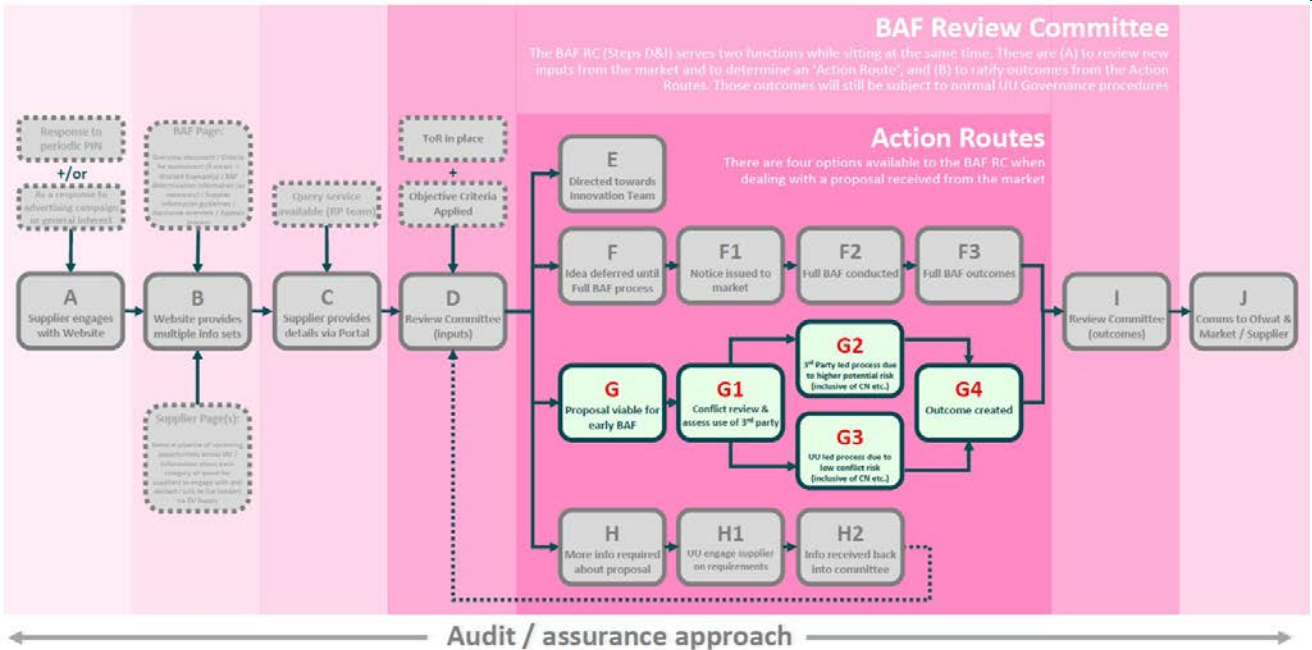
Where this occurs, the BAF Review Committee may recommend the proposal is directed to towards the United Utilities Innovation Team and their [ideas](#) process. The Innovation Team is well placed to work with third parties who have ideas which have significant potential to benefit customers. For more information, please see 2.1.2 Procurement and Innovation.

### 3.5.6. Action Route F - Full BAF (Stages F)



At least once every AMP cycle United Utilities will run a Periodic or 'Full' BAF which will consider each of the areas of scope (water resources, demand management, leakage and bioresources). For water resources, leakage and demand management this will primarily be via United Utilities Water Resources Management Plan. For bioresources this will be through a consultation process led by UU' Bioresources teams, as required. The Innovation Lab process will also be used to supplement opportunities to review proposals and stimulate market driven proposals into the company. Periodic BAFs will be aligned to the industry standard Water Resources Management Plan and Bioresources Consultation processes while aligning to this framework.

### 3.5.7. Action Route G - Early BAF (Stages G)

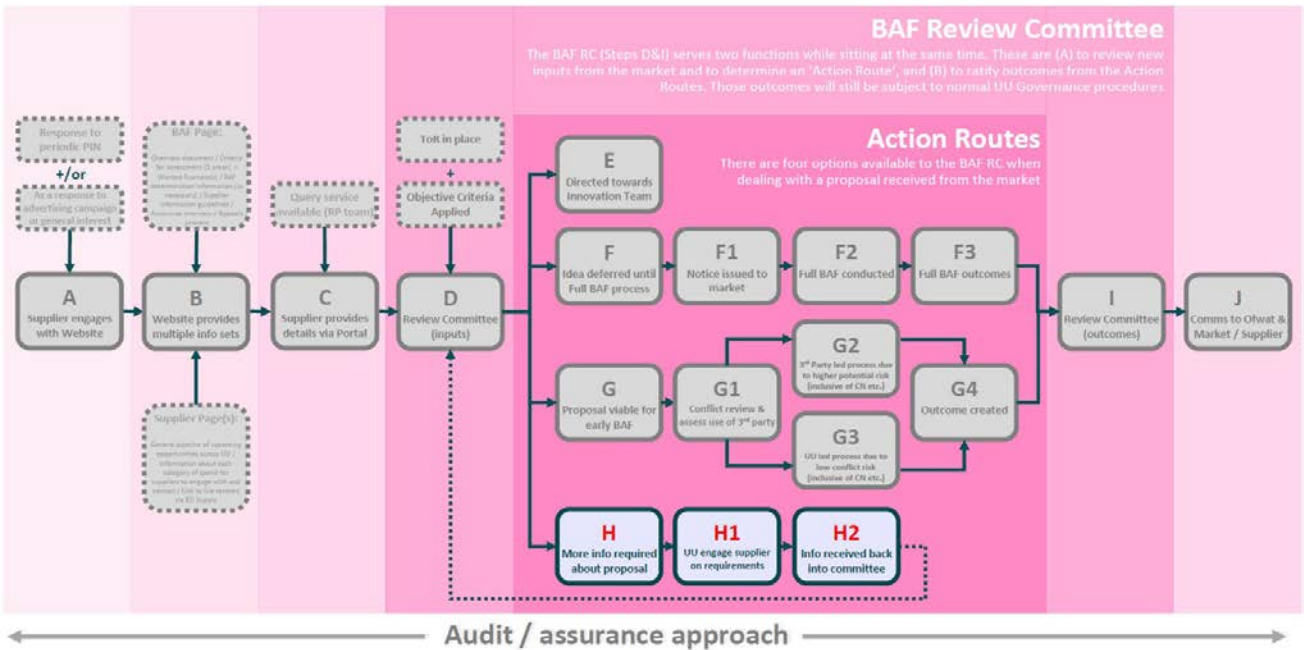


Where a proposal has significant potential to deliver benefit for customers and is ready to implement the Committee may recommend an Early BAF. When this occurs, it’s likely that the scope of the BAF exercise will be limited to the general bounds of the proposal such that the proposal is competed against internal and external solutions which are similar to it.

As a part of route G, an assessment will be made to determine if there is significant risk a conflict of interest may be inherent in the proposed process, primarily in terms of the impact of the proposal on United Utilities current operations. Where the risk of a conflict of interest can be mitigated, then UU will lead the Early BAF process in accordance with guidance issued by the Sourcing Excellence Team. However, where a potential conflict of interest is identified a mitigation plan cannot reasonably satisfy, then UU will engage an independent 3<sup>rd</sup> party to lead the procurement process. While a significant course of action for United Utilities, this additional layer of independence is to give assurance to third parties that their proposal will be evaluated on a like for like basis with in-house solutions (where one exists.)

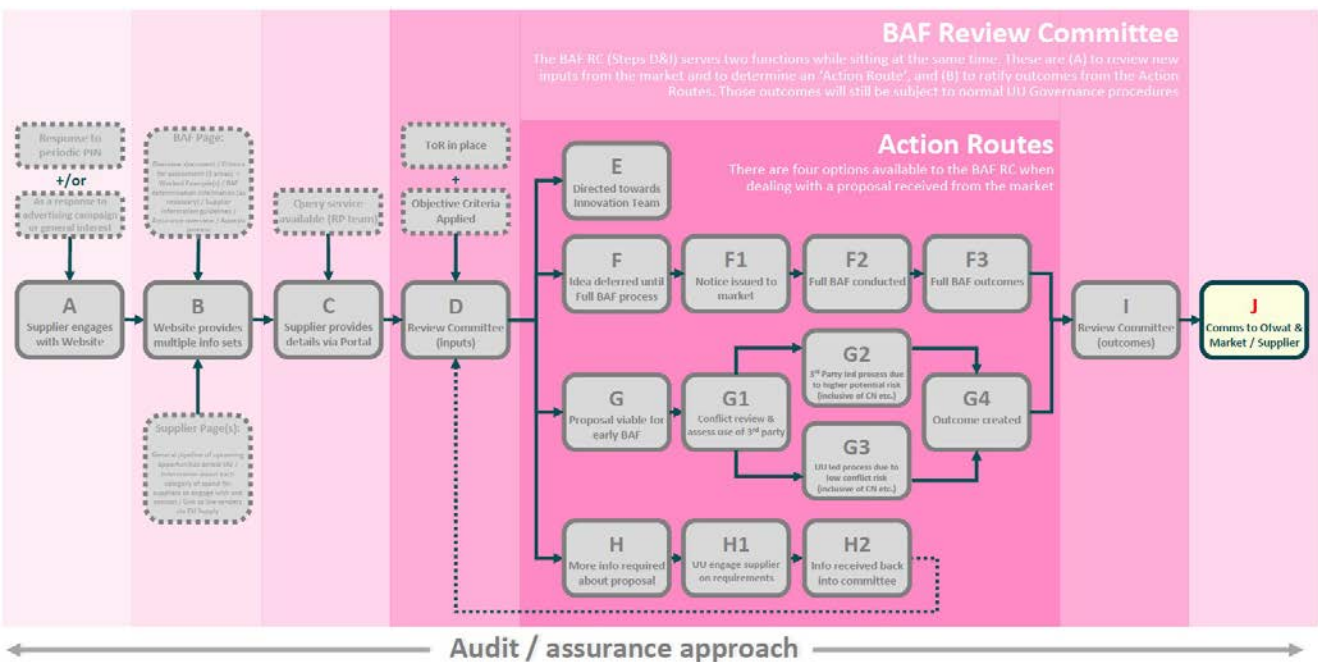
The process that will be followed can be seen in more detail in section 4 Procurement Process.

### 3.5.8. Action Route H - Request More Information (Stages H)



Some proposals may indicate potential for benefit to customers in principle, but in practice don't contain enough detail or supporting evidence to support the recommendation for an Early BAF. Where this occurs, the committee can request that more information is sought from the third party opposed to using Route F, and deferring the proposal to a Full BAF. Information is then gathered and the proposal is resubmitted at the next sitting of the BAF review committee for re-consideration.

### 3.5.9. Notification of Outcome (Stages J)



The final stage of the BAF process is notification of outcome, more detail on this step can be found in section 4.6.2 Feedback.

## 4 Early BAF procurement process

### 4.1. Procurement Process

Each procurement process will require certain, prescribed steps to be followed, as detailed below:

- Advertisement
- Pre-qualification
- Tender and evaluation
- Award

All procurement process will adhere to the Utilities Contract Regulations 2016 (UCR 2016)

#### 4.1.1. Innovation Partnerships

Under this Framework United Utilities will, where appropriate, engage with interested third parties in much the same way as it did for its Innovation Lab, in using a process similar to the Innovation Partnership Procedure (IPP).

The IPP is a regulated procedure open for all utilities and public bodies to follow, and United Utilities was the first UK utility to use it.

Whilst the above stages will remain they are tailored in a way to:

- Make the process simpler and more straightforward;
- Make the process more flexible;
- Make the process more attractive and accessible to smaller companies including SMEs.

### 4.2. Procurement Team Independence

Detailed within section 3.3.7, and as a part of route G, an assessment will be made to determine if there is significant risk a conflict of interest may be inherent in the proposed process, primarily in terms of the impact of the proposal on United Utilities current operations. While the Sourcing Excellence Team exists to manage such conflicts, United Utilities is committed to the use of third parties where appropriate mitigation cannot be put in place. To buttress this, United Utilities is committed to put the requirement for use of any external independent procurement specialist resource requirement into the market place to ensure effective competition and to provide surety that indeed the selection of that third party resource was done in an open and transparent manner.

Where the use of external independent resource is required to conduct an Early BAF process, they will conduct such work in accordance with standard guidance issues by the Sourcing Excellence Team used for any normal tender process, with specifics tailored to the BAF requirement at the time. Outcomes will be reviewed by the BAF Review Committee as per the BAF Process and issues and concerns can be raised by that committee. Such issues being captured by the minutes and associated communications plan accordingly to ensure transparency in decision making processes.

### 4.3. Advertisement

United Utilities will be advertising its requirements by issuing Periodic Indicative Notices (PINs), Find a Tender Contract Notices and via its own website. If as a result of the UK leaving the European Union, access to the Official Journal is restricted, notices will be posted on the UK Government's website currently known as Find-a-Tender.

Interested third parties should monitor the website regularly for updates on procurement activity and potential opportunities which arise as well as using the messaging function to engage with United Utilities or propose ideas even where no process is currently underway.

The use of PINs and Contract Notices will give the wider market a general indication of what United Utilities will require going forward and also when individual bidding activity is likely to take place. An individual PIN will also be provided in advance of each specific procurement process to ensure transparency and sufficient advance notice is given to any potentially interested third parties.

Such adverts will invite interest in the areas of water resources, demand management and leakage services looking to cover as broad a scope as possible and not limiting the offering a third party can make.

Parties wishing to register their interest can do so on the United Utilities' dedicated [website](#) at any time and this website includes further details including a register of current and legacy proposals where you can see information and guidance for tailoring your own submission. We will also include here information regarding specific areas we are interested in hearing from you, including current trends and potential areas for innovation.

All parties who have registered interest for a specific area will automatically be invited to any applicable procurement process run under this Framework so we would encourage third parties to register.

As a reminder, should you wish to submit interest in relation to any specific area, please do so [here](#).

A full suite of Procurement Documents shall be provided for each procurement process and will contain full Pre-Qualification and Tender information together with all applicable Terms and Conditions, Specifications and pricing documents.

#### 4.4. Pre-Qualification

So as to avoid the situation where any bid is automatically rejected, every submission must go through a pre-qualification stage or screening stage.

All submissions are reviewed against standardised criteria so as to identify which legal entities are appropriate to be taken to tender stage.

These criteria relate to the Bidder itself and typically cover such areas as financial standing and security, health and safety, ability and experience and the good standing of the Bidder.

Some of these criteria will be pass/fail. For example, some of the criteria within the statement of good standing, with all criteria being disclosed in advance of assessment within the Procurement Documents.

Should a potential Bidder fail any criterion then will be informed of the same and provided with feedback on their submission and their failure to reach the next stage in the process.

United Utilities reserves the right to limit the number of third parties it takes through to Tender stage to a number which is manageable having regard to the size and scale of the requirement, whilst always ensuring there is adequate competition in each process.

As with all stages the requirements will be tailored to ensure the process is as straightforward, flexible and as accessible as possible.

#### 4.5. Tender and Evaluation

The evaluation criteria applicable to each procurement process are created, and will be applied, in a proportionate, non-discriminatory and transparent way. They are to be tailored to the specific requirement,

Evaluations can take the form of:

- Written submissions to published questions;

- Presentations to a United Utilities panel (including where bidders are given the opportunity to present in an open forum to a number of United Utilities stakeholders); and
- Question and answer sessions with senior stakeholders.

Sample criteria which will be used to assess submissions will include:

Technical considerations such as:

- General ability to satisfy the need;
- Quality considerations;

Commercial considerations such as;

- Pricing;
- Compliance with Terms and Conditions;
- Security, including where any issue is highlighted with the financial standing of any potential Bidder at pre-qualification stage;
- Sustainability; and
- Completion of a Canvassing, Collusion and Corrupt or Illegal Practices statement.

The published criteria will apply equally to all Bidders, including any In-House Solution which will be applied as a benchmark against which all other bidders will be compared.

The primary screening process is applied to the unconstrained options and assesses their potential viability. The overriding principles for the primary screening are to ensure that:

- All options have been subjected to the same scrutiny and testing. It is our priority that these criteria have been applied consistently across all unconstrained options to achieve a balance between the number of feasible options and the availability of realistic choices; and
- The screening criteria as applied provide a consistent view of the potential environmental impacts of options. Discarded options from this stage of the process are likely to have unacceptable impacts that cannot be overcome. More detailed environmental assessments are completed on the feasible options at subsequent stages of the process.

For all options, the screening criteria questions are based around the following key areas to understand the:

- Impact on the resource base (ability to increase deployable output)
- Performance against unalterable planning, regulatory and environmental constraints; and
- Risk of failure or inherent uncertainty.

#### 4.5.1. Terms and Conditions

So as to ensure equal treatment across all bidders and transparency of commercial terms, United Utilities proposes all contracts entered into under this framework will be on its own Terms and Conditions.

However, to ensure these are fit for purpose and reflect both commercial good practice and project specifics these will be provided as part of the Procurement Documents for each process, and staged dialogue will take place with each Bidder affording them an opportunity to raise issues and propose exceptions and deviations.

United Utilities will consider all exceptions and deviations provided in a proportionate manner and issue a final contract, consistent to all Bidders at Best And Final Offer stage (BAFO) as a considered, compromise position.

### 4.5.2. Variant Bids and Innovation

Whilst the particulars will be detailed specifically for each procurement process, United Utilities welcomes the provision of variant bids and innovation from its supply chain, and those supplying water resources, demand management and leakage detection services are no different.

Depending on the nature of the requirements United Utilities may consider utilising a process akin to the Innovation Partnership Procedure, available to public bodies and utilities for regulated procurements.

United Utilities has successfully applied this process in relation to its Innovation Lab and further details of the process and the outcomes are available [here](#). Such a process would still have the same general stages as detailed in this Framework but the process allows greater flexibility including the facility to allow SMEs and start-ups to be more easily involved.

Assessments may take the form of written responses, presentations, interviews or working sessions where appropriate.

## 4.6. Award

Upon completion of the tender assessment United Utilities shall appoint preferred bidder(s) and discuss the potential award of a contract to the Bidder(s) offering the most economically advantageous tender(s) in accordance with the published criteria.

### 4.6.1. BAF Review Committee and Approvals

The BAF Review Committee will have oversight of all procurement processes run under this Framework including final award decisions, any down-selection and assessments of all bids received, including any In-House Solution.

### 4.6.2. Feedback

United Utilities shall provide written feedback to all unsuccessful Bidders including reasons for its decision to award to the successful party and potential areas of improvement for unsuccessful Bidders.

Proposed solutions, including those which have not been successful will also be included on our dedicated website so as to inform potential Bidders in the future of areas they may wish to consider or focus upon.

No confidential or sensitive information will be published on our website without express permission in advance.

### 4.6.3. Clarifications during the procurement process

Throughout any process there will be dialogue between Bidders and United Utilities and Bidders may at any time request clarification of any points in the Procurement Documents. Requests should be made through the Electronic Procurement portal. So as to protect any sensitive or confidential information any clarification request which is confidential must be marked as such given responses to individual clarifications are shared with all Bidders so as to ensure everyone has the same information and is in an equal position to bid. A log of clarification requests and responses will be provided to all Bidders throughout the process.

Further, specific details of the clarifications process, as well as other process information will be contained within the Procurement Documents issued for each specific procurement process.

### 4.6.4. Conflicts of Interest and Confidentiality

A detailed breakdown of our processes and procedures for dealing with conflicts of interest and confidentiality can be found in the BAF Confidentiality Document.

### 4.6.5. Compliance with this Framework and Assurance

United Utilities is committed to rigorous compliance with all of its legal and regulatory obligations, including this Framework. We also expect all Bidders and trade partners to be similarly committed.

We will keep Defra, Ofwat, DWI, and the Environment Agency fully informed of any qualifying trade proposals made to us, any proposals we make to others, and any trade agreements that are made, through existing reporting interfaces.

United Utilities will ensure all procurement processes are open and transparent and for all qualifying trade proposals that are successfully completed we will carry out an internal audit of the process and make available that report to Ofwat.

An audit report shall be compiled by the Sourcing Excellence team with support from the internal audit function within United Utilities. A detailed breakdown of this audit and assurance approach can be found in the BAF Governance Document.

### 4.6.6. Complaints Procedure

A detailed breakdown of the complaints procedure can be found in the BAF Governance Document.

## 5 Activity Review

### 5.1. Market and BAF Activity Review

At least annually, United Utilities will publish a market review of third party activity, a high level view of all bids received, along with reasons for why solutions were not assessed to be viable. The review will be available on the BAF [website](#).



## 6 Glossary of terms

<b>BAFO</b>	Best and final offer
<b>BAF Criteria Document</b>	A separate document which sets out the criteria which will be used to establish if a proposal is suitable for an Early BAF and includes a detailed description of each of the aspects that will be considered. Worked examples are also provided.
<b>BAF Governance Document</b>	A separate document which details the governance, assurance and complaints procedure for the Bid Assessment Framework
<b>BAF Review Committee</b>	The BAF Review Committee will oversee all processes run under this Framework and shall be made up of representatives from relevant departments across United Utilities. Further detail in relation to the make-up of the BAF Review Committee can be found in the BAF Governance Document.
<b>Bid Assessment Framework</b>	An approach detailed within this document to support the bidding market for water resources, demand management, leakage services and bioresources services providing a standardised process for inviting and considering third party bids and comparing these against potential In-House Solutions. This document is United Utilities' bid assessment framework and the relevant Ofwat guidance is here: <a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/07/Appendix-9-Company-bid-assessment-frameworks-the-principles.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/07/Appendix-9-Company-bid-assessment-frameworks-the-principles.pdf</a>
<b>Competition Act 1998</b>	The current major source of competition law in the United Kingdom. It provides a framework for identifying and dealing with restrictive business practices and abuse of a dominant market position. <a href="http://www.legislation.gov.uk/ukpga/1998/41/contents">www.legislation.gov.uk/ukpga/1998/41/contents</a>
<b>Complaints Procedure</b>	Where any Bidder wishes to raise a concern or query about the result of any process, or the process itself, this should be done via the complaints procedure contained within the BAF Governance Document and included in greater detail within the Procurement Documents for each tender.
<b>Conflicts of Interest</b>	Any actual or potential conflict of interest should be highlighted as soon as it becomes apparent and will be dealt with in accordance with United Utilities' policy on the same (a copy of which will be provided as part of the Procurement Documents for each procurement process). This applies both to internal conflicts which may exist within United Utilities or external conflicts with or between potential Bidders and United Utilities and the potential conflict between an In-House Solution and that of a third party Bidder. Where any Bidder feels there is even a potential conflict of interest this should be raised with the Sourcing Excellence Team member identified in the procurement documents for the specific process being undertaken.

<b>Electronic Procurement</b>	All procurement processes shall be undertaken via United Utilities’ electronic procurement portal, CTM by EU Supply.
<b>Equal Treatment</b>	Equal treatment requires that all potential Bidder must have: (i) an equal opportunity to compete for the contract (unless a difference in treatment can be objectively justified); and (ii) there is an objective comparison of all tenders. This also applies to the consideration of bids against an In-House Solution. This helps to avoid discrimination.
<b>Idea</b>	A third parties proposal to supply United Utilities with goods or services
<b>In-House Solutions</b>	United Utilities’ ability to provide the specific requirements subject to this Framework will be assessed in the same manner, and against the same evaluation criteria as third party Bidders.
<b>Non-discrimination</b>	United Utilities shall not discriminate against any party seeking to trade with it nor favour an In-house Solution over any other and will at all times apply the evaluation criteria specified in the procurement documents.
<b>Pre-Qualification and Pre-Qualification Questionnaire (PQQ)</b>	Any party wishing to trade with United Utilities must pass the applicable pre-qualification thresholds before any tender is to be submitted for assessment, which is done by completing a PQQ document.
<b>Procurement Documents</b>	Any document provided by United Utilities as part of a procurement process under this Framework including but not limited to tender documentation, scope, Specification and draft contract terms.
<b>Proportionality</b>	For the principle of proportionality to be met, the measure taken must be appropriate for attaining the objective pursued and must not go beyond what is necessary to achieve it. For example, when designing a specification for a contract, incumbents should not over specify the requirements, as this could increase bidding costs which may result in the withdrawal of some or all of the potential Bidders.
<b>Sourcing Excellence</b>	All procurement processes shall be undertaken by the Sourcing Excellence Team and all correspondence during any procurement process must be directed through them, via the Electronics Procurement portal. This team is independent from, and will oversee the bidding process and will not be part of any pre-tender engagement or involved in other United Utilities’ operations. This team is also responsible for undertaking all procurement processes for the United Utilities’ Group, including those caught by the UCR.
<b>Specifications</b>	Whilst the scope of each procurement process will be individually tailored to specific business needs, United Utilities has standard specifications for certain requirements, copies of which are available on our dedicated website.
<b>Tender</b>	All third party submissions shall be assessed in accordance with the evaluation criteria, published in advance by United Utilities.
<b>Terms and Conditions</b>	United Utilities will only contract on its own terms and conditions and any contract resulting from a procurement process must be on this basis.

**Trading and Procurement Code** A document setting out the policies, principles and requirements that will apply when appointed water companies trade water with each other and third parties. This document is United Utilities' trading and procurement code and the relevant Ofwat guidance is here:

[http://www.ofwat.gov.uk/wp-content/uploads/2015/12/pap\\_pos201307finalapproachapp3.pdf](http://www.ofwat.gov.uk/wp-content/uploads/2015/12/pap_pos201307finalapproachapp3.pdf)

## 7 Appendix 1 – Worked Examples:

We have summarised below a worked example of how a third party can provide sludge treatment services to UU Bioresources:

**Background:** A third party (SludgeCo) has available capacity to treat 2,000 tonnes dry solids (tds) of sludge at its existing facility. They wish to secure more feedstock to maximise the use of their facility.

Approaching UU: SludgeCo through the BAF approach UuW to offer to take 2,000 tds/yr of sludge. They confirm in their approach the following:

- **Overview of service and ability to treat and manage residual outputs:** Site is permitted to receive sewage sludge and has experience of processing this material.
- **Location of the facility:** Close enough to locations where UU produce sludge
- **Level of service (guaranteed access or other):** Guaranteed capacity for 2 years
- **Type of sludge they can receive:** Sludge cake
- **Timing for service to be available:** Available now
- **Potential price for the service:** Price presented as £ per wet tonne of cake

UU Assessment: The information provided would be reviewed by the UU BAF lead. Given the type of service being offered this would fall into the following category:

**Proposal Viable for early BAF:** This is due to the proposal providing a time bound mature capability which is available now.

The Review Committee would meet to confirm the need for the service, i.e. does UU require additional treatment capacity and can it provide sludge to this location. Based on this evaluation the outcome could be as follows:

- 1) There is a need and UU wish to explore this opportunity and request further information
- 2) The proposed service is not required at the current time but UU meet with SludgeCo to discuss potential to modify the service to meet business need
- 3) Service is not required and this is reported to SludgeCo with offer of feedback

For this example UU have confirmed the service is of interest and meets business need. Request for further information made to confirm the service is suitable and can be delivered. Once this is completed UU would confirm how it would procure the service:

- Direct award
- Competitive tender

Following this UU would then progress with the procurement.

