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12 January 2022

Bioresources bid assessment framework – draft guidance

This is Anglian Water's response to Ofwat's consultation on the guidance for companies to develop bioresources bid assessment frameworks. We are content that it should be published in full.

Q1: Do you agree with, or have any comments on, the draft guidance for the bioresources bid assessment framework set out in this consultation?

The draft guidance for the bioresources framework seems reasonable and is consistent with the approach to the framework for water resources.

As we have noted during previous engagements on the water resources framework process, we believe that existing procurement rules, competition law and efficiency incentives will ensure that companies will assess bids fairly and choose the most economically efficient option, to the benefit of customers. However, we recognise that the existence of bidding assessment frameworks will increase the confidence of would-be participants who might be aware of those other controls or the incentives they apply to incumbents. We believe the strongest justification for the requirement to develop a bid assessment framework is that it will help reduce perceptions of conflicts associated with companies running and bidding into a process.

The only proposal in the consultation we would question is the expectation that there should be separate teams with defined roles within the process. For example, the consultation proposes that where a third-party bid is assessed against an incumbent's in-house solution, the team assessing the bids would be completely separated from the team that designed the in-house solution.

While we recognise concerns about potential conflicts of interests, the fact remains that there are only a small number of individuals in any company with the relevant specialist technical expertise. Those individuals are likely to be best placed to both develop the in-house solution and assess alternative bids. We believe the conflict of interest that arises in this scenario can be managed through the application of our well established, robust procurement processes and governance. These include the identification of a bid assessment manager who is fully independent.



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Q2: Do you agree with, or have any comments on, our proposed timeline for implementation of the bioresources bid assessment framework?

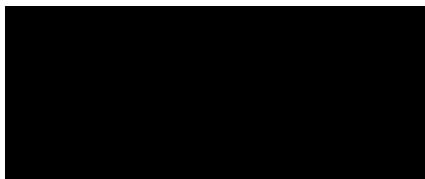
The proposed timeline for implementation seems sensible.

Q3: Do you have any thoughts or opinions on how company bid assessment frameworks can be best used to resolve the bioresources specific issues highlighted within 4.2?

The consultation document recommends the inclusion of pre-qualification stages and that companies provide support to bidders with limited experience of the bidding process and regulatory frameworks. We support this proposal to engage with, coach and support bidders during the pre-qualification phase and recognise the benefits it would bring.

We recognise the concerns around data provision and sludge quality and will investigate ways to address these as part of the bid assessment process.

Yours Faithfully,



Direction of Strategy and Regulation