

REPORT TO: FINANCE COMMITTEE - 20 OCTOBER 2003

REPORT ON: APPOINTMENT OF WATER CONSULTANTS

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 638-2003

1 PURPOSE OF REPORT

The purpose of this report is to consider the appointment of UCA Energy Consultants as the Council's water consultants.

2 RECOMMENDATIONS

2.1 The Committee are asked to approve the appointment of UCA, as the City Council's water consultants for a three year period.

2.2 The Committee are asked to agree that the immediate savings generated by UCA will be retained in the Renewal and Repairs Fund budget for future spend to save energy initiatives, and that ongoing savings will be reflected in future Revenue Budgets.

3 FINANCIAL IMPLICATIONS

3.1 The appointment of UCA will not incur the Council in any additional expenditure. It is difficult to estimate the level of savings likely to be identified by UCA, and thereby the City Council's share, being 55% of the gross savings. However, other local authorities have had UCA identify gross savings of between £30,000 and £60,000.

3.2 Any immediate savings identified by UCA, net of the 45% payment to UCA, will be held in the Renewal and Repairs Fund, specifically to fund energy saving initiatives. The effect of ongoing savings identified by UCA will be reflected in future Revenue Budgets.

3.3 UCA will not share in any cost savings for measures initiated by the Council.

4 LOCAL AGENDA 21 IMPLICATIONS

4.1 The objectives of appointing UCA would be:-

- i to make savings against the levies and tariffs charged by Scottish Water, and
- ii to ensure that the Council's water usage is minimised.

This latter objective is obviously in line with the Council's Local Agenda 21 policy.

5 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 None.

6 BACKGROUND

- 6.1 In early 2003, the City Council were approached by UCA Energy Consultants, offering a review service of all payments made to, and services received from, the North of Scotland Water Authority (NOSWA) and Scottish Water Authority on a property by property basis.
- 6.2 UCA are an accredited contractor under the Office of Government Commerce (OGC), the procurement agency for Council Government based in the Treasury. Further, the City Council have sought and received very positive recommendations from other local authorities and public sector organisations who have used the services provided by UCA, eg Moray Council, Argyll & Bute Council, City of Stoke-on-Trent, Lothian & Borders Police.
- 6.3 UCA are proposing to provide a comprehensive report on all the Council's water related services and costs incurred at each and every Council location. The reports will detail areas of overcharging by NOSWA and Scottish Water Authority since 1996, and what steps UCA will take to recover these overcharges. It is proposed that the repayments received from Scottish Water for historical overcharging will be retained in the Renewal & Repairs Fund for the funding of future energy saving initiatives. In addition, UCA will review each site and make recommendations for reducing costs on an ongoing basis.
- 6.4 If UCA are unable to identify any areas where overcharging has occurred, or savings can be made in the future, then the Council will make no payment to UCA. The level of fees payable to UCA are common throughout all OGC accredited contractors. Any savings identified will, in the first instance, have to be agreed with the City Council and thereafter for the 3 year period of the contract, these savings will be shared 45% UCA and 55% Dundee City Council. At the end of the 3 year contract period, the City Council will receive 100% of all annual savings identified by UCA and these will be reflected in future years Revenue Budgets.
- 6.5 The City Council's Energy Officer has reviewed the services being offered by the UCA. He is of the opinion that the Council does not presently have the expertise, experience or the resources to complete such a project to identify and realise the water/cost savings potential in the same timeframe as the UCA. The Energy Efficiency Officer thus recommends this contract, and maintains that the UCA's reports will be invaluable for future replication of measures to save water, following the end of the contract period.

7 CONSULTATION

The Chief Executive, Depute Chief Executive (Support Services), Director of Economic Development and Energy Efficiency Officer have been consulted on the contents of this report.

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

10 OCTOBER 2003