

Smart Metering Delivery

Contract No: C-04093

PQQ October 2023

## I. Supply Chain

I1 How do you assess the competence of the companies employed to work on your behalf?

Your answer must include the following:

- Supplier/Subcontractor selection procedure
- Supplier/Subcontractor performance assessment and ongoing review procedure
- Add in contractual process

Our 2 page response is overleaf.



## Introduction

Morrison Water Services (MWS) has an extensive supply chain network (materials and subcontractors) with no dependency on single source arrangements. Currently, we have access to 1,617 approved material/product suppliers and 905 subcontractor organisations, together with 300 material/subcontractors. We can also draw upon resources from 20 specialist sister companies and have an extensive in-house capability. We have established and proven procedures in place to monitor the operational and contractual performance of our suppliers and to address any issues where suppliers fail to meet our expectations or those of our clients.

## Supplier/subcontractor selection procedure

Our group-level five-stage subcontractor evaluation and approval management process carried out by our central Supply Chain Control (SCC) team ensures all our suppliers and subcontractors meet our exacting requirements; and helps fulfil our H&S obligations under CDM Reg. 13. However, most subcontractors proposed to the SCC for approval are pre-selected by our Contract Managers using a range of criteria including competence, specialist skills, experience, rates, proven delivery and client recommendations etc. Following their research and networking activities, only those subcontractors found to have good/excellent track records are forwarded to the SCC for approval. Our Contract Managers work hard to develop long-standing relationships with our suppliers, preferring to work with those they know and who have previously delivered on similar contracts – knowing they are sustainable and that they have the resources, approach and proven commitment to deliver a successful outcome. For this contract, where there is any requirement to support Developer Services activities with pipe laying and meter installation, we can assist Affinity Water by drawing on our extensive supply chain already approved through our SCC.

<b>Stage 1: Pre-evaluation Questionnaire</b>	Ensures the subcontractor is appropriately certified and enables us to check convictions and/or infringements, e.g. DBS Checks, if appropriate, to ensure they are suitable to work on any given contract.
<b>Stage 2: Evaluation Questionnaire</b>	Our Subcontractor Evaluation Questionnaire (MWS-FM-S-035) ( <b>Appendix G1.A</b> ) provides a greater level of detail and assurance and requires subcontractors to explain their approach to a list of key topics including: <ul style="list-style-type: none"> <li>• SHEQ policies, procedures, and performance.</li> <li>• Relevant technical capability.</li> <li>• Staff competency, experience, qualifications and training records.</li> <li>• Plant/equipment maintenance regimes and standards.</li> <li>• Slavery and human trafficking responses.</li> <li>• Insurance provisions.</li> <li>• Financial statements to confirm sustainability.</li> </ul>
<b>Stage 3: H&amp;S Authorisation</b>	The contract Senior/Commercial Manager and SHEQ Manager complete a H&S authorisation proforma using information submitted in the evaluation questionnaires. This acts as a final safety net to capture any infringements or queries that need to be investigated.
<b>Stage 4: Subcontractor Contract</b>	All subcontractors are required to sign a subcontract prior to commencing any work. Our contract-specific subcontractor agreements set out the various terms and conditions governing the works including; execution of subcontract works; principal contract and conditions; progress and completion; defects and maintenance; and indemnities and insurances.  Subcontracts incorporate aligned terms and conditions and contain performance standards (e.g., KPI/SLA objectives and targets) and how they will be measured, monitored and reviewed.
<b>Stage 5: Ongoing Reviews</b>	Subcontractors are regularly reviewed for assurance purposes by our SCC function and, at contract level, by the commercial team who procure their services based on operational need. We regularly review their performance against contract specific KPIs/SLAs and involve them in performance HUBS, continuous improvement initiatives and problem/cause analysis. An example of our performance monitoring for results for our Thames Water DS contract is attached ( <b>Appendix G1.B</b> ).

MWS only works with key suppliers through partnerships designed to improve sustainability and share best practice. As part of our ESG programme, we source goods and services ethically and in accordance with the principles set out in the Chartered Institute of Purchasing and Supply's Ethical Business Practices, which covers a wide range of issues, e.g., working conditions, living wages, freedom of association and supplier diversity. On our Thames Water Smart Metering contract, our Senior Programme Manager, Ben Harrison, has made a number of visits to local schools and colleges with the aim of recruiting into our highly successful apprenticeship programme.

We also aim to select suppliers/subcontractors from areas close to our worksites to create social value by reducing our carbon footprint, supporting local communities and economies; and promoting local employment. This approach, which our Group resource pool capability and flexibility makes possible, also reduces operatives' travel time and associated stress and supports their general wellbeing. The ability to draw on our sister companies, such as Morrison Data Services, provides access to additional resources and the flexibility to transfer operatives around the Group, providing additional training, where required, to support other roles.

Supply chain resilience is a strategic agenda item on the quarterly MWS Risk Management Committee (RMC) meetings and quarterly M Group Services Risk Board Reviews; with the aim of assuring continued delivery.

### Supplier/subcontractor performance assessment/review procedure

All new suppliers are tested for resilience and performance, as part of our highly effective evaluation process prior to receiving any work. Our existing supply chain are subject to annual review and regular audit of their approval status. This process is managed by our SCC function, in liaison with the contract Commercial Manager in compliance with our Business Management System policies, procedures and PAS 91 standards. All supply chain data and performance information are recorded and stored in our SCC Database for reference and review, which can then be searched by contract teams to find suitable, approved and resilient providers.

We monitor and measure subcontractor performance on an ongoing basis; weekly, monthly and annually, depending upon the work being performed and the results obtained from previous reviews i.e. more frequent reviews where previous issues have been identified. The quality of subcontractors' work is continually reviewed for trends and if found to be unsatisfactory, is discussed as soon as possible between our Contracts Manager and the subcontractor (or subcontractor's supplier) to resolve the issue, which may involve the supply of new personnel.

On our Thames Water Smart Metering contract, we implement a programme of core testing to check the quality of subcontractor reinstatement work. Core samples are analysed for compliance and trends identified to correct any quality issues attributed to subcontractor performance.

Our subcontractor performance assessments and reviews cover productivity, commercial, streetworks, defects, safety events, FPN numbers, 2 & 1-hour safety SLGs, training matrix and customer interactions etc., during which we investigate any issues identified. The findings from these reviews are reflected in the subcontractors' overall performance reviews any bonus arrangements we have agreed with them. These reviews are held monthly and are supplemented by formal sit-down reviews with suppliers every six months, or whenever we require to raise an urgent issue.

Health and safety performance monitoring includes recording various data, such as the following, for analysis and reporting back to clients: RIDDOR, Lost Time Injuries, Lost Time Incidents, High Potential Near Misses, Medium/Low Near Misses, Service Strikes and SLG Defects etc. On our Thames Water Smart Metering contract, we are now approaching 9,000,000 working hours without a RIDDOR.

Subcontractors are also subject to our vehicle and transport safety procedures, which require them to complete online daily vehicle checks, as part of our Fleet Operator Recognition Scheme (FORS) accreditation.

### Subcontractor contractual process

Depending upon the requirements of the contract, the necessities such as KPIs and outcomes may be passed through as a contractual obligation and closely monitored with our client.

For delivery services, we set our suppliers specific targets that reflect the need to meet timescales and ensure developers and customers are connected on agreed dates with quality assured. We closely monitor the health and safety performance of all subcontractors to ensure all work is carried out safely and in line with legislation, our safety policies and those of our clients.

Our contract-specific subcontractor agreements set out the various terms and conditions governing the works including; execution of subcontract works; principal contract and conditions; progress and completion; defects and maintenance; and indemnities and insurances; in accordance with MWS-TMP-COM-913 (**Appendix G1.C**).

We adopt the following measures prior to awarding subcontracts to any of our approved suppliers:

- Online monitoring of financial stability via our credit check process. Our SCC immediately responds to financial alerts by instigating discussions with project teams to identify root causes/indicators e.g., changes to payment terms impacting on cash flow, high churn, quality issues, lack of investment in training and development.
- Accreditations, licences, and insurance documents are automatically requested and reviewed.
- We use 3rd party accreditations to verify competence e.g., Achilles UVDB, Safe Contractor and CHAS.

Our SCC function and project team interface to monitor work scope approval and resilience to growth opportunities.

Our Account Managers hold regular account review meetings with suppliers to understand current risks to supply; or changes in industry trends (e.g., material supply shortages, price increases). This forms part of our approach to maintain supply chain resilience and a programme and schedule with 'no-surprises'.

Where we have agreed any improvement plans with our clients (e.g. 20% improvement in streetworks costs on our Thames Water Metering contract) and our subcontractors fail to meet our targets, we reserve the right to remove them from the contract or levy a fine to compensate any costs we have incurred.