

Materials and Resources

Our services cover a diverse functional area and require a dedicated system for procurement (purchase). We recognise that our procurement activities are key to our overall performance as responsible, prudent water supply and wastewater treatment operators. Our policy is to maintain a supplier management system for our day-to-day procurement needs.

Key Performance

- We implemented a category management strategy within our procurement operations. Category management means focussing procurement strategy and operations by category of material or resource purchased
- We influenced a supplier to improve environmental performance
- We continued to conduct environmental audits of our suppliers and our operational sites
- We saved £13,400 through chemical efficiency initiatives over 2004-2005

A framework agreement is essentially a standing offer based on conditions e.g. of price and quality

We establish framework agreements with our suppliers for the procurement of goods and services

Our environmental management system sets out formal procedures for screening the suppliers of our products and services

We use the Environment Agency's approved criteria in the assessment of our suppliers

Case Study

Optimisation

Our optimisation initiatives currently have focus across three main areas:

- Chemical use
- Water use
- Energy consumption

We adopted a number of approaches to monitor chemical purchase and consumption. We conducted a purchase-based review of all chemical contracts across the business and adopted a category management focus to chemical purchase.

We conducted a variety of site process audits for water supply sites, optimised chemical dosage (by up to 50%) on newly commissioned sites and continued to monitor chemical use across water supply sites. We also identified efficiencies at our wastewater treatment plant through altering site practices or treatment processes.

We monitored and compared our operational water consumption between different sites. From comparisons of this data we identified appropriate sites for audit and examined water consumption more closely. We found issues such as leakage and the use of potable water consumption for operations that could instead use final treated effluent. We produced a rolling programme of initiatives required to address issues identified. This assisted us to plan expenditure and prioritise work against the returns to be found through saving additional water resources. Our internal water efficiency initiatives delivered 207.8 megalitres of water savings over 2004-2005.

We continued to adopt this same comparative approach with energy management. Over 2004 we decreased our electricity consumption through energy efficiency initiatives, saving 1,178 megawatt hours of electricity.



Monitoring chemical use at Millbrook Wastewater Treatment Works

Links: www.cia.org.uk | www.envirowise.gov.uk | www.environment-agency.gov.uk | www.achilles.co.uk

We implemented a category management strategy within our Procurement Team over 2004-2005. We are now changing our procurement focus from unit costs to whole-life costs. By doing this we intend to find better long-term value for money. This approach also concentrates procurement expertise in categories of market sector. Key procurement categories for our business include:

- Services
- Facilities management and information technology
- Maintenance, plant and equipment
- Chemicals, fuel and power

We have specialists focussing their experience in the chemicals and utilities sectors on these categories of procurement. Through this we aim to deliver a more efficient service to our customers.




We applied a risk assessment process to the services that suppliers provide to our business in order to prioritise candidates for environmental audit. In carrying out environmental audits, we followed detailed procedures to ensure consistency. We provided audit results to our suppliers, to help them improve their environmental performance. We produced comparative reports of audit findings where we assessed more than one supplier for a particular contract. We highlighted any risks to our Procurement team, and identified measures needed to mitigate these risks.



Maintaining our assets, plant and equipment is a priority

We continued to influence our suppliers on the service they supply to us. We produced a briefing note on the Waste Electrical and Electronic Equipment Regulations for their use. This will aid management of our mutual exposure to environmental and other commercial risks.

We found efficiency savings through modifying deliveries of certain chemical loads to our sites. We continued to implement process efficiency initiatives within our operations. These initiatives are site specific and over 2004-2005 included modifications to processes that afforded reduced chemical consumption.

2003-2004 Target	2004-2005 Progress	2005-2006 Target
Materials and Resources		
Continue to assess key contracts and undertake risk-based comparative procurement audits of key framework suppliers.	Target met. 	Maintain target.
Undertake audits to optimise chemical use at major surface water supply works.	Target met. 	Maintain target.
Conduct a review of all chemical contracts and chemical use across the business.	Target met. 	
Maintain and further develop chemical use database.	Monitoring updates continue, spreadsheet methodology sufficient to meet need. 	
Monitor oil use between water supply works.	Target met. 	
Optimise chemical dosage at all newly commissioned sites following takeover.	Several sites have been optimised, this target is ongoing. 	Maintain target.

KEY: Target met  In progress  Target not met  Not applicable 