

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 9 APRIL 2019**

Title of report	<b>PROCUREMENT OF ELECTRICITY SUPPLY</b>
Key Decision	a) Financial Yes b) Community No
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Purpose of report	The report requests that Cabinet delegate authority to award the contract for Electricity to the Strategic Director of Housing and Customer Services.
Reason for decision	The level of expenditure on this contract exceeds the authority threshold in the Scheme of Delegation.
Council priorities	Value for Money.
Implications:	
Financial/Staff	Budgets are already in place.
Health and Safety	Not applicable
Risk Management	Not applicable
Equalities Impact Screening	Not applicable
Human Rights	Not applicable
Transformational Government	Not applicable
Comments of Head of Paid Service	The report is satisfactory

Comments of Section 151 Officer	The report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	None
Background papers	None
Recommendations	<b>THAT CABINET DELEGATES AUTHORITY TO AWARD THE CONTRACT FOR PROVISION OF ELECTRICITY TO THE STRATEGIC DIRECTOR OF HOUSING AND CUSTOMER SERVICES IN CONSULTATION WITH THE CORPORATE PORTFOLIO HOLDER.</b>

## 1.0 BACKGROUND

- 1.1 This report seeks authorisation to commence the procurement processes and award contract for a contract for the supply of electricity from 1 Sept 2020 to 31 October 2024. This procurement is identified within the procurement business plan for financial year 2019/20.

## 2.0 ELECTRICITY PROCUREMENT

- 2.1 The current contract is with Total Gas and Power via an Eastern Shires Purchasing Organisation (ESPO) framework which commenced on 1 October 2016 and will terminate 30 September 2020.
- 2.2 The current framework is for the supply of electricity, with ESPO acting as an intermediary to buy electricity in the wholesale market on our behalf. The contract is based on a fixed 'supplier margin' which will remain fixed for the full duration of the contract. The unit cost of electricity is fixed from 1 October in each year of the contract.
- 2.3 In order for ESPO to maximise its purchasing power and to obtain the most competitive price it requires a contractual commitment from those public bodies who are going to call off the framework well in advance of the termination date of the current contract. This is why authorisation is sought from Cabinet at this stage to enter into a replacement contract starting on 1 October 2020 and continuing for 4 years.
- 2.4 By purchasing electricity through this framework, the Council is able to ensure that this procurement is compliant with the public procurement regime and at the same time benefit from the savings available through ESPO bulk buying electricity from the wholesale market.

### **3.0 VALUE FOR MONEY**

- 3.1 Over the last 2 years, the Council has spent an average of £250,000 per year on electricity. ESPO have calculated that by using their framework the council will have saved £54,000 through aggregation of economies of scale and commodity purchasing savings over the life of the current contract. It is therefore recommended that the same procurement route is used to buy the Council's electricity supply for the next 4 years.
- 3.2 The anticipated spend for the duration of the new electricity contract will be in the region of £1,000,000 (based on the current consumption levels). Cabinet's authority to award this contract is therefore required. Cabinet is asked to approve this procurement and delegate authority to award the contract to the Strategic Director of Housing and Customer Services.