

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 9 FEBRUARY 2016**

Title of report	<b>AUTHORITY TO AWARD ENERGY CONTRACTS</b>
Key Decision	a) Financial Yes b) Community No
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Purpose of report	The report requests that Cabinet delegates authority to award the energy framework agreement to the Head of Finance in consultation with the Corporate Portfolio Holder.
Reason for Decision	The level of expenditure on this contract exceeds the authority threshold in the Scheme of Delegation.  To ensure the continuity of provision of energy to the Authority.
Council Priorities	Value for Money.
Implications:	
Financial/Staff	Financial implications contained within existing budgets, no staffing implications
Link to relevant CAT	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 Deputy 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 THE PROVISION OF GAS FOR THE PERIOD 1<sup>ST</sup> APRIL 2016 TO 31<sup>ST</sup> MARCH 2019 TO THE HEAD OF FINANCE IN CONSULTATION WITH THE CORPORATE PORTFOLIO HOLDER.</b>

## 1. BACKGROUND

- 1.1 Currently the Council is using both the Eastern Shires Purchasing Organisation (ESPO) and Crown Commercial Services (CCS) frameworks to contract its energy provision:

Table 1: Existing Framework Agreements

Framework	Energy	Supplier	Contract Period	Sites	Annual Average Contract Value
ESPO	Electricity	Southern Electric	01/10/2012 – 30/09/2016	4 sites including Council Offices, leisure centres and market hall	£115,000
CCS	Electricity	British Gas	01/10/2009 – 31/03/2016	127 sites – including commercial properties, housing, depot, parks	£120,000
ESPO	Gas	Total Gas and Power	01/04/2012 - 31/03/2016	8 sites including warden control sheltered schemes	£70,000
CCS	Gas	Corona Energy Retail	01/10/2009 – 31/03/2016	14 sites including Council Offices, housing, leisure centres and Whitwick Business Centre	£195,000

- 1.2 From research undertaken with neighbouring authorities, the majority of councils are with a single framework provider which simplifies the managing and monitoring of energy provision. ESPO has a dedicated account manager and a personalised local authority customer approach and is therefore better positioned to provide support to the council.
- 1.3 Working with ESPO will enable the Council to complete a number of outstanding initiatives such as the roll-out of Automatic Meter Reading which will eliminate estimated readings, streamline billing processes and identify bespoke solutions to reduce energy consumption and costs on a site by site basis.

## 2 PROCUREMENT ROUTE

- 2.1 The contract with CCS for the supply of both gas and electricity was due to expire on the 31<sup>st</sup> March 2016. Written notice to terminate the arrangement was issued to CCS in September 2015 to provide them with the 6 months notice required. It is the intention to move these contracts to ESPO using their Electricity and Gas Supply Framework Agreements from 1<sup>st</sup> April 2016. This procurement route adheres to the requirements of the constitution (paragraph 2.2 of the Contract Procedures Rules). Three separate contract agreements will need signing and these are detailed in the table below:

Table 2: New Contract Agreements

Framework	Energy	Supplier	Contract Period	Estimated Contract Value	Authority to Award
ESPO	Gas	Total Gas and Power	01/04/2016 – 31/03/2019	£800,000	Cabinet
ESPO	Electricity	Southern Electric	01/04/2016 – 30/09/2016	£60,000	Chief Executive or Director as per the Scheme of Delegation paragraph 3.4.
ESPO	Electricity	Unknown – the framework has yet to be awarded	01/10/2016 – 30/09/2020	£950,000	To report to Cabinet in June when the new framework is in place.

- 2.2 In order to award the above contract in relation to the supply of gas for the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2019, Cabinet is requested to delegate authority to the Head of Finance in consultation with the Corporate Portfolio Holder.