

# Report to Cabinet

**15 February 2023**

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| <b>Subject:</b>          | Contract for the Supply of Mains Electricity, October 2024 to September 2028 - Appointment of Contractor  |
| <b>Cabinet Member:</b>   | Cabinet Member for Finance & Resources<br>Councillor Bob Piper  |
| <b>Director:</b>         | Director of Finance<br>Simone Hines   |
| <b>Key Decision:</b>     | Yes   |
| <b>Contact Officers:</b> | Neil Whitehouse – Procurement Business Partner, Corporate Procurement Services<br><br>Phil Kingston – Senior Energy Officer<br>Urban Design & Building Services |

## 1 Recommendations

- 1.1 That approval be given to utilise Eastern Shires Purchasing Organisation (ESPO) Framework 191\_24 to appoint Total Energies Gas and Power Ltd to supply Mains Electricity to Council sites for the period 1 October 2024 to 30 September 2028.
- 1.2 That in connection with 1 above, the Director, Law and Governance and Monitoring Officer be authorised to enter into an appropriate contract with Total Energies Gas and Power Ltd.




## 2 Reasons for Recommendations

- 2.1 The Pan-Government Energy Project was launched back in 2007 to improve the standard of energy procurement across the public sector. The key recommendation was that all public-sector organisations adopted one of the aggregated, flexible and risk managed energy procurement frameworks that were put in place by the recognised Central Purchasing Bodies (CPB) that had been evaluated by the Government's Project Strategy Team against best practice criteria.
- 2.2 In 2011, the energy frameworks provided by these CPBs were reviewed by the Council's Corporate Procurement Service and approval was provided to participate in the agreements offered by ESPO. Since this time, the Council has participated in the ESPO energy frameworks and had a representative on their stakeholder governance panel that establishes and reviews the effectiveness of price risk strategy and purchasing performance.
- 2.3 The Council currently has 1127 metered supply points (of which 131 are school meters) that are included in the current ESPO energy framework arrangement that commenced in 01 October 2020 and is due for expiry on 30 September 2024.
- 2.4 ESPO has recently undertaken a Public Contracts Regulations 2015 compliant tendering exercise for electricity supply on behalf of over 100 Local Authorities, Schools, Housing Associations and Charities with a combined total of 22000 supply points that also includes the site portfolios of Dudley, Coventry, Leicestershire and Warwickshire Councils. Following the evaluation of the three returned tenders, the bid submitted by Total Energies Gas & Power Ltd was the most competitive and was duly recommended for acceptance by the stakeholder governance panel for the period stated in 1.1 of this report.
- 2.5 By aggregating energy requirements under the ESPO Electricity Framework and utilising a flexible purchasing strategy, ESPO are able to take advantage of market movements to the benefit of customers. This is achieved by purchasing energy in advance when commodity prices are at their most advantageous. Flexible purchasing also limits exposure to the significant spikes in pricing by securing energy requirements in advance at multiple opportunities rather than at a single decision point.



### 3 How does this deliver objectives of the Corporate Plan?

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|  | A connected and accessible Sandwell<br>The securing of a continuous contractual source of supply of Mains Electricity will ensure the Council's property portfolio is available to support the provision of all Council services |
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### 4 Context and Key Issues

- 4.1 A CPB is defined in the Public-Sector Contract Regulations as a 'contracting authority' that;
- acquires goods and services intended for one or more contracting authorities
  - awards public contracts intended for one or more contracting authorities
  - concludes framework agreements for goods, services or works intended for one or more contracting authorities.

The most recognisable CPBs are known as the Pro5.

- 4.2 The Pro5 is a group of regional local government CPBs that provide procurement services to the wider public sector and along with the Crown Commercial Service offer accredited Public Contracts Regulations 2015 compliant energy frameworks. The Pro5 members are;
- Central Buying Consortium (CBC Laser)
  - Eastern Shires Purchasing Organisation (ESPO)
  - North Eastern Purchasing Organisation (NEPO)
  - Consortium Education (formerly West Mercia Supplies)
  - Yorkshire Purchasing Organisation (YPO)
- 4.3 It is proposed that participation in ESPO Framework 191\_24 will be for the period 1 October 2024 to 30 September 2028 and based on current levels of consumption and price, the annual expenditure on electricity (including the participating schools) will have a value of £6,102,000.



## 5 Alternative Options

- 5.1 One alternative option would be to undertake tendering exercises on behalf of the Council in isolation of the Pro5 providers which would be against the best practice guidance published from the Pan-Government Energy Project. Alternatively, seek to transfer to another Pro5 Framework provider but this would result in the loss of representation on stakeholder governance panels.

## 6 Implications

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| <b>Resources:</b>            | Based on current levels of consumption and expenditure, the annual value of the contract for the Supply of Mains Electricity over the proposed four-year period is £6,102,000. Funding will be drawn from existing service level budget provision. |
| <b>Legal and Governance:</b> | The use of the ESPO Frameworks is in accordance with the Public Contracts Regulations 2015 and the Council's Procurement & Contract Procedure Rules.   |
| <b>Risk:</b>                 | There are no risk implications that need to be considered as part of this report.  |
| <b>Equality:</b>             | There are no equality issues that need to be considered as part of this report.  |
| <b>Health and Wellbeing:</b> | There are no health and wellbeing issues that need to be considered as part of this report.  |
| <b>Social Value</b>          | When establishing the Framework, ESPO tested the suppliers' abilities to provide social value in line with the Public Services (Social Value) Act 2012.  |

## 7. Appendices

None

## 8. Background Papers

None

