

REPORT TO CABINET

17 July 2019

Subject:	Supply Agreements for the Council's Electricity and Gas Provider
Presenting Cabinet Member:	Councillor Ali – Cabinet Member for Resources and Core Services
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Key Decision:	Yes
Cabinet Member Approval and Date:	Councillor Ali
Director Approval:	Darren Carter
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exemption provisions do not apply-
Ward Councillor (s) Consulted (if applicable):	Local wards are not affected by the proposals
Scrutiny Consultation Considered?	Scrutiny have not been consulted
Contact Officer(s):	Neil Whitehouse Procurement Officer neil_whitehouse@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. Consider and approve the use of Eastern Shires Purchasing Organisation (ESPO) Frameworks 191 and 192 to appoint Total Gas & Power Ltd as the Council's Electricity provider until 30/09/2024 and Gas provider until 31/03/2023.
2. That the Director – Law and Governance and Monitoring Officer be authorised to execute any documents necessary to give effect to the recommendation set out in 1 above.

1 PURPOSE OF THE REPORT

- 1.1 To seek approval to use ESPO Frameworks 191 and 192 to appoint Total Gas & Power Ltd for the provision of Electricity and Gas until 30/09/2024 and 31/03/2023 respectively.

2 IMPLICATION FOR THE VISION 2030

- 2.1 The use of this Framework will enable the Council to maintain its national reputation for getting things done where all local partners are focused on what really matters in people's lives and communities.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 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.
- 3.2 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.

3.3 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 EU 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 THE CURRENT POSITION

4.1 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.

4.2 The Council currently has 1126 electricity supply points and 241 gas supply points that are included in the ESPO energy framework arrangements.

4.3 ESPO has recently undertaken EU compliant tendering exercises for both electricity and gas on behalf of over 100 Local Authorities, Schools, Housing Associations and Charities with a combined total of 26000 supply points. Following the evaluation of returned tenders, the bids submitted by Total Gas & Power were the most competitive and were duly recommended for acceptance by the stakeholder governance panel for the periods stated in 1.1 of this report.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 Total Gas & Power Ltd are the current supplier of both electricity and gas to the Council's property portfolio and those officers responsible for the processing of billing within Directorates have confirmed they are satisfied with the current level of service being provided.

6 ALTERNATIVE OPTIONS

- 6.1 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, the Council could seek to transfer to another Pro5 Framework provider, but this would result in the loss of representation on stakeholder governance panels.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 Based on current levels of spend, the Council's estimated annual expenditure during each of the four years of using these frameworks for the supply of electricity and gas is as follows;

- Electricity (including Street Lighting) £4,000,000
- Mains Gas £260,000

- 7.2 The above costs reflect indicative annual savings of £120,000 achieved as a result of the Council replacing street lighting lanterns with low energy LED bulbs.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The use of the ESPO Frameworks is in accordance with the Public Contracts Regulations 2015 and the Council's Procurement & Contract Procedure Rules.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 There are no equality issues that need to be considered as part of this report.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 There are no data protection issues that need to be considered as part of this report.

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 There are no crime and disorder issues that need to be considered as part of this report.

12 SUSTAINABILITY OF PROPOSALS

12.1 There is no sustainability of proposals that need to be considered as part of this report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 There are no health and wellbeing issues that need to be considered as part of this report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 There is no impact on any Council managed property or land that needs to be considered as part of this report.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The Council has been supplied with electricity and gas by Total Gas & Power Ltd for the last four years via ESPO Frameworks 191 and 192. Following the completion of the latest tendering exercise conducted by ESPO, the bids submitted by Total Gas & Power for both utilities were once again the most competitive so approval is sought to use ESPO Frameworks 191 and 192 to appoint Total Gas & Power Ltd for the provision of Electricity and Gas until 30/09/2024 and 31/03/2023 respectively.

16 BACKGROUND PAPERS

16.1 None

17 APPENDICES:

None

Darren Carter, Executive Director – Resources