

Enquiries to:
Wendy Bolton

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Date: 27th August, 2019

Dear Sir/Madam,

Cabinet – 4th September, 2019

I refer to the meeting of Cabinet to be held on Wednesday, 4th September, 2019 and attach the following items which was marked “to follow” on the agenda:

Agenda Item 10: Procurement Of Electricity (attached Page 2)

Agenda Item 11: Procurement Of Gas (attached Page 7)

Yours faithfully,

Brent Davis

Executive Director - Operations

To: Members of Cabinet

Councillor J.A. Jackson	(Finance & Civic Affairs (Leader))
Councillor N.J.P. Phillips	(Planning, Development & Health (Deputy-Leader))
Councillor I.K. Lloyd	(Arts & Leisure)
Councillor J. Sheppard	(Central Services & Refuse)
Councillor C. Watkins	(Housing & Communities)

CABINET

Report Summary Sheet

Date: 4th September 2019

Subject: **Procurement of Electricity**

Portfolio: Finance and Civic Affairs [Councillor J. A. Jackson]

From: Executive Director – Operations and Executive Director – Resources

Summary: This report seeks Cabinet's approval for the Borough Council to remain in a service agreement with the Eastern Shires Purchasing Organisation [ESPO] as agents for the procurement of electricity once our current arrangements with them expire at the end of September 2020.

Recommendations:

That the Borough Council continues its service agreement with the Eastern Shires Purchasing Organisation [ESPO] as agents for the procurement of electricity when our current arrangements with them expire at the end of September 2020, for the period 1st October 2020 to 30th September 2024

Reasons: In order to allow the Council to benefit from the economies of scale applicable to a consortia purchasing arrangement that will provide the Council with fixed prices for each financial year that are known in advance of that financial year commencing.

Options:

1. Approve the recommendations
2. Do not approve the recommendation and seek an alternative procurement agent for electricity.

Subject to call-in:	Yes.
Forward plan:	Yes.
Delivering our Future Theme:	3
Delivering our Future Priority	3 and 4
Relevant statutes or policy:	The Public Contracts Regulations 2015 Contract Procedure Rules

Equal opportunity implications:	No direct equal opportunities implications.
Human resources implications:	No direct human resources implications.
Financial implications:	The Borough Council spends around £680,000 per year on electricity. ESPO have undertaken an EU compliant tender process and are purchasing on a national level with large economies of scale. Therefore competitiveness in the wholesale market place for purchasing electricity has been assessed as part of the ESPO procurement process.
Health Inequalities Implications:	No direct health inequalities implications.
Section 17 - Crime and Disorder Implications:	No direct Section 17 – Crime and Disorder implications.
Risk management implications:	The recommendation for the Borough Council to continue its service agreement with

ESPO as agents for the procurement of electricity will ensure that the procurement is compliant with legislative requirements; will provide the Council with fixed prices for each financial year that are known in advance of that financial year commencing hence improving budgeting activities and will remove the need to potentially change supplier every year which proved to be problematic in terms of end and start of contract meter readings, contract rates and general accuracy of billing.

Environmental implications:

We can choose to require ESPO to source all of our Electricity from renewable sources

Legal implications:

Due to the values of the Borough Council's requirement for electricity, any supply contract will need to be awarded subject to The Public Contracts Regulations 2015. ESPO have undertaken an EU compliant tender process.

Contact details:

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AGENDA ITEM NO. 10.

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Cabinet – 4th September 2019

From: Executive Director – Operations and Executive Director – Resources

Subject: Procurement of Electricity

Portfolio: Finance and Civic Affairs [Councillor J. A. Jackson]

1. Purpose of Report

- 1.1 To seek Cabinet's approval for the Borough Council to remain in a service agreement with the Eastern Shires Purchasing Organisation [ESPO] as agents for the procurement of electricity once our current arrangements with them expire at the end of September 2020.

2. Recommendations

- 2.1 That the Borough Council continues its service agreement with the Eastern Shires Purchasing Organisation [ESPO] as agents for the procurement of electricity when our current arrangements with them expire at the end of September 2020, for the period 1st October 2020 to 30th September 2024

3. Report

- 3.1 ESPO is a well established purchasing and distribution consortium of 6 local authorities operating under the Local Authorities (Goods & Services) Act 1970. Membership of the consortium comprises:

Cambridgeshire County Council	Lincolnshire County Council
Leicestershire County Council	Peterborough City Council
Norfolk County Council	Warwickshire County Council

- 3.2 ESPO is a major purchaser with over 30 years experience of purchasing energy, including gas, electricity, heating and automotive fuels, aviation fuel, coal and LPG on behalf of over 5,000 local authorities, public and charitable sector customers. ESPO is also very active in managing and influencing the energy supply chain both through direct contact with the various industry Regulators, Government Departments, Parliamentary Committees and key

organisations such as National Grid, and through active participation in consumer groups.

- 3.3 Since 2012 the Borough Council has been in an agreement with ESPO for them to act as agents for the procurement of our electricity supplies via a consortium purchasing scheme. The service we have received from ESPO in terms of value for money, on-going communications and issue resolution has been very good.
- 3.4 Due to the values of the Borough Council's requirement for electricity, which is around £680,000 per year, any supply contract will need to be awarded subject to The Public Contracts Regulations. ESPO have undertaken an EU compliant tender process and are purchasing on a national level with large economies of scale. Therefore competitiveness in the wholesale market place for purchasing electricity has been assessed as part of the ESPO procurement process.
- 3.5 This framework will provide the Council with prices for each financial year that are known in advance of that financial year commencing hence improving budgeting activities. The incremental way in which ESPO purchases gas and electricity through the framework agreements also reduce the risk that the Borough Council, and ESPO's other public sector customers, will be adversely and unexpectedly affected by peaks in commodity prices. The 4 year duration of the framework will also remove the need to potentially change supplier every year which in the past proved to be problematic in terms of end and start of contract meter readings, contract rates and general accuracy of billing.

CABINET

Report Summary Sheet

Date: 4th September 2019

Subject: **Procurement of Gas**

Portfolio: Finance and Civic Affairs [Councillor J. A. Jackson]

From: Executive Director – Operations and Executive Director – Resources

Summary: This report seeks Cabinet's approval for the Borough Council to renew a service agreement with the Eastern Shires Purchasing Organisation [ESPO] as agents for the procurement of gas until 31st March 2023.

Recommendations:

That the Borough Council continues its service agreement with the Eastern Shires Purchasing Organisation [ESPO] as agents for the procurement of gas until 31st March 2023..

That, due to the need for the Borough Council to confirm at the earliest opportunity that it wishes to continue its service agreement with ESPO as agents for the procurement of gas, this decision be marked "not for call in" by virtue of its urgency.

Reasons: In order to allow the Council to benefit from the economies of scale applicable to a consortia purchasing arrangement that will provide the Council with fixed prices for each financial year that are known in advance of that financial year commencing.

Options:

1. Approve the recommendations
2. Do not approve the recommendation and seek an alternative procurement agent for gas.

Subject to call-in:	No by virtue of the urgency of the decision.
Forward plan:	Yes.
Delivering our Future Theme:	3
Delivering our Future Priority	3 and 4
Relevant statutes or policy:	The Public Contracts Regulations 2015 Contract Procedure Rules

Equal opportunity implications:

No direct equal opportunities implications.

Human resources implications:

No direct human resources implications.

Financial implications:

The Borough Council spends around £250,000 per year on gas.

ESPO have undertaken an EU compliant tender process and are purchasing on a national level with large economies of scale. Therefore competitiveness in the wholesale market place for purchasing gas has been assessed as part of the ESPO procurement process.

Health Inequalities Implications:

No direct health inequalities implications.

Section 17 - Crime and Disorder Implications:

No direct Section 17 – Crime and Disorder implications.

Risk management implications:

The recommendation for the Borough Council to continue its service agreement with

ESPO as agents for the procurement of gas will ensure that the procurement is compliant with public sector procurement requirements; will provide the Council with fixed prices for each financial year that are known in advance of that financial year commencing hence improving budgeting activities and will remove the need to potentially change supplier every year which proved to be problematic in terms of end and start of contract meter readings, contract rates and general accuracy of billing.

Environmental implications:

No direct environmental implications

Legal implications:

Due to the values of the Borough Council's requirement for gas, any supply contract will need to be awarded subject to The Public Contracts Regulations 2015. ESPO have undertaken an EU compliant tender process.

Contact details:

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AGENDA ITEM NO. 11.

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Cabinet - 4th September 2019

From: Executive Director – Operations and Executive Director – Resources

Subject: Procurement of Gas

Portfolio: Finance and Civic Affairs [Councillor J. A. Jackson]

1. Purpose of Report

- 1.1 To seek Cabinet's approval for the Borough Council to renew a service agreement with the Eastern Shires Purchasing Organisation [ESPO] as agents for the procurement of gas until 31st March 2023.

2. Recommendations

- 2.1 That the Borough Council renews its service agreement with the Eastern Shires Purchasing Organisation [ESPO] as agents for the procurement of gas until 31st March 2023.
- 2.2 That, due to the need for the Borough Council to confirm at the earliest opportunity that it wishes to continue its service agreement with ESPO as agents for the procurement of gas, this decision be marked "not for call in" by virtue of its urgency.

3. Report

- 3.1 ESPO is a well established purchasing and distribution consortium of 6 local authorities operating under the Local Authorities (Goods & Services) Act 1970. Membership of the consortium comprises:

Cambridgeshire County Council	Lincolnshire County Council
Leicestershire County Council	Peterborough City Council
Norfolk County Council	Warwickshire County Council

- 3.2 ESPO is a major purchaser with over 30 years experience of purchasing energy, including gas, electricity, heating and automotive fuels, aviation fuel, coal and LPG on behalf of over 5,000 local authorities, public and charitable sector customers. ESPO is also very active in managing and influencing the energy supply chain both through direct contact with the various industry Regulators,

Government Departments, Parliamentary Committees and key organisations such as National Grid, and through active participation in consumer groups.

- 3.3 Since June 2012 the Borough Council has been in an agreement with ESPO for them to act as agents for the procurement of our gas supplies via a consortium purchasing scheme.
- 3.4 This consortia approach has led to reductions in the real amount the Borough Council pays for its gas over the period since June 2012. The service we have received from ESPO in terms of value for money, on-going communications and issue resolution has been very good.
- 3.5 Due to the values of the Borough Council's requirement for gas, which is around £250,000 per year, any supply contract will need to be awarded subject to The Public Contracts Regulations. ESPO have undertaken an EU compliant tender process and are purchasing on a national level with large economies of scale. Therefore competitiveness in the wholesale market place for purchasing electricity has been assessed as part of the ESPO procurement process..
- 3.6 This framework will provide the Council with fixed prices for each financial year that are known in advance of that financial year commencing hence improving budgeting activities. The incremental way in which ESPO purchases gas through the framework agreements also reduce the risk that the Borough Council, and ESPO's other public sector customers, will be adversely and unexpectedly affected by peaks in commodity prices. The multi-year duration of the framework will also remove the need to potentially change supplier every year which in the past proved to be problematic in terms of end and start of contract meter readings, contract rates and general accuracy of billing.