

Committee: Cabinet

Date: 20 February 2023

Wards: All wards

Subject: Award of contract for corporate electricity supply

Lead officer: Louise Round, Interim Executive Director Innovation and Change

Lead member: Billy Christie - Cabinet Member for Finance and Corporate Services

Contact officer: Corin Freshwater-Turner – Energy and Sustainability Manager

Exempt or confidential report

The following paragraph of Part 4b Section 10 of the constitution applies in respect of information within the appendix and it is therefore exempt from publication:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Members and officers are advised not to disclose the contents of the appendix.

Recommendations:

- A. Award a 2+2+2-year contract to bidder A for the supply of electricity to sites covered by the corporate utility contract, starting from 1st April 2023.
- B. That authority to take up the 2 optional 2-year extensions on the contract be delegated to the Director of Innovation and Change in consultation with the Cabinet Member for Finance and Corporate Services.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The current corporate electricity supply contract, which supplies electricity to Council buildings and schools which choose to opt in, comes to an end on the 31st March 2023. This report seeks approval for the award of a 2-year contract, with 2 options to extend for 2 further years at the council's discretion, starting 1st April 2023 to Bidder A.
- 1.2. The wholesale utility market has been extremely volatile over the last year, with prices starting the year at historically high levels and climbing significantly during the year.
- 1.3. Central government have provided support for businesses and councils in this situation through the Energy Bill Relief Scheme, which is providing a price cap for energy rates over the 2022-2023 winter.
- 1.4. Since Autumn 2022 wholesale utility prices have been falling, due to increased gas storage and a mild winter, and this is likely to provide a lower cost per unit for electricity compared to last year.
- 1.5. This contract has been tendered once in September/October with no responses and this is second tendering process.

2 DETAILS

- 2.1. The Council's existing contract for the supply of electricity is due to expire on 31st March 2023, and the Council's Procurement Board has approved re-procurement of this contract.
- 2.2. The total value of the Council's Electricity Supply contract is estimated to be around £22,200,000 over the full 6-year term, based on current prices, although the majority of this expenditure will be made up of pass-through charges and the cost of wholesale energy. The actual supplier fees are anticipated to make up less than 0.5% of this value.
- 2.3. With the assistance of the Council's Energy Consultant / Third Party Intermediary (TPI), Inspired Energy, a competition was run off an agreed framework, ULT/09/2019/IE National Framework Agreement for Provision of Energy to Public Sector, to procure a new corporate electricity supplier for the coming years.
- 2.4. The further competition from the framework was released on 2nd December 2022 and was made available to all contractors on the framework via the London Tenders Portal.
- 2.5. Ultimately only 1 response was received.
- 2.6. The bid was evaluated by a panel of 3 officers, comprising 2 from Inspired Energy, and the Council's Energy and Sustainability Manager, Corin Freshwater-Turner.
- 2.7. The tender was assessed based on a split of 50% Price / 50% Quality, with quality criteria including questions covering customer service, billing, wholesale trading functions, social value and sustainability.
- 2.8. As only a single bid was received it scored 100% for the Price section.
- 2.9. Bidder A's overall quality score was 28% out of a possible 50%, and scored particularly well in areas such as onboarding and account management. Full details of the quality scoring can be found in exempt Appendix A.
- 2.10. It is therefore the recommendation of the panel that the contract for the supply of power be awarded to Bidder A.

3 ALTERNATIVE OPTIONS

- 3.1. Do not award a contract: This approach would not be compliant with the regulations or CSOs and would result in the supplies reverting to "out of contract" rates from 1st April. This would potentially significantly increase costs for all sites for the term of the contract.
- 3.2. Do not award and re-run the tender exercise: There is no guarantee that a second tender exercise would generate additional interest. Conducting a further exercise would also mean there would only be a very short time between the start of any contract and 1st April 2023, limiting the ability of Inspired to secure wholesale energy at the best price for the Council.
- 3.3. Do not award and run a full tender process: Conducting a further tender exercise would also mean there would only be a very short time between the start of

any contract and 1st April 2023, limiting the ability of Inspired to secure wholesale energy at the best price for the Council.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. N/A

5 TIMETABLE

5.1.

DATE	STAGE
17 th January 2023	Procurement Board
20 th February 2023	Cabinet
27 th February 2023	Notification of Intention to Award (issue accept and regret letters)
28 th February 2023	Mandatory Standstill period commences
9 th March 2023	Expiry of standstill period required under Regulation 87 of the Public Contracts Regulations 2015
9 th March 2023	Terms and Conditions agreed between Inspired Energy Solutions and the preferred Supplier(s)
10 th March 2023	Contract Award
11 th March 2023	Interim Contract Start Date – Electricity Trading Commences
1 st April 2022	Full Contract Start Date - Supply Commences

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. A credit check was carried out and the recommended contract limit is £24,000,000. The report further states “**all contract may be considered**”.

6.2. The accounts and other financial information held at Companies House have been reviewed and no concerns regarding the financial viability of the company have been highlighted.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. Officers are recommending approval to award a call off contract to the Preferred Bidder following the conduct of a mini competition under the United Learning

Trust's National Framework Agreement for Provision of Energy to Public Sector ref. number ULT/09/2019/IE (the Framework).

7.2. The details of the conduct of the mini-competition and selection of the Preferred Bidder set out in the body of this report evidence full compliance with the Framework's call off process and the Council's CSOs (Contract Standing Orders) 12.4.

7.3. Once approved, a contract award notice and information about the award of the contract must also be published on Contracts Finder. Once concluded, the details of the completed Contract must be added to the Existing Contracts Register.

7.4. Section 9E of the Local Government Act 2000 permits the recommended delegation.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None identified

9 CRIME AND DISORDER IMPLICATIONS

9.1. None identified

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None identified

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix A – Scoring (Exempt)

12 BACKGROUND PAPERS

12.1. None identified