

REPORT TO: Executive Board

DATE: 7 December 2023

REPORTING OFFICER: Executive Director Environment & Regeneration

PORTFOLIO: Corporate Services

SUBJECT: Gas & Electricity Supply Contracts

WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT

- 1.1 The report is to notify Members that the Executive Director Environment & Regeneration has approved the award of the corporate gas supply contract to Total Energies. The report is also to seek Members approval to the award of the corporate electricity supply contract to EDF.

2.0 RECOMMENDED: That the report be noted and

- 2.1 That Members confirm approval of the award of the corporate electricity supply contract to EDF.

3.0 SUPPORTING INFORMATION

- 3.1 We purchase our energy supplies via the Crown Commercial Services (CCS) framework. CCS are an executive agency sponsored by the Cabinet Office and are the biggest provider of public sector frameworks in the UK thus can provide excellent value due to their bulk buying power.
- 3.2 CCS went through a tender process earlier in the year, the result being that Total Energies, previously named Total Gas & Power, were appointed as their gas provider, and EDF were appointed as their Electricity provider. Both companies were the previous providers so in essence they have both been reappointed. Our new arrangements commenced on October 2nd, 2023, and both frameworks until 20th February 2027.
- 3.3 The estimated average annual spend on gas over the duration of the contract for corporate sites is circa £800,000, thus making the total spend over the lifetime of the contract circa £2.75m. The estimated average annual spend on electricity over the duration of the contract for corporate sites is £1.65m, thus making the total spend over the lifetime of the contract £5.64m. The price of both the gas and electricity is fixed for a 12-month period commencing April 1st each year throughout the life of the contract.

- 3.4 There are a variety of purchase options available via the CCS framework and given the volatility in the energy market over recent years, it was decided that we should opt for the L24 option. This means the energy is purchased over a rolling 24-month period, the theory being that this gives more opportunity for the energy to be purchased when prices are lower so should offer better value in the long term. The only downside to this is we would need to give at least 2 years notice should we wish to opt out of the contract, so we are effectively tied into the new contracts. This option was approved by Management Team in December 2021.

4.0 POLICY IMPLICATIONS

- 4.1 The above course of action complies with our procurement strategy in respect of obtaining best value for money and ensuring that the procurement process is as efficient as possible.

5.0 FINANCIAL IMPLICATIONS

- 5.1 Purchasing our energy via Crown Commercial Services ensures we obtain good value for money due to their bulk buying power.
- 5.2 Schools and academies are able to purchase their gas and electricity supplies via these contracts, they pay direct and have the necessary funds in place to cover same. In respect of corporate buildings, again the budget is in place to cover the cost of the gas.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

None

6.2 Employment, Learning and Skills in Halton

None

6.3 A Healthy Halton

None

6.4 A Safer Halton

None

6.5 Halton's Urban Renewal

None

7.0 RISK ANALYSIS

- 7.1 The risk of not following the above course of action is that we would be in breach of contract as we opted for the L24 contract, and thus have to give at least 2 years notice if we wish to opt out of the contract. If it was decided that we did wish to opt out of the arrangement, we would need to instigate an alternative procurement process in the future which would be unlikely to bring any significant cost savings given the buying power of Crown Commercial Services.

8.0 EQUALITY AND DIVERSITY ISSUES

None.

9.0 CLIMATE CHANGE IMPLICATIONS

- 9.1 82% of the electricity generated on the EDF supply contract comes from non-carbon generating sources, which is well below the UK average of circa 55%. There are no specific climate change implications in respect of the above course of action

10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the act