

Report to Cabinet
12 June 2019
Report of Director of neighbourhoods
Subject To award a contract for the councils electricity supply requirements

Item

12

KEY DECISION

Purpose

To seek approval to delegate authority to the director of neighbourhoods in consultation with the cabinet member for resources to award a contract for the council's electricity supply provision.

Recommendations

To delegate approval for the director of neighbourhoods in consultation with the cabinet member for resources to award the contract for the council's electricity requirements for four year period 1 October 2020 to 30 September 2024.

Corporate and service priorities

The report helps to meet the corporate priority great neighbourhoods, housing and environment

Financial implications

The costs arising from this decision will be met from approved budgetary provision within both the housing revenue account and general fund, being 85% and 15% respectively. The approximately annual value is £700,000, depending on usage and the annual rates obtained for the electricity product.

Ward/s: Multiple Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Richard Buckenham, contracts officer

01603 212781

Background documents

None

Report

Introduction

1. The council has multiple sites that require electricity supplies. These are split between housing sites, for example communal areas in flats and other council owned sites, for example council offices and parks. These amount to over 1,000 separate accounts.
2. The current contract comes to an end on 30 September 2020. This contract was awarded via an Eastern Shire Purchasing Organisation (ESPO) framework which is open to local authorities to access.
3. A framework such as this ESPO framework remains the best way to obtain value for money electricity supplies based on the bulk purchasing power available to them.
4. Whilst in recent years the council's energy use has fallen due to the ongoing carbon management programme; building rationalisation and the purchasing of certified renewable energy; over the same period of time the price of energy has increased especially standing charges and government levies which are charged at the same rates by all framework suppliers.
5. Electricity is currently purchased using fully green electricity energy provisions and the proposed supply will be purchased in the same way going forward. Although more expensive than conventionally sourced electricity by using fully certified green electricity the council is able to save over 1,900 tons of CO₂ annually. If the council decided to revert back to non-green or uncertified green energy the council's carbon footprint would increase by 28%.
6. To enable ESPO to purchase at competitive market rates they require up front commitment to enable them to purchase the electricity a year in advance of need.
7. It is recommended that the council commits to the ESPO framework for the four year period from 1 October 2020.
8. A delegation is required as the winning supplier for this period will not be known until ESPO has gone out to market to select the supplier offering the best value for money to administer the contract.

Risk implications

9. If the ESPO framework, or similar, is not used the council would pay current market prices for its electricity requirements. These could be considerably higher than those that will be obtained by ESPO using their buying power.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	12 June 2019
Director / Head of service	Bob Cronk
Report subject:	To award a contract for the councils electricity supply requirements
Date assessed:	20 May 2019
Description:	To seek approval to delegate authority to the director of neighbourhoods in consultation with the cabinet member for resources to award a contract for the council's electricity supply provision.

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	An Eastern Shires Purchasing Organisation framework ensures the council achieves value for money for electricity provision. An open tendering process will be carried out to ensure the supplier selected to provide this service will ensure that best value is achieved.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Electricity is currently purchased using fully green electricity energy provisions and will be purchased in the same way going forward.

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>1. Risk of challenge from unsuccessful suppliers:</p> <p>Any tenders and frameworks will have followed a restricted process carried out by ESPO, with award criteria being based on the most economically advantageous tender, there is no risk of challenge from unsuccessful suppliers at this stage.</p> <p>2. Risk of supplier failure:</p> <p>There is a risk that the appointed suppliers could fail during the life of the contract. This is low risk as any supplier selected will be a multi-national company but if it does happen our services would continue to be provided. In addition the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact that this contract is planned in nature.</p>

Recommendations from impact assessment

Positive

Negative

Neutral

Issues