

## Executive Decision Making by an Officer with Delegated Powers

Decision to be taken by: Jo Walker, Director of Strategic Finance & Enabling Services

Pursuant to an Authorisation from: Cabinet - Energy procurement  
(Gloucestershire County Council Estate and Schools (inc academies) – 18<sup>th</sup> July 2018

Report title: Award of contracts for the provision of energy supplies and services to Gloucestershire County Council

<p><b>The decision</b></p>	<ol style="list-style-type: none"> <li>1) Appoint West Mercia Energy (“WME”), a third party public buying organisation (“PBO”), to act on the council’s behalf in purchasing electricity and gas and provide bureau services for GCC and its corporate electricity and gas users.</li>   <li>2) Authorise WME to award, to a single supplier, a contract for the supply of electricity for a maximum of 4 years (a 2 year initial term with an option to extend for up to 2 years)</li>   <li>3) Authorise WME to award, to a single supplier, a contract for the supply of electricity for a maximum of 4 years (a 2 year initial term with an option to extend for up to 2 years)</li> </ol>
<p><b>Background documents</b></p>	<p>Energy procurement cabinet report – 18 July 2018  <a href="http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=117&amp;MId=8900&amp;Ver=4">http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=117&amp;MId=8900&amp;Ver=4</a> change this to the one for energy.....</p>
<p><b>Reasons for the decision</b></p>	<p>To enable the Council to buy energy so as to best manage price risks, in accordance with best practice.</p>
<p><b>Resource implications</b></p>	<p>There is no change since the cabinet report approval. The contract for the supply of electricity will be for a maximum of 4 years (a 2 year initial term with an option to extend for up to 2 years) with an estimated full life value of £20.2m.</p> <p>The contract for the supply of gas will be for a maximum of 4 years (a 2 year initial term with an option to extend for up to 2 years) with an estimated full life value of £6.6m.</p>
<p><b>Who has been consulted?</b></p>	<p>Lead Cabinet Members Ray Theodoulou and Nigel Moor have been consulted.  <i>&amp; Cllr Theodoulou supported in meeting 14/1/2019.</i></p>

**What were their comments?**

The Cabinet Members named above are supportive of the proposed approach. They commented that officers need to ensure the buying and selling strategies align but that they were satisfied with the conclusion of the appraisal which led officers to recommend continuation of using WME to provide bureau services to Gloucestershire County Council and its consortium of energy users. They were comfortable that officers had reviewed relevant options and the market.

**Background/Context**

In July 2018 Cabinet agreed proposals to purchase energy (gas and electricity) on behalf of Gloucestershire County Council Estate and Schools (inc. academies).

These supplies will be procured as separate contracts, through a Public Buying Organisation – which complies with Government recommended best practice and allows for effective management of energy contracts, billing, bill validations and challenges, meter services and energy demand management (collectively known as bureau services). All contracts will be conducted through OJEU compliant tenders and GCC follow government guidance by procuring on a flexible forward buying basis to secure optimum prices.

The Council's gas and electricity are currently bought through West Mercia Energy (WME) a Central Purchasing Organisation (CPO) owned by a consortium of local authorities, buying on behalf of other public bodies. WME compliantly procure volume contracts for clients, using a variety of techniques to best manage market rates. They also provide services that include billing validation and management of usage data.

Current contract performance from WME has been externally reviewed as providing good value for money with competitive prices and a continuation of service from this provider is recommended.

**Alternative options considered and why they were rejected**

Alternative options were considered and set out in the report to Cabinet in July 2018, these were:

- 1) Purchasing energy independently of a Public Buying Organisation - this is not recommended as the opportunity to secure better prices through advance commitments and collaborative purchasing with other public sector bodies would be lost, along with the efficiencies and benefits of contract management and bill administration
- 2) Combine purchases of gas and electricity into a single contract - this option is not recommended as it assessed as not providing best value prices for each commodity. Separate contracts are recommended.

**Equalities considerations**

In the development of the procurement approach 'due regard' was given to the aims of the Public Sector Equality Duty under the Equalities Act 2010 and, as stated in the July 2018 Cabinet report; it was concluded that the process of procuring electricity and gas for the Council estate and schools, and selling any generated electricity will have no significant equality implications for the 'protected characteristics' given the nature of the services involved, and this remains unchanged.

**Has a Due Regard Statement been completed?** N/A – see above

**Has any conflict of interest been declared by any Cabinet Member consulted on the decision?**

No

**If any conflict of interest declared, was a dispensation granted by the Audit and Governance Committee of the Council?**

Date of dispensation:

**Does this decision report form or any supporting papers provided contain confidential or exempt information?**

No

**Does this decision need to be published on the GCC website?**

Yes

Having fully considered all available information, I have decided to reject any alternative options and take the recommended decision(s), for the reasons set out in this report.



Signed

*Jo Walker, Director of Strategic Finance & Enabling Services*

Date 14/1/2019 .

Contact details for further information:

Officer: Lisa Pritchard & Cerian Price (Place), Commercial Services

Tel:01452 426523

Email: [lisa.pritchard@gloucestershire.gov.uk](mailto:lisa.pritchard@gloucestershire.gov.uk)