

REPORT 5**HARBOROUGH DISTRICT COUNCIL****REPORT TO THE CABINET MEETING OF JULY 1st 2019****PUBLIC REPORT: YES****EXEMPT REPORT: NO**

Report Title	Electricity Supply Contract
KEY DECISION	Yes
Report Author	Jonathan Ward-Langman
Purpose of Report	To request Cabinet approval for the Council to enter into a contract for electricity supplies commencing October 1st 2020
Reason for Decision	The value of the contract to be awarded is in excess of £200,000; Cabinet approval is therefore required.
Portfolio (holder)	Councillors King and Hallam
Corporate Priorities	All: essential to the Council's functions and operation.
Financial Implications	The value of the contract over its term is estimated at £450,000. The procurement method represents the best means of securing value for money.
Risk Management Implications	Failure to ensure electricity supply would put at risk the safe and effective function of the Council.
Environmental Implications	None (see below, 2.4)
Legal Implications	None
Equality Implications	None
Data Protection Implications	None
Consultation	Head of Environmental Services, Economic Development and Major Projects; Head of Legal and Democratic Services & Monitoring Services; Head of Finance and Corporate Services and s151 Officer
Options	The Council could seek an alternative means of procuring electricity supplies through a compliant tender. This is not recommended as it would increase the risk to the Council of failure to achieve value for money (see below).
Background Papers	None
Recommendation	1. That the Council awards a contract for electricity supplies commencing October 1st 2020 to Total Gas & Power Limited (TGP) via Eastern Shires Purchasing Organisation (ESPO) Framework Reference 191_20

1. Introduction

1.1. Electricity supplies are essential to the Council's operation and function; the Council has procured its energy requirements through ESPO frameworks for several years and this has always proved efficient and reliable. Procurement of a new contract by the same method will ensure supply and is the preferred means of achieving value for money.

2. Key Facts

2.1. The Council awarded a contract for electricity supplies that commenced on October 1st 2016 to Total Gas & Power Limited (TGP) through ESPO framework 191; this expires on September 30th 2020. Long term commitment to contracts for energy enables the Council to achieve value for money and security of supply.

2.2. The UK Cabinet Office advises that aggregation of public sector energy procurement through a Professional Buying Organisation (PBO) such as ESPO is the best method of reducing energy costs for Local Authorities: the PBO is able to purchase energy flexibly because of the number of customers it serves, taking advantage of market fluctuations to manage risk and increase the likelihood that customers will secure energy supplies at the best price.

2.3. Procurement through a Framework agreement is the most cost efficient method available to the Council; the alternative would be a tender under PCR 2015 regulations (an 'OJEU tender') which would be unduly onerous; it would also expose the Council to unnecessary risk as it would not allow access to the benefits of aggregation and because the Council does not have access to specialist energy buying expertise.

2.4. The ESPO 191 framework agreement is a single provider framework and TGP is the sole supplier. When the framework was tendered, energy efficiency, access to 'green' energy, and reduction of customers' 'carbon footprint' were evaluated (along with Social Value contributions) as technical criteria: TGP supports a number of initiatives to benefit communities, including collaboration with the Young People's Trust for the Environment (YPTE) to promote environmental learning and project work in schools; TGP also offer Green Power to ESPO and their customers helping customers to reduce their carbon footprint.

2.5. This is a routine procurement exercise that represents 'business as usual' and is essential to maintain the Council's operations and function. Authorisation of the award by Cabinet is necessary because the value of the contract exceeds £200,000 (HDC Procurement SORP, 28.1).