

Committee:	Executive	Agenda Item No.:	12.
Date:	2 nd November 2009	Status	Open
Category	2. Decision within the functions of Executive		
Subject:	Future Procurement of Gas & Electricity		
Report by:	Head of Shared Procurement Unit		
Other Officers Involved	Property & Estates Manager		
Director	Director of Resources		
Relevant Portfolio Holder	Cabinet Member for Corporate Efficiency		

RELEVANT CORPORATE AIMS

ENVIRONMENT – Promoting and enhancing a clean and sustainable environment.
 STRATEGIC ORGANISATIONAL DEVELOPMENT – Continually improving our organisation.

This help to deliver the corporate aims by:

- Making the best value, lowest risk purchase of gas and electricity
- Considering the use of energy from renewable sources

TARGETS

None.

VALUE FOR MONEY

This proposal delivers value for money for the Council and its customers by making the best value, lowest risk purchase of gas and electricity.

1.0 CURRENT POSITION

- 1.1 Bolsover District currently participate in a framework set up by Nottinghamshire County Council for the procurement of gas and electricity. These contracts are for two years and expire on 31 March 2011.

- 1.2 The suppliers on the current Nottinghamshire framework are:
- Half hourly Electricity- **British Gas**;
 - Non-half hourly electricity / unmetered electricity- **British Gas**;
 - Gas- **Corona**
- 1.3 Spend by Bolsover DC for the year 2008/09
- British Gas **£287,872**
 - Corona **£43,207**
- 1.4 BDC pay a fee of approximately **£3,000** per annum to Nottinghamshire CC for the privilege of making use of the framework.

2.0 ISSUES

- 2.1 Nottinghamshire have decided that they are no longer large enough to achieve the critical mass required to effectively deal with the energy market. They will let the current framework run, but will not be re-letting it once it expires.
- 2.2 Nottinghamshire decided to place their energy requirements with another Central Purchasing Body (CPB) contract. They settled on exploring the offerings from ESPO and Buying Solutions. The details of the frameworks were examined and reported on by County. Representatives from each organisation were invited to present to the County and District representatives on 16th September. Representatives from the Districts were also present at this meeting.
- 2.3 Subsequently, County and the other Nottinghamshire Districts have decided to sign up with Buying Solutions for the delivery of both gas and electricity for delivery commencing April 2011 (when the existing delivery arrangement expires).

3.0 "BUYING SOLUTIONS" OFFERING

- 3.1 The Buying Solutions framework was OJEU advertised and is open for all public authorities (including Local Authorities) in the UK to use. Buying Solutions currently supply energy to all central government departments (except the DWP) and around 126 Local Authorities.
- 3.2 The framework suppliers are:
- Half hourly Electricity- **EDF**;
 - Non-half hourly electricity / unmetered electricity- **British Gas**;
 - Gas- **Corona**
 - Access Fee- **£4,993pa**
- 3.3 According to the Service Level Agreement, BDC would sign up to a rolling annual contract which the Council may terminate by giving twelve months notice in writing.

4.0 SIGN UP

- 4.1 For delivery commencing in April 2011, Buying Solutions recommend that framework participants sign up as soon as possible. This will mean that Buying Solutions have a full eighteen month lead time in which to start purchasing energy in chunks (hedging). Their team of expert energy buyers will use their skill and expertise to purchase chunks of energy when they feel that the market is most advantageous, ie they may buy Winter 2011 in one chunk, then September 2012 at another point etc. The Council can advise Buying Solutions to purchase chunks right up to the delivery date. The price is then smoothed out over the twelve month delivery period. Buying Solutions are also able to deal in the purchase of energy from sustainable sources.

ISSUES/OPTIONS FOR CONSIDERATION

The Office for Government Commerce strongly recommends that Districts participate in collaborative energy buying. There are several organisations that can provide a collaborative energy buying service. Following detailed benchmarking, it appears that the Buying Solutions framework is the best option for Bolsover DC.

IMPLICATIONS

Financial: Ensuring that Best Value is achieved in the purchase of energy
Legal: Making use of a framework agreement tendered by a Central Purchasing Body
Human Resources: None

RECOMMENDATION(S)

- 5.1 That approval be given to join the Buying Solutions energy purchasing framework. The Contract to be endorsed by the Solicitor to the Council.
- 5.2 That the Contract is carefully monitored by the Property and Estates Manager so that any review periods are dealt with correctly.

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

To ensure the Council achieves best value in its purchase of energy in the future.

ATTACHMENTS: **N**
FILE REFERENCE:
SOURCE DOCUMENT: