


FORM 1

NOTICE OF DELEGATION OF DECISION TO CABINET MEMBER BY STRONG LEADER

Section 15(4) of the Local Government Act 2000, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

I, Cllr Marcus Hart, as Strong Leader, delegate the decision to progress the procurement of a new energy contract for both gas and electric supply, to the Cabinet Member detailed below:

Cabinet Member: Councillor N J Desmond, Deputy Leader and Cabinet Member for Resources and Transformation

Dated: 13th January 2015
Signed: 
.....
Leader of the Council

FORM 2

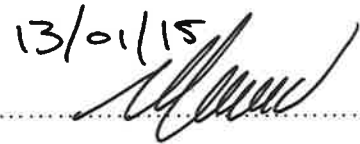
NOTICE OF DECISION OF CABINET MEMBER

Pursuant to Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

In accordance with the authority delegated to me by the Leader, I have made the following decision:

Subject	Decision	Reason for decision	Date for Decision to be taken
New Gas and Electric Supply Contract	To authorise the entering into a contract for the provision of gas and electricity with the Yorkshire Purchasing Organisation for the period 1 April 2015 to 31 March 2019.	To ensure new competitive energy contracts are in place to secure the best value for the Council	13/01/15

I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.

Dated: 13/01/15
Signed: 
Councillor:N J Desmond.....
Cabinet Member

WYRE FOREST DISTRICT COUNCIL

CABINET DECISION FOR STRONG LEADER APPROVAL
DECEMBER 2014

Contract for the supply of Energy

Exempt	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN THEME:	Delivering together with Less
CABINET MEMBER:	Councillor N J Desmond
DIRECTOR:	Ian Miller
CONTACT OFFICER:	Elaine Brookes Ext. 2797 elaine.brookes@wyreforestdc.gov.uk
APPENDICES:	Appendix A – Electric & Gas Comparisons

1. PURPOSE OF REPORT

- 1.1 To progress the procurement of a new energy contract for both gas and electric supply.

2. RECOMMENDATION

The Cabinet Member is asked to DECIDE:

- 2.1 To authorise the entering into a contract for the provision of gas and electricity with the Yorkshire Purchasing Organisation (YPO) in accordance with the details within this report.

3. BACKGROUND

- 3.1 The Council's current purchasing agent for gas and electricity is the Yorkshire Purchasing Organisation (YPO) with supply for electricity with N-Power and British Gas for the gas supply.
- 3.2 The existing contract with YPO for electricity supply expires in March 2015 and the gas supply in March 2017. Officers are seeking to maximise any savings that could be delivered in respect of these supplies.
- 3.3 In accordance with Contract procedure Rule 17, officers have established that a relevant framework agreement exists for the supply of electricity and gas.
- 3.4 Energy contracts are very complex in procurement terms and in order to take advantage of a new YPO Framework Agreement due to commence 1 April 2015 an in-depth price comparison has been carried out by the Financial Support Officer (Property) to compare electricity and gas supply prices between the Yorkshire Purchasing Organisation (YPO) and Laser Energy Buying Group as detailed in Appendix A – electric and gas comparisons.
- 3.5 It would be advantageous to end the current contract with YPO early for the gas and enter into the new contract from 1 April 2015 to enable the Council to maximum the

potential for savings in the supply of energy provision for the period up to March 2019 and embrace the opportunity to synchronise the electric and gas contract with the same renewal date.

4 KEY ISSUES

- 4.1 The framework has followed EU procurement regulations and was subject to the full EU procurement process.
- 4.2 Because the energy supply for the first year of the contract needs to be bought (commencing 1 April 2015), the Council would need to enter into the new energy contract as soon as possible and end the current contract with YPO.
- 4.3 The new energy contract would cover the period 1 April 2015 – 31 March 2019.
- 4.4 The existing gas contract expires in March 2017; however, to benefit from synchronisation of contracts the Council has the opportunity to join the new framework to include the gas supply.

5. RECOMMENDATION

- 4.5 It is recommended that the Council purchase both its electric and gas supply through the framework from YPO for the period 1 April 2015 to 31 March 2019, as the framework offers the best value for money in terms of prices, performance in the market, management information and delivers a quality service.

7. FINANCIAL IMPLICATIONS

- 7.1 From the sample electricity Purchase In Advance (PIA) pricing provided by Laser for the period 01/10/2013 to 30/09/14, YPO were cheaper for both overlapping periods of 01/04/2014 to 31/03/2014, and 01/04/2014 to 31/03/2015. This would infer that YPO would continue to provide the more competitive pricing by this method.
- 7.2 Gas costs (PIA) compare Laser (supplied by Total Gas & Power) pricing for the period 01/04/2014 to 30/09/2014 with YPO's (British Gas) for 01/04/2014 to 31/03/2015. YPO are 29% cheaper for the current property mix.
- 7.3 YPO's energy pricing has procurement costs included within the unit cost; Laser has an additional "service option" fee to be included.
- 7.3 Energy markets are volatile, so either suppliers or purchasing methods can quickly become more or less favourable.
- 7.4 The budget for Energy going forward into 2015/16 is £179,450 pa. for electricity on all sites and £38,520 pa. for gas.

8. LEGAL AND POLICY IMPLICATIONS

- 8.1 The Contract Procedure Rules require Cabinet approval to enter into contracts where the estimated value of the contract exceeds £170,000.

8.2 The Contract Procedure Rules permit the use of framework agreements where the Procurement Officer and the Solicitor to the Council are satisfied that the Council can lawfully use them and that it is in the Council's interest to do so.

8.3 The terms and conditions will be reviewed by the Solicitor to the Council.

9 RISK MANAGEMENT

9.1 Failure to enter into the new energy framework could mean that the Council are left without an energy provider after 31 March 2015 at the end of the existing contract, or at best revert back to "standard" pricing policy.

9.2 YPO will need to procure the energy supply and the contract would need to be signed as soon as possible.

9.2 The Council could miss the opportunity to synchronise both the electricity and gas contracts; this would provide greater procurement power when the contract is due for renewal.

10. EQUALITY IMPACT ASSESSMENT

10.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment.

11. CONCLUSION

11.1 In entering into a contract with YPO using the framework the Council will achieve the most economically advantageous result in terms of price and quality of service.

12. CONSULTEES

12.1 Chief Executive

12.2 Head of Transformation and Communications

12.3 Finance Manager

12.4 Facilities & Asset Manager

13. BACKGROUND PAPERS

13.1 Appendix A – Electric & Gas comparisons

Summary

Site Name & Address	Post Code	Estimated Annual Consumption* (Please note we require HH Data for HH Motors)*	MPAN*	SUPP Data*	LASER PIA Basket pricing 01/10/13 - 30/09/14		
					Indicative LASER Unit Rate 1 (p/kWh)	Indicative LASER Unit Rate 2 (p/kWh)	Indicative LASER Standing Charge (£/month)
		155,669		03	9.881		4.83
		100,717		04	10.738	6.113	4.83
		138,580		05	10.597	6.209	16.56
		104,981		06	10.7	6.1	16.56
				07			
		440		08	10.686	6.167	16.56
Grand Total		500,387					

Indicative LASER Cost, Unit Rate 1 (£/annum)	Indicative LASER Cost, Unit Rate 2 (£/annum)	Indicative LASER Standing Charge (£/annum)	Estimated Total Annual Cost
£15,381.65		£1,912.68	£17,294.33
£4,136.77	£3,799.31	£289.80	£8,225.88
£13,529.76	£677.12	£794.70	£15,001.58
£8,420.00	£1,603.65	£397.44	£10,421.09
£47.02	£27.13	£397.44	£471.59
£41,515.20	£6,107.22	£3,792.06	£51,414.48

Band 06 KTH

30/09/2013	30/09/2014	Usage	
1118	27157	26039	25% Low
0	1327		
0	1779		
3069	56440		
0	11430		
0	10035	77942	75% High
		<u>103981</u>	

Estimated charges

Please Note the following:
 Comparisons are with LASER's Purchase In Advance (PIA) Basket
 Pricing from the 1/10/13 to 30/09/14 period has been used for indicative comparisons
 Although Supplies from the same network area (MPAN 14) have used these figures should be treated as indicative only
 These indicative prices exclude the LASER service fee, the POSO (£/supply) or Fully Managed (p/kwh) would apply dependent on choice of service level

YPO PIA pricing 01/04/13 - 31/03/14		
YPO Unit Rate 1 (p/kWh)	YPO Unit Rate 2 (p/kWh)	YPO Standing Charge (£/month)
03	9.705	2.429
04	10.384	6.043
	8.692	2.429
05	10.254	6.194
	9.479	14.293
06	10.339	6.186
	9.597	14.293
07	10.366	6.099
08	9.492	0.000

YPO Cost, Unit Rate 1 (£/annum)	YPO Cost, Unit Rate 2 (£/annum)	YPO Standing Charge (£/annum)	Estimated Total Annual Cost
£15,107.68		£961.88	£16,069.56
£3,608.36	£3,697.27	£116.59	£7,422.23
£415.91		£29.15	£445.06
£6,637.35	£675.49	£171.52	£7,484.36
£5,966.56		£514.55	£6,481.10
£8,135.92	£1,626.26	£343.03	£10,105.22
£41.76	£0.00	£0.00	£41.76
£39,913.55	£5,999.03	£2,136.72	£48,049.30

Laser versus YPO PIA pricing 01/04/13 - 31/03/14	Pricing Variance (+ Adverse/ Favourable)		
	Unit Rate 1 (p/kWh)	Unit Rate 2 (p/kWh)	Standing Charge (£/month)
03	0.176		2.401
04	0.564	0.070	2.401
05	0.704	0.015	2.263
06			
07			
08	1.194	6.167	16.560

Cost Variance (+ Adverse/ Favourable)			
Cost, Unit Rate 1 (£/annum)	Cost, Unit Rate 2 (£/annum)	Standing Charge (£/annum)	Estimated Total Annual Cost
£273.98		£950.80	£1,224.77
£112.49	£102.04	£144.06	£358.59
£925.85	£1.63	£108.63	£1,036.12
£284.08	-£22.61	£54.41	£315.88
£5.25	£27.13	£397.44	£429.83
£1,601.65	£108.19	£1,655.34	£3,365.18

check £1,601.65 £108.19 £1,655.34 £3,365.18

YPO PIA pricing 01/04/14 - 31/03/15		
YPO Unit Rate 1 (p/kWh)	YPO Unit Rate 2 (p/kWh)	YPO Standing Charge (£/month)
03	10.504	2.418
04	10.384	6.043
	8.692	2.418
05	11.200	6.634
	10.317	13.075
06	11.205	6.597
	10.253	13.075
07		
08	10.397	0.000

YPO Cost, Unit Rate 1 (£/annum)	YPO Cost, Unit Rate 2 (£/annum)	YPO Standing Charge (£/annum)	Estimated Total Annual Cost
£16,351.47		£957.53	£17,309.00
£3,608.36	£2,099.90	£116.06	£5,824.33
£415.91		£29.02	£444.93
£7,249.69	£723.48	£156.90	£8,130.07
£6,494.04		£470.70	£6,964.74
£8,817.39	£1,734.31	£313.80	£10,865.50
£45.75	£0.00	£0.00	£45.75
£42,982.62	£4,557.69	£2,044.01	£49,584.31

Laser versus YPO PIA pricing 01/04/14 - 31/03/15	Pricing Variance (+ Adverse/ Favourable)		
	Unit Rate 1 (p/kWh)	Unit Rate 2 (p/kWh)	Standing Charge (£/month)
03	-0.623		0.011
04	0.564	0.070	2.412
05	-0.192	-0.425	3.481
06			
07			
08	0.289	6.167	16.560

Cost Variance (+ Adverse/ Favourable)			
Cost, Unit Rate 1 (£/annum)	Cost, Unit Rate 2 (£/annum)	Standing Charge (£/annum)	Estimated Total Annual Cost
-£969.82		£955.15	-£14.67
£112.49	£1,699.41	£144.72	£1,956.62
-£213.97	-£46.35	£167.10	-£93.22
-£397.39	-£130.66	£83.64	-£444.41
£1.27	£27.13	£397.44	£425.85
-£1,467.42	£1,549.54	£1,748.05	£1,830.17

check -£1,467.42 £1,549.54 £1,748.05 £1,830.17

Gas Cost Comparison: Laser versus YPO

Site Name & Address	Annual Consumption kWh ending 24/11/14	MPRN	LASER PIA Basket		LASER Annual Cost			YPO	YPO	LASER Cost
			Indicative LASER Unit Rate (p/kWh)	Indicative LASER Standing Charge (£/day)	Usage £	Standing Charge £	Total Gas Cost £	Total Cost/Unit	Total Gas Cost £	Variance (+ Adverse/ - Favourable)
Kidderminster Town Hall	-	50532300								
Kidderminster Town Hall	-	50532401								
Kidderminster Town Hall	368,934	50532502	2.477	£37.28	£9,139.06	£13,608.51	£22,747.57	3.531	£13,027.06	£9,720.51
Green Street	285,716	48671001	2.485	£8.32	£7,100.17	£3,036.41	£10,136.58	3.531	£10,088.63	£47.95
Bewdley Museum ("Load Street")	18,609	58832308	2.485	£9.81	£462.46	£3,582.43	£4,044.89	4.559	£848.38	£3,196.50
Assumed Costs and Usage										
Finepoint Way supplemental boiler	254,986	-	2.485	£8.32	£6,336.50	£3,036.41	£9,372.92	3.530	£9,000.99	£371.92
Total	928,245				£23,038.19	£23,263.76	£46,301.95		£32,965.07	£13,336.88
Average Total Cost p/kWh							£0.04988		£0.03551	