

<b>Cabinet Meeting</b>		<b>Agenda Item: 5</b>
<b>Meeting Date</b>	23 September 2020	
<b>Report Title</b>	Procurement of utility supplies	
<b>Cabinet Member</b>	Cllr Roger Truelove, Leader and Cabinet Member for Finance	
<b>SMT Lead</b>	Nick Vickers, Chief Financial Officer	
<b>Head of Service</b>	Anne Adams, Head of Property Services	
<b>Lead Officer</b>	Eva Harris, Business Support Officer	
<b>Key Decision</b>	Yes	
<b>Classification</b>	Open	
<b>Forward Plan</b>	<b>Reference number:</b>	
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. That Cabinet approves that the current arrangement for energy purchasing via the Laser Energy Buying Group continue for the period 1 October 2020 – 30 September 2021, and</li> <li>2. That Cabinet agrees to purchase “green” electricity and gas for the duration of the proposed contract.</li> </ol>	

## **1 Purpose of Report and Executive Summary**

- 1.1 This report makes a recommendation to Cabinet regarding purchase of energy supplies for the period 1 October 2020 – 30 September 2021. The contract provides an option to extend year on year for a total period of 4 years.
- 1.2 Due to the proposed low carbon refurbishment of Swale House, it is recommended to enter into a contact to purchase gas and electricity supplies for all council owned buildings and external lighting for one further year under a new contract until the longer term requirements are known. Laser’s previous good performance and working arrangements provide confidence that the service level for a further year will be satisfactory.

## **2 Background**

- 2.1 In 2019/20 total spend on electricity was £105,540 and on gas was £31,272. With the building usage in this financial year massively reduced there will be significantly lower spend in 2020/21.
- 2.2 The Pan Government Energy Project, now part of Cabinet Office, recommended that all Public Sector organisations adopt flexible fixed price energy procurement as the best solution to cost reduction in this complex and volatile market. This approach does need technical knowledge of the energy markets, requiring external support in the procurement of Swale Borough Council’s energy supplies. In response to this need,

Laser Buying Group was set up by Kent County Council's Commercial Services Unit and now purchases energy on behalf of 115 local authorities and 45 wider public sector bodies.

- 2.3 Within the Laser Group framework there are different purchasing arrangements, according to each site's energy usage, which are tendered through the Official Journal of the European Union to meet compliance with legislation and standing orders.
- 2.4 Buying energy as part of a large purchasing group increases resilience and reduces the risk of pre-purchasing too much or too little energy, as each member's different peaks in usage will be smoothed out in the overall requirement. As Laser Group was implemented by Kent County Council, the objective of the organisation is to deliver an expert energy service to public bodies, rather than to create profit levels. Laser's energy purchasing is overseen by a Governance Panel on which there are industry experts as well as customers.
- 2.5 Where trusts and community groups have taken on the management of council buildings, they have also been permitted to purchase their energy supplies from Laser thereby allowing them to benefit from the bulk purchasing arrangements.

### **3 Proposal**

- 3.1 It is proposed that the council continues to purchase energy supplies via Laser Buying Group for the period 1 October 2020 to 30 September 2021, with Property Services leading organising contract renewals for each site on a category management basis.
- 3.2 Laser has good management and staffing structure to provide a more tailored service to each council, and as a result Swale Borough Council has received added value in the current contract, such as provision of free specialist advice, in addition to more proactive contract management. As community groups have taken on responsibility for the management of council buildings, they have also been able to benefit from the council's arrangement with Laser.
- 3.3 As part of the commissioning process for the procurement 2021-2025, investigations on other frameworks have been reviewed. It is concluded that Laser is still the favourable framework with many Kent local authorities still choosing to purchase through Laser.
- 3.4 The new contract provides an opportunity for the Council to purchase both "green" electricity and "green" gas. In line with the Climate Change and Ecological Emergency motion agreed by Council in June 2019 the recommendation is to buy "green" electricity and gas. The cost of green electricity is a surcharge of 0.06p/kwh which equates to approximately £410 per annum. The cost of green gas is a surcharge of 0.9p/kwh which equates to approximately £11,000 per annum. We will be able to stay within budget this year given the reduced opening of the building.

## 4 Alternative Options

- 4.1 Laser Group offers a four-year contract. This would potentially provide a greater financial saving but is not recommended at this time due to the uncertainty associated with the Swale House refurbishment project.
- 4.2 The Council could opt not to renew with any provider and have all meters on general business accounts, allowing each department to choose what supplier they wish to proceed with. This is not recommended as this approach would not allow the council to access the wholesale prices that Laser is able to obtain through aggregating the demand of 150+ public sector customers. This would also not be compliant with Contract Standing Orders.
- 4.3 Alternative energy purchasing frameworks that could be used have been investigated, in particular Crown Commercial Services. From the investigations there is no reason to believe that CCS will provide better value for money than Laser buying group. As Laser already has a successful track record of working with Swale BC, and as this is only to be for a term of one year, it is considered that there would be no benefit to changing to another buying group.

## 5 Consultation Undertaken or Proposed

- 5.1 Consultation with the Chief Financial Officer was undertaken and he has confirmed that the Council should enter into a contract with Laser for one further year.

## 6 Implications

Issue	Implications
Corporate Plan	None at this stage
Financial, Resource and Property	Using a buying group to purchase energy provides value for money advantages, both in terms of savings achieved through bulk purchasing, and in much reduced staff time in tendering for supplies for each site.
Legal, Statutory and Procurement	Statutory requirements are met using the Laser framework, as all energy procurement is carried out in line with the Public Contracts Regulations 2015. Use of frameworks for procurements is supported in the council's procurement strategy and approved in contract standing orders.
Crime and Disorder	None at this stage
Environment and Climate/Ecological Emergency	It is recommended that green electricity and gas is purchased.
Health and Wellbeing	None at this stage
Risk Management and Health and	None at this stage

Safety	
Equality and Diversity	None at this stage
Privacy and Data Protection	None at this stage

## **7 Appendices**

None

## **8 Background Papers**

None