

Cabinet

20 February 2020

Report of the Portfolio Holder for Assets and Finance

Utilities Supply 2020

Exempt Information

None.

Purpose

This report is to advise Cabinet of the Authority's requirement to review the market for the supply of water and sewerage services. It also requests the delegation of authority to the Executive Director Finance (EDF) to approve the future market reviews for water and the other utility services of Gas and Electricity.

This is a Key Decision as the value of the contracts will exceed £100,000 in the financial year.

Recommendations:

That Cabinet:

- 1. Endorse this contract brief for the procurement of Water and Sewerage services**
- 2. Delegate Authority to the Executive Director Finance to approve future renewals of the utility services of Water, Electricity and Gas and appoint the successful suppliers**
- 3. Confirm the approach to discuss options with suppliers to address the climate emergency**

Executive Summary

The Council entered the current agreement for the supply of water services in 2017 following the de-regulation of water supplies to businesses. The market providers were at that time still establishing themselves and the agreement was made with South Staffordshire Water. The market has matured and settled with some consolidation in the intervening period.

The gas and electricity suppliers are obtained via a Crown Commercial Service (CCS) framework which regularly reviews the market to ensure the most effective price, this arrangement has been in place since 2010. The current Suppliers; Corona (gas) and British Gas (electricity) under the framework are, following the most recent review, due to change to Total Gas and Power (gas) with effect 01/04/20 and EDF (electricity) with effect from 01/04/21.

It is proposed that the marketing of the Water services is brought in line with the other utilities with the suppliers being selected by use of the CCS

framework agreement. The CCS has collaborated with the Yorkshire Procurement Organisation (YPO), Eastern Shires Purchasing Organisation (ESPO), North East Procurement Organisation (NEPO), West Mercia Energy, The Energy Consortium and the Ministry of Defence to bring to market the largest public sector water framework in the UK.

The requirement for the use of the basic utilities will continue and using the framework agreements in place enables the services to be provided in the most cost effective way and ensure competitive rates. The use of a framework also enables the Council to benefit from more competitive rates as they will be part of a larger procurement group.

It is also proposed that delegated powers are given to the Executive Director Finance to approve and enter into the framework agreements as they are amended and as suppliers change.

Following the 'Climate Emergency', declared in the Council meeting on the 19th November 2019, discussions will be held with our current and future utility suppliers to work towards reducing the Council's carbon footprint for energy supplies.

OPTIONS CONSIDERED

Option	Comments
1. The Council conducts its own competitive tendering exercise	This would present a chance for the Council to see what other service providers are able to deliver but, because of the high value of any resultant contract, the procurement process would be quite lengthy and will be subject to Public Contracts Regulations/EU Directives. Acting on its own the Council would be unlikely to achieve the competitive rates available to those available from the CCS collaborative framework agreements.
2. The Council use the CCS Framework Agreement	This is the preferred option. The Framework has already been established via compliance with EU and Public Contracts Regulations. The large consortium membership and competitive procurement process will have ensured that the best value for money was obtained. This follows the current effective solution for the provision of Gas and Electricity supply.
4. To take positive steps towards reducing the Council's carbon footprint	In line with the Authority's declaration of a climate emergency discussion will be undertaken with the current and future suppliers to reduce and ultimately eliminate the carbon footprint of the Council's utility supplies.

Legal/Risk Implications

There is a risk that without steps taken to reduce our carbon footprint our operations could contribute to global warming and the associated consequences of this. It is possible that options to introduce carbon reduction initiatives result in additional costs being incurred, however these can be mitigated using energy reduction options to provide consumption cost savings.

Financial Implications

The current budgets for the utilities are:

Utility	Budget 2019-20
Water	£53,410
Gas	£82,670
Electricity	£251,720

It is expected that the costs will be contained within the current budgets. Any savings achieved to be placed in a reserve to finance initiatives to reduce the carbon footprint generated by our utility supply.

Report Author

If Members would like further information or clarification prior to the meeting please contact Roger Bennett, Operations Accountant Ext. 246.

Background papers:	Scheme of Delegation - Water De-Regulation & Contract with South Staffs water board 12/06/2017
	Motion on Notice – Climate Emergency - Council meeting – 19th November 2019

This page is intentionally left blank