

REPORT TO	DATE OF MEETING
Cabinet	18 March 2015



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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Energy Procurement	Finance and Resources	Mark Gaffney	

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report seeks approval to invoke the relevant provisions within the Council’s Standing Orders and Contract Procedure Rules to enable the effective and economical procurement of the Council’s energy contract for gas.

The proposals in this report support the corporate priority of Efficient, Effective and Exceptional Council.

RECOMMENDATIONS

That Cabinet agrees:

1. To invoke part 44, paragraph 44.1 of the Contract Procedure Rules to allow the waiving of the standard procurement process due to the exceptional circumstances outlined in the report.
2. To delegate authority to the Director of Neighbourhoods, Environmental Health and Assets to accept the most economically advantageous energy contract for the supply of gas.

DETAILS AND REASONING

The Council engages the services of an energy broker to provide advice and to procure electricity and gas. All procurements are through EU compliant Framework Agreements which are also compliant with the Council’s Standing Orders and Contract Procedure Rules.

The Council’s 2 year contracts for gas are due to expire in September 2015. Advice from the Council’s energy broker is that values are expected to reduce in-between March and May which will be the best time to secure new contracts. However, the exact timing of the best time cannot be fully predicted in advance and it is likely that a decision will need to be taken on the day of notification.

The values of the electricity contracts are within the threshold which can be approved by a director or other approved officer of the Council. However, the contract for gas is estimated to be above £100,000 which is a higher value procurement which would normally be approved by Cabinet.

It is for this reason that authority is sought to invoke the relevant provisions within the Council’s Standing Orders and Contract Procedure Rules to enable the Director of Neighbourhoods, Environmental Health and Assets to respond and make a decision within the available timescales. This will ensure that the gas contract is secured at the best and most advantageous rates to the Council.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

FINANCIAL	The revenue budget for current and future years includes the projected energy costs. The value of the new contracts is expected to be contained within the budget for current and future years.
LEGAL	<p>Paragraph 44 of the Council’s Contract Procedure Rules allows for the waiving of those rules in exceptional circumstances.</p> <p>In this particular instance it is considered the following specific ground for allowing an exemption can be demonstrated:</p> <p>“The nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of the Rules is justifiable.”</p> <p>All relevant Contract Procedure Rules (including CPR para 26.4) will be waived to enable the proposed course of action to take place.</p> <p>The Council will be bound by the terms and conditions of any contractual documentation entered into with the energy suppliers.</p> <p>The Council’s Standing Orders and Contract Procedure Rules allow for the use of EU compliant Framework Agreements.</p>
RISK	Should the proposals in this report not be approved, it is likely that the Council will not be able procure its energy at the most economical rates.
THE IMPACT ON EQUALITY	There are no impacts on equality as a result of this report.

OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

None