

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	2486
Author:	Andrew Whitley
Department:	Communities
Contact:	Andrew Whitley (Job Title: City Energy Manager, Email: andy.whitley@nottinghamcity.gov.uk, Phone: 01158765650)
Subject:	Approval for procurement of electricity supply for Nottingham City Council
Key Decision (decision valued at more than £1million):	Yes
Total Value:	£24M (total for 3 years + 1) (Type: Revenue)
Decision Being Taken:	<p>1) To undertake an EU compliant procurement process to procure an electricity supply for Nottingham City Council (NCC) under its own framework agreement that other organisations in the East Midlands can access and call-off from.</p> <p>2) To delegate authority to the Strategic Director / Assistant Chief Executive to approve the outcome of the tender process and award a contract to the successful tenderer for a period of 3 plus 1 years up to a total of £24m in conjunction with the Head of Legal Services.</p>
Reasons for the Decision(s)	<p>Currently NCC are part of a 3 year ESPO electricity supply framework with ESPO which runs until the 30th September 2016. The wholesale price of electricity per megawatt hour is currently forecast to fall by 8% by October 2016. Given the changes in the energy supply market over the last few years, and the increased competition with the entry of several new energy suppliers this gives NCC the opportunity to test the market by inviting tenders for the supply of electricity to NCC and participating organisations.</p> <p>The aim is to provide better value for money for NCC, local schools, and other organisations in the East Midlands who may join the contract through a framework agreement providing the potential for price reductions through scale and enabling broader economic benefits. Significant annual savings have been made by the Council in going out to the market for its gas supply.</p>

Other Options Considered: 1) To remain in the ESPO framework, and commit to another 4 year contract. This option was considered not to provide value for money due to the low current commodity price at this time, and the associated management fees relating to being in the ESPO framework (c£30k pa)
2) To undertake a tender process limited solely to Nottingham City Council - this was considered not to provide value for money to broader economies of scale .
3) Not to re-tender. This option would see the City Council pay out of contract rates which could be significantly higher than our current price for electricity and would not be compliant with EU procurement regulations.

Background Papers: None

Published Works: None

Affected Wards: Citywide

Colleague / Councillor Interests: None.

Consultations: Those not consulted are not directly affected by the decision.

Crime and Disorder Implications: None

Equality: EIA not required. Reasons: This is for the supply of electricity, and therefore there are no equality impact implications

Social Value Considerations: The City Council's business charter is applicable to this Contract which expresses where possible the requirement for additional employment, placement/graduate training opporunities as a result of the new procurement as well as supporting the local economy via a "buy Nottingham" first requirement. 3 employment opportunities, and a further 5 work placements / graduate training opportunities have been identified to be created as result of this procurement activity,

Relates to Council Property Assets: Yes

Decision Type: Leader's Key Decision

Subject to Call In: No

The call-in procedure does not apply to the proposed decision because the delay likely to be caused by the call in process would seriously prejudice the Council's or the public's interests. The Chair of the Overview and Scrutiny Committee (or Vice-Chair) in his/her absence has been consulted and agreed both that the decision proposed is reasonable in all circumstances and that it should be treated as a matter of urgency.

Person Consulted: Councillor Brian Parbutt

Consultation Date: 12/05/2016

In accordance with the EU procurement rules, the invite to tender has to be posted on Monday 30th May to enable the Council to have lead in time to have a new supplier in place from the 1st October 2016.

Advice Sought:

Legal, Finance, Procurement

Legal Advice:

The Council's existing electricity supply contract under the ESPO framework is due to expire in September 2016 and given the value of the Contract, the Council is required to ensure compliance with the EU Procurement regulations.

Compliance with the regulations can be met by undertaking a fully compliant EU tender exercise for the creation of a single supplier framework for the City Council and other named public-sector organisations to use and call-off from.

It is understood from the comments made by the report author that by going out to the market and creating its own framework agreement, the Council will take advantage of the low wholeprice for electricity, social value benefits and the various new entrants in the market to seek value for money.

The Council will identify the public-sector organisations that will also be permitted to access the framework whose names and estimated consumption volumes will form part of the tender documents.

Legal services will assist during the tender process and in preparing the necessary contractual arrangements between the Council and the successful supplier. Advice provided by Dionne Claire Screamon (Solicitor) on 19/05/2016.

Finance Advice:

Advice provided by Gary Robbins (Finance Analyst) on 17/05/2016.

Advice documents: Finance Comments Electricity Procurement.docx

Property Advice:

There is no Property implications in the procurement of our Electricity supplier to obtain best value. Advice provided by Peter Taylor (Senior Surveyor) on 13/05/2016.

Procurement Advice:

A fully compliant open OJEU tendering process will be undertaken by the procurement team to ensure fairness and value for money. Advice provided by John Watson (Category Manager) on 17/05/2016.

Signatures:

Graham Chapman (PH for Finance, Resources and Commercial Services)

SIGNED and Dated: 02/06/2016

Ian Curryer (Chief Executive)
SIGNED and Dated: 25/05/2016