

Report to the Cabinet

Report reference: C/088/2005-06.

Date of meeting: 19 December 2005.



Portfolio: Corporate Services and ICT Portfolio Holder.

Subject: Energy Procurement.

Officer contact for further information: Colin Crudgington (01992 – 56 4055).

Democratic Services Officer: Gary Woodhall (01992 – 56 4470).

Recommendations:

- (1) That an invitation from the Procurement Agency for Essex (PAE) for the Council to join an energy procurement consortium be noted; and**
- (2) That, subject to further clarification on details of the service to be provided and cost savings being confirmed, the Head of Environmental Services be authorised to enter into an agreement to join the proposed consortium.**

Report:

1. The PAE was established by the Essex Chief Executives to achieve collaboration between all Councils in Essex. The PAE has its own constitution and a management board made up of a member from each Council (The Head of Information and Communication Technology is the Epping Forest District Council board member)
2. Each member has one vote and all members have equal rights regardless of size and the PAE operates solely from member contributions, the PAE does not earn revenue from rebates or any other means.
3. In July 2005 the PAE commissioned energy consultants John Hall Associates to work with their members to develop their understanding of energy markets and procurement options. The initial brief being to provide individual consultancy to each authority to support their individual objectives.
4. A survey and workshop was conducted and seven authorities participated, namely:
 - Essex;
 - Braintree;
 - Southend;
 - Epping Forest;
 - Tendring;
 - Rochford; and
 - Uttlesford.
5. The study by John Hall Associates Ltd of the Essex Energy Procurement Strategy identified the fact that energy purchase had been efficient however; savings were identified through a consortium approach of approximately £20,000 P.A.
6. Historically, the Council has purchased gas through LASER a local authority consortium and for electricity procurement Norfolk Property Services have been engaged.

7. In the last 12 months (as at October 2005) gas prices have risen nationally by 70-90% and electricity by some 20-30%. According to PAE spend analysis Essex Councils spent approximately £10 million in the last financial year and this could rise to £25 million if increases continue at the same rate.
8. It is proposed that initially the Council places thirteen sites with the proposed consortium for a period of two years at an estimated cost of £1,253.00 P.A, following which, an assessment exercise would be undertaken to confirm that the predicted cost savings and best value have been achieved.

Statement in Support of Recommended Action:

9. The opportunity to take advantage of potential savings of up to £20,000 per annum through participating in the consortium.

Other Options for Action:

10. To reject the invitation to join the energy procurement consortium as proposed by the Essex Procurement Agency, and remain with the Council's current suppliers, LASER for gas and Norfolk Property Services for electricity.

Consultation Undertaken:

11. The Essex Procurement Agency, and John Hall Associates Ltd.

Resource implications:

Budget: £1,253.00 P.A to achieve a potential saving of £20,000 P.A.

Personnel: Nil.

Land: Nil.

Community Plan/BVPP ref: Nil.

Relevant Statutory Powers: N/A.

Background papers: Consultants Reports, Procurement Agency for Essex reports.

Environmental/Human Rights Act/Crime and Disorder Act Implications: None.

Key Decision reference: N/A.