

EAST LINDSEY DISTRICT COUNCIL EXECUTIVE DECISION NOTICE

1. Decision to be taken:

To consider, approve and award the new Contract for the Purchase and Supply of Wholesale Electricity 2020-2024 for all ELDC Assets to the most economical advantageous Tender received by Total Gas & Power Ltd through the recently re-Tendered OJEU Compliant ESPO Framework.

2. This is a: **PORTFOLIO HOLDER SUPPORTED OFFICER DECISION**

Note: This form should not to be used for Key Decisions

3. The following is the decision making body or person:

OFFICER: Robert Barlow, Deputy Chief Executive/Section 151 Officer.

4. Financial implications from this decision have been communicated to the Portfolio Holder for Finance and the Leader? **YES**
(Please note, this is a requirement)

5. The decision was taken on: *22nd February 2019*

6. Contact Officer and details: **Sam Robbins, Senior Technical Officer
Room 16 Tedder Hall, Ext: 3036**

7. List of documents submitted for consideration in relation to the matter in respect of which the decision is to be made (except exempt items):
Exempt – ESPO priced contract documents are considered commercially sensitive information for publication.

8. Where the documents are held and where they can be obtained from (except exempt items) when they become available: **To view and verify the Tender / Contract documents, please contact Andrew Stanford ESPO Procurement Service Manager - Energy, Telephone - 0116 294 4043.**

9. The reason for the decision and other alternative options considered and rejected:

ELDC has over a number of years adopted the ESPO Energy Supply Framework as the lowest risk base trading approach offered in the marketplace which provides the most economical procurement route for its purchasing for buying wholesale Gas & Electricity.

Central Government recommended that all Public Sector organisations adopt flexible fixed price energy procurement as the best solution to cost reduction in the complex and volatile market. Currently over 90% of LA's in England now procure energy

through a flexible energy framework of this kind who have access to powerful volumes of energy available to negotiate and trade in return for more economical supply prices.

This trading approach needs technical knowledge of the energy markets, requiring external support in the procurement of ELDC's energy supplies. This is why the Council utilises the services of a Purchasing Organisation such as ESPO who have specialist Energy Traders with significant experience in this field.

The recent OJEU compliant Framework Tender exercise conducted by ESPO has resulted in estimated savings of £664K over the duration of the framework through reduced supplier fixed charges.

Prices within the energy arena markets are valid for a maximum of 48 hours for Electricity. By obtaining delegated authority for Officers to accept opting into the new ESPO Framework, prices can be monitored and secured by ESPO's Traders at the most beneficial point within their forward cover purchase levels for the Council without the risk of delay leaving us exposed to higher prices. This buying strategy is called 'Period in Advance' (PIA) in which the required energy volumes for the portfolio is purchased a year in advance therefore the Council can budget accordingly using a fixed price basis and have no price increase exposure in year.

If the Council were not to opt in to the ESPO framework and commit before 1st April 2019, out of Contract rates would be applied to the Council's energy portfolio. These rates can be up to 300% higher than contract rates and this could have a detrimental impact on the Council's budget forecast.

This decision does not include for any supplies taken over by Magna Vitae who operate separately and deal direct with ESPO.

10. Declaration of any conflicts of interest of the decision making body or the individual: **None.**
11. Provide a note of any subsequent dispensations granted by the Head of Paid service: **None.**

Financial Implications of this Decision:-

Estimated cost:- Electricity Contract: approx.. £1.3m over 4 years*

Funded from:-Existing prior approved annual budgets for each site.

N.B. Please enter names below, signatures will be retained as a hard copy and will not be published therefore should be provided on page 3 of this form:

This decision has been signed off by:

Head of Paid Service/S151 Officer or person presiding

Rob Barlow, Chief Executive

20th February 2019

Leader/Officer **Councillor Craig Leyland, Leader**

20th February 2019

Portfolio Holder **Councillor Richard Fry, Portfolio Holder for Finance**

19th February 2019