



**OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR THAMES VALLEY**

Report for Decision: PCC 2016 / 016

Title: Energy contracts

Executive Summary:

TVP needs to renew its' Gas and Electric Energy Supply arrangements. Energy is currently procured through Crown Commercial Services (CCS) Framework Agreements and the proposal is to continue with this arrangement for the foreseeable future unless an alternative, more beneficial supply chain can be evolved.

CCS manages these contracts by centralising the aggregated spend of all participants (central and local government) to achieve best market rates available.

TVP's current annual spend is as follows:-

£506,046.11 for Natural Gas and ancillary services from Corona Energy Retail 4 Limited

£1,706,738.41 for Electricity and ancillary services from EDF.

There are no defined or quantifiable savings to be achieved in this procurement due to the fluctuating volatility of wholesale supply and demand energy market.

Savings can only really be achieved through energy management by Property Services and employees to reduce usage and pay less for lower consumption.

Recommendation:

The Police and Crime Commissioner is invited to agree the award of contracts in respect of the provision of Gas and Electricity to all TVP locations. It is proposed to continue to use the contracts set up by Crown Commercial Services (CCS).

The total value of these contracts are estimated based on a full 12 month actual spend. The suppliers meet all the requirements of the contract specification and offer the most economically advantageous solutions.

The above contract is on a 1 year + 1 year basis with a total 24 month's value being £4,425,569.

Police and Crime Commissioner

I hereby approve the recommendation above.

Signature

Date 25.10.16

PART 1 – NON-CONFIDENTIAL

1 Introduction and background

- 1.1 The price of a unit of energy is determined by the cost of margin, overheads and transmissions out of which the latter price is fixed / regulated and overhead and margin are approx 10/15% of the overall cost and could be negotiated, hence representing small scope for cost improvement. It should also be noted that prices are subject to supply issues, around import and bulk storage facilities, therefore any indicated savings cannot be guaranteed.
- 1.2 Historically, TVP has purchased through the central government contracts, now CCS, as this is a market that bigger volumes attract higher discounts. CCS is the largest public sector procurement bodies with significant buying power. CCS provides a forecast of prices for 2016/2017. These show potential price variances / reductions. Therefore, savings will be calculated at contract award taking into consideration reduced usage across the Force due to other external e.g. building decommissioning (for more information on how Energy prices are calculated see Summary Approach section).
- 1.3 Energy is purchased 6 months in advance with rates fixed for the forward purchase period. TVP can exit the agreements by giving 3 months notice. Procurement Services will be attending the National Facilities Management Conference in January with the intention of gaining a better understanding of the Energy marketplace and opportunities. If it is felt that others have pursued this category differently and succeeded, we will revisit this.
- 1.4 Full information is provided in Appendix 1

2 Issues for consideration

- 2.1 It is proposed to continue to use the contracts set up by Crown Commercial services (CCS).

3 Financial comments

- 3.1 TVP's current annual spend is as follows:-
 - £506,046.11 for Natural Gas and ancillary services from Corona Energy Retail 4 Limited
 - £1,706,738.41 for Electricity and ancillary services from EDF.
- 3.2 The value of this new 24 month contract is £4,425,569

4 Legal comments

- 4.1 Stable route to market through the largest public sector procurement offering the best available rates.

5 Equality comments

- 5.1 There are no equality & diversity issues.

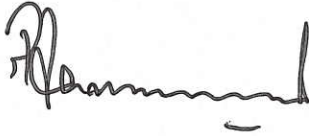

6 Background papers

6.1 Contract documentation

<p>Public access to information Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.</p>
<p>Is the publication of this form to be deferred? No</p> <p>If yes, for what reason:</p> <p>Until what date:</p>
<p>Is there a Part 2 form? Yes</p>

Name & Role	Officer
<p>Head of Unit This report seeks to our current energy contract for a further 24 months</p>	Head of Procurement
<p>Legal Advice This contract is fully compliant with EU Procurement regulations, UK law and the PCCs Financial Regulation.</p>	Chief Executive
<p>Financial Advice The 24 month contract is estimated to be worth £4.426m</p>	Chief Finance Officer
<p>Equalities and Diversity No issues to report</p>	Head of Procurement

STATUTORY CHIEF OFFICERS' APPROVAL

<p>We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.</p> <p>We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.</p>	
<p>Chief Executive</p>	<p> Date 19 October 2016</p>
<p>Chief Finance Officer</p>	<p> Date 19 October 2016</p>

