

RECORD OF DECISION MADE UNDER DELEGATED AUTHORITY

*PART 1 – PUBLIC DOCUMENT

SERVICE DIRECTORATE: *RESOURCES*

1. **DECISION TAKEN**

To enter into a contract with West Mercia Energy (WME) for the supply of electricity and gas utilities for a range of property assets for a period of three years, with the option to extend a further two years.

2. **DECISION TAKER**

Ian Couper, Service Director- Resources

3. **DATE DECISION TAKEN:**

1st September 2023

4. **REASON FOR DECISION**

The existing contract for electricity and gas utilities expires on 31st March 2024.

5. **ALTERNATIVE OPTIONS CONSIDERED**

An alternative framework could have been chosen, but after carrying out a comparison this one was determined to offer the best price and quality.

We could contract with energy suppliers directly; however past experience shows a considerable amount of staff time is required to resolve billing issues. This option would have required an increase in human resources and therefore was discounted in favour of procuring a managed service via a framework. The frameworks also use buying power to achieve better rates.

6. **CONSULTATION (INCLUDING THE EFFECT ON STAKEHOLDERS, PARTNERS AND THE PUBLIC)**

Not applicable.

7. **FORWARD PLAN**

7.1 This decision is not a key Executive decision and has therefore not been referred to in the Forward Plan.

8. **BACKGROUND/ RELEVANT CONSIDERATIONS**

8.1 An exercise to compare four energy frameworks was undertaken. One supplier did not submit a return, another supplier did not meet our minimum service requirements, which left two possible frameworks. Based on a review of their past energy purchasing performance and service levels a decision has been taken to contract with WME.

9. **LEGAL IMPLICATIONS**

9.1

Under 14.6.12 (a) (i) the Service Director- Resources will “manage, direct and control all resources allocated to the Directorate in accordance with the Council’s policies”. Under 14.6.4 (a) (ii) of the Council Constitution, Service Directors have a general authorisation for “entering into contracts to carry out works and/or for the supply of goods and services within approved budgets”.

9.2 This contract was let in accordance with the Council’s Contract and Procurement regulations.

10. FINANCIAL IMPLICATIONS

10.1. *The contract costs for electricity and gas utilities are budgeted for within existing revenue budgets.*

10.2. *There are no capital budget implications.*

11. RISK IMPLICATIONS

11.1 There are risks that the energy markets could fluctuate causing prices to rise. The agreement with WME to some extent shields the council from market fluctuations in the short term by the use of flexible energy purchasing, which essentially allows WME to buy and sell energy to achieve better than market rates, and their past performance demonstrates this. Although past performance can not guarantee future performance.

12. EQUALITIES IMPLICATIONS

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 There are no equalities implications in relation to this procurement.

13. SOCIAL VALUE IMPLICATIONS

13.1 See social value statement from supplier below.

14. ENVIRONMENTAL IMPLICATIONS

14.1. There are no known Environmental impacts or requirements that apply directly to this decision. Renewable electricity will be purchased along with Carbon Credits instead of a premium for green gas. Savings resulting from the switch from green gas to carbon credits will be utilised for decarbonisation, thereby helping to meet the Council’s Climate Change Strategy.

15. HUMAN RESOURCE IMPLICATIONS

15.1 *There are no direct HR implications arising from the award of this contract.*

16. BACKGROUND PAPERS

16.1 *None*

17. APPENDICES

17.1 *None*

NOTIFICATION DATE

Date sent to all Members, put on website and appears in MIS – Committee, Member & Scrutiny Services can confirm this with you,

Signature of Executive Member Consulted

Date

Signature of Decision Taker  **.....**

Please Note: that *unless urgency provisions apply* EXECUTIVE decisions cannot be implemented until 5 clear working days have elapsed after the decision has been taken to allow for scrutiny call-in.

Call-in does not apply to NON-EXECUTIVE DECISIONS

WME Social Value Statement

Social Value / Decarbonisation

Social Value is important to both WME and our key supplier, TotalEnergies Gas and Power (TOTAL) and we both understand the significance of working in collaboration with customers to deliver ongoing social, economic and environmental benefits. WME are committed to working with individual customers to develop bespoke social value opportunities.

Given its importance to WME, social value/decarbonisation is a scored question within all key supplier tenders and the section represents 20% of the quality criteria within our main PCR gas and electricity tenders.

WME can support your social value objectives in the following ways.

Local Employment

Under previous working arrangements WME would look to recruit primarily from our local area to fill any vacancies. However, with the introduction of more remote working, it opens the opportunity of recruiting from further afield. While we cannot legally commit to recruiting from a specific area, we can commit to informing you of any job opportunities that arise at WME, which could be advertised locally.

For activities that form part of the contract that are localised, such as meter reading and meter installation services, employment will be sourced from the local area.

Linked to employment, WME and our current supplier, as well as our four Member Authorities can all confirm that we have a commitment to delivering the national living wage for all employees. We are also proud to support apprenticeships and can confirm that at least one apprentice would be working on your account.

Supporting Local Schools and Education

WME operate a Social Value fund made available to contracted schools.

This fund is used to support environmental activities within schools. Examples of projects supported by WME's social value fund previously, include;

- Setup of a recycling / repair station within a school, encouraging students to reduce wastage.
- Funding towards saplings to support a schools' "forest school" development.
- Funding towards a school "food waste recycling" scheme whereby a school had their food waste collected and used it to generate green gas.
- Contribution to purchase coloured recycling bins to separate recyclables within a school.
- Supported a schools' bid for 'Eco-School' status
- Supported the setting up and marketing of a school "Eco club"

WME's key framework suppliers have also committed to contribute towards this fund.

Schools can also use our energy monitoring platform, MYWME as a way of engaging and inspiring students about energy and the environment. Many schools currently use this to rollout a school “energy saving drive” to help reduce consumption within schools and change behaviour.

Another way in which WME supports social value within schools is through our Streamlined Energy & Carbon Reporting (SECR). For Academy Trusts, SECR disclosures were required for the first time in the 2019/20 accounts.

WME are also a partner of the Let’s Go Zero campaign, which is designed to support schools to reach carbon neutrality by 2030. We are also in the process of putting together the UK’s first “education specific” decarbonisation framework, and this will be on offer to all schools across the UK, from January 24.

TOTAL supports the UK Better Energy School Awards, which aims to encourage environmental education for children aged 5-11. To date, this has seen environmental projects submitted by 370,000 young people. These awards promote cross-curricular work on the environment and offer opportunities to study energy, linking with the National Curriculum for England and Wales. WME actively encourage customers to participate and will promote the competition to NSC schools through our termly newsletter.

In addition, TOTAL publish a wide range of training materials / courses that are free to access online.

Our new flexible electricity supplier, Npower Business Solutions (nBS), is able to offer “Positive Power”, a STEM-based workshop which is designed for primary and secondary students (years 6 and 7) and includes the following elements:

- An introduction and overview to renewable energy sources, engineering and electricity usage in the future
- The Electric Car Challenge, where students will experiment with charging miniature electric cars to different voltages to test how far they will travel on a track
- A design challenge where students come up with an innovative energy-efficient solution and pitch it to the rest of the group

As part of the framework, nBS have committed to providing 100 workshops across 4-year framework duration.

All of these are direct benefits to local schools and students and supports the promotion of environmental sustainability and the facilitation and development of skills in the local area.

Decarbonisation led social value

Specifically linked to decarbonisation, WME as a business are currently working towards being carbon neutral by April 2025 for all of our direct business operations.

In another commitment from WME and our four Member Authorities, since 2020/21, any profits generated by WME and returned to the Member Authorities have been ringfenced specifically for investment in public sector green initiatives, thus supporting the wider public sector net zero ambition.

In addition, the Total group, have committed to become a net-zero emission company for all its European businesses by 2050, which includes our gas and electricity framework supplier, TotalEnergies UK.

WME are Founding Members of the Public Sector Sustainability Association, Members of Sustainability West Midlands and the Major Energy Users Council. These platforms allow us to share best practice, as well as learn from initiatives and projects being delivered by other likeminded, forward thinking organisations, both in the public and private sectors.

To support you in your journey to carbon neutrality, WME will share any knowledge, experience, products, contacts, innovations and expertise that we pick up from being members of any of these groups.

WME are a flexible, innovative and forward-thinking organisation and this is important when it comes to supporting your commitment through green projects, products and initiatives. We will support any way we can the facilitation and sleeving of any form of self-generation delivered during the term of the contract. This also includes the consideration of any specific external generation assets, recommended, or bought to our attention, by yourselves.

By way of an example of projects that we are already delivering, WME currently supports a local authority with a solar offset scheme, whereby we have facilitated a PPA between the respective solar farm and our supplier, TotalEnergies. The energy generated is directly offset against the Councils' corporate energy consumption through WME. This was an innovative solution to support the councils' aim of utilising locally sourced, renewable generation.

We also have an arrangement with another local authority customer designed to offset risk on their Energy from Waste plant. Under the agreement, the customer sells generation directly to the grid, and at the same time, instructs WME to purchase on their behalf, thus naturally offsetting the risk of selling low and buying high, or vice versa.