
Schools' Forum – Purchasing of Energy Arrangement Update

Report being considered by: Schools' Forum on 19th October 2020

Report Author: Chris Harris – Agency and Energy Category Manager

Item for: Information **By:** All Forum Members

1. Purpose of the Report

- 1.1 The report is to inform the Schools' Forum of the intention by the Council to review the current energy arrangements which would affect a number of schools and their energy provision.

2. Recommendations

- 2.1 Due to the length of the time that West Berkshire Council have been part of the central energy contract, it is recommended that a review of the current energy purchasing arrangement with Crown Commercial Services (CCS) is undertaken. A review is underway to analyse the market to ascertain whether there is a more cost effective and efficient way of managing energy supply to Council's corporate sites and schools across the District.
- 2.2 The Schools' Forum note the report.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: ✓	No:
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3. Introduction/Background

- 3.1 Buying energy is a complex activity. The market is volatile and purchasers must balance the desire to minimise the price paid with an appropriate level of risk. Electricity and gas are commodities traded on an extremely volatile open market. As such unit prices vary, often on an hour-by-hour, as-it-happens basis. Factors that can affect the market price can be better managed by a purchaser who is buying large volumes, such as Professional Buying Organisations (PBOs). The current energy arrangements are that Crown Commercial Services (CCS) are used as the buying organisation to purchase energy for the sites within the central energy contract. This arrangements has been in place for a number of years and there has been no full review of the arrangements completed recently. There are a number of alternative framework providers and procurement baskets that offer differing buying strategies and windows. The council intend to explore the possibility of using alternative arrangements and compare to the current process in an attempt to reduce costs, through cost effective energy procurement.

4. Options for Consideration

- 4.1 Options for energy procurement include but are not limited to the following;

- (1) Continue with the current CCS strategy of procuring energy.
- (2) Switch to another CCS Basket which offers a longer buying window and strategy.
- (3) Change framework provider to another purchasing organisation who would purchase energy using an alternative window and strategy.
- (4) Sites to enter into contracts with Energy consultants (Third Party Intermediaries) who purchase energy from providers.

5. Proposals

- 5.1 It is proposed that alternative frameworks are considered to make an effective decision on future energy arrangements to ensure value for money for all sites and the council. Any future proposal or recommendation may include provision for schools to be charged a percentage of usage for the contract management service that West Berkshire Council provide.
- 5.2 Once the procurement route has been agreed, schools will be asked to commit to whether they wish to opt into the new West Berkshire led contract. Those schools who do not wish to opt in to the arrangements will need to procure their own energy arrangements
- 5.3 Participating schools will be required to pay a charge through in line with other Council traded services going forward to support staffing and administrative costs incurred by the Council for on-going contract management.

6. Conclusion

- 6.1 The council will be undertaking a review on energy arrangements and once a preferred route is decided upon, will ask schools to decide upon their inclusion within the arrangements.

7. Consultation and Engagement

- 7.1 Key Stakeholders that will be consulted as part of the review;
 - (1) First point for all sites that are currently part of the framework
 - (2) Contacts for sites who have potential to enter the framework
 - (3) West Berkshire Council Energy Team
 - (4) West Berkshire Council Members
 - (5) West Berkshire Council Commissioning Service

8. Appendices

- 8.1 As this is an update paper, there are no appendices.