

Cabinet – 22 April 2009

Procurement of Natural Gas for all of the Council's Buildings

Portfolio: Councillor A Andrew, Deputy Leader and Regeneration
Councillor M Arif, Procurement, Transformation and Performance

Service Area: Property Services

Wards: All Wards

Key decision: Yes

Forward Plan: Yes

1. Summary of Report

- 1.1 This report seeks authority to proceed with seeking tenders and renewal of a contract for gas supply for 1 year from 1st June 2009 to 31st May 2010 from national/ international providers, to evaluate responses on the basis of best value and appoint and enter into contracts with suppliers.

2. Recommendations

Cabinet are recommended to approve the following:-

- 2.1 To obtain European Union (EU) compliant tenders and employ energy suppliers for natural gas prior to the expiry of the existing contract.
- 2.2 To delegate to the Executive Director or Assistant Director of Regeneration authority to accept tenders in consultation with the Portfolio holder and appoint suppliers of gas subject to EU procurement procedures.

3. Background Information

The current 1-year contract for the supply of natural gas (with EON Energy) expires on 30 May 2009. Due to the softening of wholesale gas prices within the energy market, prices are currently trading at about 26% below the 1 June 2008 to 30 May 2009 levels. Current budgeted expenditure on gas across all non-education and education buildings is estimated at £2.48 million p.a. Gas supplies to schools are also provided through this contract but are directly paid for by the schools. This report seeks approval for the method by which officers will endeavour to secure best value in its energy supplies. The financial impact of this retender exercise will need to be considered corporately once the results are known, clearly identifying any budget savings (which would need to be returned corporately for reinvestment and possible contribution to the Council's

Carbon Reduction commitment in 2010) or the identification and formal approval to fund any additional increases in cost if needed.

The procurement process will be undertaken by Yorkshire Purchasing Organisation (YPO) specialist consultants employed at nil cost to the Council, who have an EU compliant framework in place that provides a ready platform for obtaining competitive tenders from major suppliers through electronic processes, the current contract was procured through YPO. The Gas supply contract will be renewed for for 1 year from 1st June 2009 to 31st May 2010.

4. Resource Considerations

Day to day management of these energy supply contracts shall continue to be undertaken by the Energy Conservation Unit. The Council's legal procurement and contracting rules are conformed to at all times.

4.1 Financial

The financial impact of this retender for gas supplies will need to be considered corporately once the results are known, to assess the impact on current service budgets.

4.2 Legal

External legal consultants appointed from the Council's consultancy framework, Cobbetts LLP, have confirmed EU compliance regarding specialist consultants.

Corporate Procurement have assisted in the overall procurement process, this includes use of YPO

4.3 Staffing

Day to day management of these energy supply contracts shall continue to be undertaken by the Energy Conservation Unit.

5. Citizen Impact

The effective procurement of energy supply contracts will help maximise value for money for Council tax payers across the borough. Reductions in energy consumption will reduce carbon dioxide emissions and other greenhouse gases which will in turn create a cleaner atmosphere for the citizens of the borough.

6. Community Safety

There are no specific community safety implications arising from this report.

7. Environmental Impact

- 7.1 The Council is committed through its Environmental Policy to achieve reductions in carbon dioxide emissions.
- 7.2 The burning of natural gas emits pollutants that give rise to carbon dioxide emissions. The Council is committed to reducing energy consumption so as to reduce the environmental impact of its generation and energy conservation measures will be developed and implemented wherever possible.
- 7.3 Property Services are currently engaged in a Council-wide campaign to raise energy awareness amongst employees about their use of energy in the workplace and the importance of avoiding unnecessary consumption. This campaign involves:-
- Presentations on the impact of energy waste to senior managers and the managers responsible for all Council buildings.
 - Energy saving briefings for staff through News & Views, Team Spirit, employee bulletins and the intranet.
 - The monitoring of energy consumption for all buildings and target setting to support its reduction.
 - The provision of energy performance certificates in all Council buildings.
 - All New Buildings procured by the Council will be a minimum of BREEAM 'Very Good'

8. Performance and Risk Management Issues

8.1 Risk

Any decision to take no action to renew contracts will render all Council services with heating un-functional.

Any decision to delay the renewal of utility supply contracts is likely to have detrimental financial effect

8.2 Performance Management

The exact value cannot be established until such time that prices are obtained, although any delay in the renewal of gas supply contracts is likely to have a detrimental financial effect on the Council. This risk can be effectively managed by the timely procurement of a new supply contract.

9. Equality Implications

As part of the procurement evaluation procedures, evaluation of equality policies will be included, and will be in line with the West Midland Forum for Equality in Council Contracts.

10. Consultation

In consultation with Legal Services, Central Procurement and Finance.

Background Papers

None.

Authors

Kwame C Alex-Eyitene
Energy Manager

☎ 471257

✉ alex-eyitenek@walsall.gov.uk

Kevin Kendall
Head of Property Services

☎ 471259

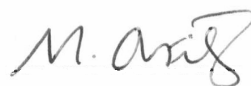
✉ kendallk@walsall.gov.uk



Tim Johnson
Executive Director
Regeneration
22 April 2009



Councillor Adrian Andrew
Deputy Leader
Portfolio holder: Regeneration
22 April 2009



Councillor Mohammed Arif
Portfolio Holder: Procurement &
Transformation
22 April 2009