

PROCUREMENT STAGE 1¹ – APPROVAL TO PROCEED TO TENDER

This form must be completed for all procurements above the tender threshold (£75,000 - Services and Supplies and £500,000 - Works)

If contract value is over Cabinet approval threshold (£750,000) this form shall be appended to the Cabinet report. This form will be “open” for publication.

1.	INTRODUCTION	
1.1	Contract Title	Procurement of Energy – Gas and Electricity for Council Buildings 2021
1.2	Reference	<i>For completion by Procurement Services</i>
1.3	Directorate	Asset Management Finance, Governance & Property
1.4	Contract Cost	£ To be added when issues
1.5	Description	<p>Thurrock Council presently purchases gas and electricity for its own operational buildings, e.g. offices, public buildings and libraries, and street lighting. The procurement of Gas and Electricity will be completed under the CCS framework RM6011.</p> <p>The existing, internal procuring authority will expire at the end of September 2021.</p> <p>The existing framework allows for a seamless continuous process with authority to continue being renewed by members every 4 years subject to a procurement review.</p>
1.6	Contract Term	This is a rolling contract through CCS frameworks, a four year continuation of authority is sought to secure continuation of energy supply.
1.7	Political Sensitivity	NA
2.	BUSINESS CASE	

¹ Docusign Version, April 2019 onwards

2.1	Business Case	<p>Unless an energy contract is in place deemed rates are applied by the suppliers, this is the most expensive way to receive energy and needs to be avoided.</p> <p>The Office of Government Commerce recommends that an aggregated, flexible, risk-managed framework managed by an energy expert is the best strategy for achieving best value in public sector organisations. This translates to an energy expert securing energy on the wholesale market on the Council's behalf, when the price is at low points.</p> <p>Procurement have undertaken a review of the possible framework suppliers that meet this requirement and the fee structures of CCS is still considered to be the best value provider for the council.</p> <p>The existing Crown Commercial Services (CCS) customer access agreement is evergreen which allows a seamless continuation of the framework contracts subject to member's approval.</p> <p>This continuous process avoids the risk of out of contract rates being incurred by the Council and simplifies future migration between any new framework suppliers appointed by CCS.</p> <p>Due to the continuing structural changes the council is going through flexible contracts which don't lock the council into long term commitments is seen as a key requirement.</p> <p>The continuous nature of the CCS access agreement means leaving the contract only requires a short termination notice, allowing accounts to leave the contract as circumstances change. This is a very flexible arrangement and only possible with the largest energy players.</p> <p>Individual accounts can be migrated on and off the contract given suitable notice is give in the procurement cycle.</p>
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2.2	Key Deliverables	<p>To place a contract for the procurement of electricity for consumption by the Councils portfolio of buildings including public offices, libraries and other public services outlets.</p> <p>Existing energy frameworks have been evaluated by Procurement to allow the most appropriate to be selected. The service will be set-up to deliver the following:</p> <ol style="list-style-type: none"> 1) An energy framework agreement will be used to deliver fully competitive OJEU compliant procurement process 2) The energy expert will secure the energy required from the wholesale energy market in advance to allow a fixed price for the coming year using an aggregated, flexible and risk-managed energy procurement process. The key to this strategy is to buy at the low points of the market. 3) To allow for sites to migrate on and off the contract the largest portfolio tolerance will be sought; $\pm 15\%$ is typical but $\pm 25\%$ may be possible. 4) The payment terms of the suppliers will be explored to obtain the best conditions for the Council. Typically this is 21 days. 5) Paper bills are to be eliminated moving to a fully digital payment process 6) Electronic Data Interchange (EDI) files will be provided. This file will be processed by systemslink and finance will receive a formatted export file for payment. This will enable some validation to of the bill before it is paid. This new process will eliminate the manual downloading of invoices and simplify the payment process. 7) Half Hourly data for the large energy consuming sites is to be provided electronically. 8) Energy auditing software is used to operate a query management service to identify any issues and track the resolution through to conclusion. 9) The Council's adopted Environment Policy 2000 requires that 10% of the Council's energy requirements be purchased from renewable sources. Since the general mix of renewables now far exceeds this requirement there is no need to include this requirement as much higher mix of renewables is standard at no additional cost. <p>Procuring energy on the energy spot market is a highly specialist field, the framework should have the following key requirements:</p> <ul style="list-style-type: none"> • Experience of flexible purchasing in the public sector, with a range of risk products and entry dates • Regular updates on purchases and prices to support budgeting during the purchase window and beyond. • A transparent, not-for-profit charging structure • Managed, prompt and timely site registration • A dedicated single point of contact within organisation, once registered
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		<ul style="list-style-type: none"> • Savings on administration costs/cost to serve through significant aggregation • Professional supplier and contract management • Long-term confidence from a leading edge procurement process • Access to energy from renewable sources
2.3	Commercial Pressures	Leaving the European Union may have currency fluctuations, since energy markets operate in \$ there is scope for significant prices rises, there are a number of unknowns yet to be negotiated and how the pound responses to these changes will be decided by the world markets.
2.4	Contractor Employment Status ²	N/A
2.5	Award Criteria	Framework contracts with a single supplier for electricity
2.6	Social Value	The opportunity to source 100% green electricity will be provided to members along with the cost implications
2.7	Previous Contract	Supply of Energy and Ancillary Services – RM6011 (Electricity and Gas)

² Use online self-assessment tool: <https://www.gov.uk/guidance/check-employment-status-for-tax>

3.		FINANCIAL CONSIDERATIONS					
3.1	Previous Contract Cost	A 3% inflation factor has been applied to current costs					
3.2	Scope Changes	Is there any increase / decrease in scope that could impact costs?	No				
3.3	Annual Cost	Year	20/21 £000's	21/22 £000's	22/23 £000's	Later £000's	Total £000's
		Total Spend	£2,056	£2,117	£2,181	£2,246	£8,601
3.4	Funding Breakdown Identified	Revenue Budget	£2,056	£2,117	£2,181	£2,246	£8,601
		Capital Budget	£	£	£	£	£
		Other (Please State)	£	£	£	£	£
		Other (Please State)	£	£	£	£	£
		Total Funding	£2,056	£2,117	£2,181	£2,246	£8,601
3.5	Budget Code(s)	Enter budget codes					
3.6	Unsupported borrowing	N/A					
3.7	Other Financial Implications	Since energy markets operate in \$ there is scope for significant prices changes as there are a number of UK unknowns yet to be negotiated and how the pound responds to these changes will be decided by the world markets.					

4.		PROCUREMENT ROUTE	
4.1	Procurement Route	Direct Award under Framework (waiver)	
4.2	Procurement Route Rationale	Procurement have undertaken a review of the available frameworks and this is considered best value. The existing frameworks allows for a seamless continuous process with authority to continue being renewed. The energy frameworks only have one supplier appointed to them, thus allowing a direct award.	
4.3	Does the contract require a waiver?	Select Yes or No	
4.4	Single Source justification	N/A - not a single source	
4.5	Waiver Rationale	Only a single supplier is on each framework	

5.		PROCUREMENT TIMETABLE	
5.1	Procurement Timetable	Publish Contract Notice	N/A
		Selection Questionnaire Return	N/A
		Invitation to Tender Issue	N/A
		Invitation to Tender Return	N/A
		Notification of Result	N/A
		Standstill Period	N/A
		Expected Award Date	Continuation of framework contracts

		Contract Commencement	01 October 2021
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6. RISKS, CONSULTATION AND MANAGEMENT						
6.1	Tender Process Risks	Risk Level			Negative Impact	Mitigation
	No contract in Place	E - Very Low Likelihood	I - Critical Impact	EI - Low Risk	Out of contract rates can be upto 2 times the normal rate	The contract will continue until a termination notice is issued
	Supplier fails	E - Very Low Likelihood	II - Significant Impact	EII - Low Risk	Unknown cost with the new supplier, and potentially out of contract rates during the transition process	The current supplier is one of the big six suppliers and is too big to fail without the CCS having time to make alternative plans
	Click here to enter text.	Select Likelihood	Select Impact	Select Risk Level	Enter Negative Impact or N/A	Enter Mitigation or N/A
6.2	Contract Performance Risks	Risk Level			Negative Impact	Mitigation
	Billing systems inaccurate	D - Low Likelihood	II - Significant Impact	DII - Low Risk	Over payment	Lots of time validating invoices
	Supplier fails to make transfer	E - Very Low Likelihood	II - Significant Impact	EII - Low Risk	Out of contract rates incurred	CCS have a team to manage this with the suppliers
6.3	Contingency	As this is a continuation of an existing framework the process will continue unless a termination notices is sent to stop the current contract process. CCS will continue to provide framework suppliers who have been through their own EU compliant tendering process				
6.4	Consultation	This is a continuation of an existing electricity contracts all parties expect the process to continue in an uninteruped process. Finance has been involved in the requirement to centralise the payment of water under a framework contract. All independent bodies, schools and academies have recently been moved to their own customer access agreement and model contract, during this process the whole process of how the contract works was explained in detail all parties signed up to this process. They are now independent of the councils contracts.				
6.5	Project and Contract Management ³	Tier 1 - High Level Contract Management				
		Each EDI billing files will be validated through the Monitoring and Targeting software, any queries are raised with the supplier and any corrections implemented. Validated files will be exported into the finance system to allow bulky payments of the monthly bill. Energy Procurement & Efficiency Manager will manage this contract with all parties.				
6.6	Procurement Implications	This approach has been discussed with the Responsible Officer and approved by Procurement as the best option.				

³ Refer to the contract management framework or your category manager for guidance

7.	LEGAL, FINANCE AND PROCUREMENT APPROVAL	
7.1	Procurement	I confirm that I have been consulted and agree with the information contained in this report in so far as it relates to Procurement implications
		Name Angela Corsan
		Signed <u>Angela Corsan</u> Angela Corsan (Mar 18, 2021 16:10 GMT)
		Date Mar 18, 2021
7.2	Legal	I confirm that I have been consulted and agree with the information contained in this report in so far as it relates to Legal implications
		Name Kevin Molloy
		Signed <u>Kevin Molloy</u> Kevin Molloy (Mar 24, 2021 10:48 GMT)
		Date Mar 24, 2021
7.3	Finance	I confirm that I have been consulted and agree with the information contained in this report in so far as it relates to Financial implications
		Name Jonathan Wilson
		Signed <u>J D Wilson</u> J D Wilson (Apr 22, 2021 10:25 GMT+1)
		Date Apr 22, 2021

8.	APPROVAL TO PROCEED	
8.1	Approval Level	Select Contract Award delegation level
8.2	Responsible Officer	I confirm that this procurement will be carried out in accordance with Rule 5 of the Council's Contract Procedure Rules (Chapter 9, Part 2 of the Constitution) and in particular the following duties have been met: <ul style="list-style-type: none"> • Compliance will occur with all regulatory or statutory provisions and the Council's decision making requirements • The Contract will be included on the Council's Contract Register • Value for Money will be achieved • Advice has or will be sought from the Director of Finance and Corporate governance as to an appropriate security bond or guarantee • Document Retention Policy has and will be complied with • Financial Evaluation will be made of all the proposed tenders including the recommended bidder • Advice has been and will be sought and followed from Procurement, Legal and Finance as necessary
		Name Chris Licioni
		Signed <u>C Licioni</u> C Licioni (Mar 22, 2021 10:21 GMT)
		Date Mar 22, 2021
8.3	Assistant Director	In accordance with the Contract Procedure Rules, I confirm the accuracy of the information contained within this form and authorise this request to Proceed to Tender including, where relevant, the permitting of a Waiver from the Contract Procedure Rules in accordance with Rule 13.
		Name Michelle Thompson

		Signed	<u><i>m thompson</i></u> m thompson (May 6, 2021 09:07 GMT+1)
		Date	May 6, 2021
8.4	Corporate Director	In accordance with the Contract Procedure Rules, I confirm the accuracy of the information contained within this form and authorise this request to Proceed to Tender including, where relevant, the permitting of a Waiver from the Contract Procedure Rules in accordance with Rule 13. I confirm that the Portfolio Holder has been consulted as required	
		Name	Enter Name
		Signed	
		Date	
8.5	Director of Finance and IT (If waiver required)	In accordance with the Contract Procedure Rules, I confirm the accuracy of the information contained within this form and authorise this request to Proceed to Tender including, where relevant, the permitting of a Waiver from the Contract Procedure Rules in accordance with Rule 13.	
		Name	Sean Clark
		Signed	<u><i>Sean Clark</i></u> Sean Clark (May 6, 2021 10:59 GMT+1)
		Date	May 6, 2021
8.6	Cabinet	Minute Number	Enter approval minute reference
		Date	Click here to enter a date.
Now send complete form to Procurement Services signed and scanned			