

Record of Urgent Executive Decision(s)

1. Subject of decision

Procurement of Electricity Supply (Call Off Contract from the NEPO Electricity Supply and Demand Framework Agreement)
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2. Name and Title of Decision Maker

Norma Redfearn, Elected Mayor

3. Details of any Conflict of Interest and any Dispensation granted in respect of such Interest

None Identified

4. Executive summary (To be taken from written report)

The Authority's current contract for the supply of electricity will cease at the end of March 2019. A new electricity supply contract for all Council buildings and all schools will be required.

The Authority's Procurement Service, Engie, has recommended that the Authority access the North East Purchasing Organisation (NEPO) Electricity Supply and Demand Framework Agreement by entering into a Call-Off contract under this Framework for its new supply of electricity. As the Call-Off Contract will last for four years with an option to extend for a further 24 months, expenditure is likely to exceed £500k and approval to this procurement route is therefore required.

Utilising this Framework by way of a Call-Off contract will allow the Authority to access the energy deals brokered by NEPO, ensure a continued electricity supply to Council buildings throughout 2019/20 and ensure that the Authority is not subjected to price fluctuations over the Winter 2019/20 period.

To enter into a call-off contract under this Framework Agreement, Law and Governance have advised that approval is needed by 7 January 2019 to ensure that the Authority's energy requirements can be included in NEPO's forthcoming energy trading arrangements which are pursuant to this Contract. This timescale means that this decision is urgent, and hence the subject of this urgent decision report.

5. Alternative Options considered

Engie Procurement has considered the alternative option of not participating in the NEPO Electricity Supply and Demand Framework Agreement, but instead undertaking a direct procurement of electricity.

This alternative option is not recommended as the Authority will not then be able to share in savings forecast to be gained from participation in the NEPO Framework Agreement. These savings are estimated to be c. £276k for participating Authorities regionally, of which North Tyneside Council will receive a share.

The requisite expertise is unlikely to be held within the Engie Procurement Team and officers from Engie's Procurement Service have advised that a decision not to participate in the Framework will mean the Authority will have no power purchased for 2019/20 and will be subject to the fluctuations in the market over the winter period, using last year as an example, that could result in significant increase in cost.

6. Decision(s)

Decision made to

- (a) Approve the procurement of the Authority's electricity supply under the NEPO Electricity Supply and Demand Framework Agreement, by the Authority entering into a direct Call-Off contract commencing on 7 January 2019 for a duration of four years with an option to extend for a further 24 months; and
- (b) Grants this approval by the deadline of 7 January 2019.

7. Reasons for the Decision(s)

This will allow the Authority to receive a share in the forecast regional savings for participating Authorities, and will ensure that the Authority has sufficient energy purchased for 2019/20 and hence not be subject to fluctuations in the market over the winter period, which using last year as an example, that could result in significant increase in cost.

8. Date Decision Made

7 January 2019

9. Is this decision subject to call-in and if so expiry date of call-in period

No – see below

10. Date of Publication

17 January 2019

11. Implementation Date (if decision not called in)

7 January 2019

*Note – this Decision is not subject to call-in, as agreed by the Chair of Council for the following reason.

To ensure that the Authority can participate in NEPO's Electricity Supply and Demand Framework Agreement at 2019/20 negotiated prices,, it will be necessary for the Authority to have signed the call-off contract by the time that NEPO undertake residual trade work associated with the Framework Agreement in January 2019.

The residual trade can only be undertaken on behalf of those Councils that have signed the Call-Off contract as it shapes the full portfolio of electricity buying for the following financial year. If the Authority has not signed the Call-Off contract by the time NEPO undertake the residual trade then the power currently purchased cannot be allocated to North Tyneside. This means the Authority will have no power purchased for 2019/20 and will be subject to the fluctuations in the market over the winter period, using last year as an example, that could result in significant increase in cost.

The call-off contract must be approved and sealed by 7 January 2019.