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To: All Members of the Cabinet

Date: 4.9.19  
Our Ref: CAB  
Your Ref:

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Dear Councillor

## **CABINET - THURSDAY 5TH SEPTEMBER, 2019**

I refer to the agenda for the above meeting and now enclose the following report which was deemed to be an Urgent Report by the Deputy Leader of the Cabinet, Rule 29 of Chapter 11, Access to Information of the Cabinet.

<b>Agenda No.</b>	<b>Item</b>
11	<b>Gas Framework Transfer</b> (Pages 87 - 90) Report of the Head of Corporate Resources

Yours faithfully,

Chief Executive  
Dwayne Johnson

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<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	5 <sup>th</sup> September 2019
<b>Subject:</b>	Gas framework transfer		
<b>Report of:</b>	Head of Corporate Resources	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	<b>NO (Complied via Rule 29 and Rule 46 approval)</b>
<b>Exempt / Confidential Report:</b>	No		

**Summary:**

Report to seek the approval for the termination of the CCS Gas framework and subsequent appointment to the NEPO Gas Framework for a two year interim contract, in order to secure early financial savings.

**Recommendation(s):**

It is recommended that Cabinet approve:

1. To note that the proposal was a Key Decision that had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) had been consulted under Rule 29 of the Access to Information Procedure Rules of the Constitution, to the decision being made by the Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until Cabinet in October due to the contract termination date.
2. To note that the Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) had been consulted under Rule 46 of the Access to Information Procedure Rules of the Constitution, waiving call in due to the need to procure quickly.
3. The termination of the current Crown Commercial Services (CCS) procurement framework contract for gas supplies for all Council buildings, including schools.
4. That Sefton then join the North-East Purchasing Organisation (NEPO) for the supply of gas on an interim contract to cover the period 1<sup>st</sup> April 2020 – 31 March 2022.
5. The continuation of the authority previously delegated to Head of Corporate Resources and the Head of Strategic Support to sign the Customer Access Agreements for the NEPO framework and approve purchasing decisions.

# Agenda Item 11

## Reasons for the Recommendation(s):

Sefton have recently reviewed our options within the CCS gas supply framework. Although the market price is low currently, CCS were not able to offer opportunities to capture this saving (approaching £200K in year 1 2020/1 and £175K in year 2 2021/2).

In order to achieve these savings and remain OJEU compliant, Sefton Officers are suggesting the course of action outlined above to achieve a two year financial saving (based on current prices).

## Alternative Options Considered and Rejected: (including any Risk Implications)

Do nothing – remain on the current contracts and take a price in April 2020, based on purchasing made during October 2019 – March 2020. This was rejected due to government advice that market conditions during this time were likely to be volatile, hence an increased risk across our portfolio.

## What will it cost and how will it be financed?

### (A) Revenue Costs

The cost of all utilities is met from individual departmental revenue budgets.

Prices can be reported as soon as an interim contract is secured. These prices will be subject to market forces, however, current prices are low.

### (B) Capital Costs

None

## Implications of the Proposals:

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> None
<b>Legal Implications:</b>  Para. 2.4.1 of Contract Procedure Rules makes provision for the Council to join (or remain within) existing public sector framework arrangements where it is evident that such frameworks represent the optimum solution to the Council in terms of service and cost.
<b>Equality Implications:</b>  There are no equality implications

## Contribution to the Council's Core Purpose:

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Not applicable

Commission, broker and provide core services: Securing best value supplies and continuously reviewing provisions for improvements.
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Positive, through securing early savings.
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Head of Corporate Resources and Head of Regulation and Compliance have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

Not applicable

**Implementation Date for the Decision**

**Immediately following the Cabinet meeting. Call in Period to be waived due to contract transfer timescales.**

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**Appendices:**

There are no appendices to this report

**Background Papers:**

There are no background papers available for inspection.

# Agenda Item 11

## 1. Introduction/Background

- 1.1 Officers have recently completed an appraisal of our current gas framework options to secure best value. CCS, our current framework provider (with fuel supplied by Corona) had provided Sefton with two options to move from our current 'basket' to take advantage of current prices, whilst remaining within their framework.
- 1.2 However, on 3 September 2019 CCS withdrew all offers to all customers due to the potential for a high level of movement across their portfolio. In order to take advantage of current low prices, ahead of the anticipated price volatility expected due to Brexit, officers urgently explored options available to the Council which were OJEU compliant.
- 1.3 Other OJEU compliant frameworks were considered but discounted due to either short framework periods (YPO who use Corona, ending after 1 year) or those utilising different fuel suppliers, as obtaining prices from a new supplier would take time and add additional disruption (ESPO using TG&P).
- 1.4 Under current contract rules, Sefton must inform CCS of its intention to make any changes including termination by 17<sup>th</sup> September 2019 (10 working days before the purchasing for our current basket commences on 1<sup>st</sup> October 2019).

## 2.0 Proposal and Timescales

- 2.1 Council officers have been guided by the need to remain OJEU compliant and achieve best value for the Council and its partners. We believe that securing a fixed gas supply price for the next two years whilst the market price is low offers a lower risk profile for our portfolio in the near term. This will also, based on current prices, achieve a significant financial saving, compared to current prices.
- 2.2 Market conditions and our contractual obligations require us to act quickly. Therefore, we propose the following;
  - 2.2.1 Following Cabinet approval, inform CCS of our intention and terminate our contract.
  - 2.2.2 Enter the NEPO framework via a customer access agreement.
  - 2.2.3 Secure daily prices from Corona (for a two year interim contract) and secure when prices are low.
  - 2.2.4 If we encounter any problems (not envisaged) we retain the right to rescind our CCS termination and obtain an interim 1 year contract with them.