

REPORT TO: Executive Board

DATE: 17 February 2022

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

PORTFOLIO: Environment and Urban Renewal

SUBJECT: Preliminary Estimates for Street Lighting Energy Procurement

WARDS: Borough Wide

1.0 PURPOSE OF THE REPORT

- 1.1 To seek approval for the Council to utilise Dukefield Energy (formerly Utilities Procurement Group UPG), as specialist Energy advisor for the Council's un-metered electricity supply contract for street lighting, Utilising the 'National Public Sector Energy Framework' in accordance with Procurement Standing Order 1.4.1 and to record that the anticipated expenditure is likely to be over £1.0M per annum.

2.0 RECOMMENDATION: That

- 2.1 **The Board endorse the use of the use of the 'National Public Sector Energy Framework' for the purchase of un-metered energy in compliance with Procurement Standing Order 1.4.1;**
- 2.2 **It be recorded that the expenditure is anticipated to be in excess of £1.0M per annum; and**
- 2.3 **2.3 That Dukefield Energy continue to be used to manage our street lighting energy provision.**

3.0 SUPPORTING INFORMATION

- 3.1 Since October 2001, the Council's un-metered electricity (energy for street lighting and other highway electrical equipment) has been procured through Dukefield Energy formerly known as UPG (Utilities Procurement Group) who are an energy procurement specialist to the public sector. Prior to using Dukefield, un-metered electricity was purchased from Scottish Power using a former Cheshire County Council contract, which was negotiated with a sole supplier, as was the procedure prior to the market being opened up to competition. When Dukefield commenced our energy procurement, they included us in a tender with other local authorities and tenders were received from six companies; this has happened each time the supplier has changed. Dukefield use their knowledge of the market to determine the best time to seek tenders, as the energy market is very volatile and rates change due to worldwide events such as turmoil in the Middle East plus

economic data in the UK. The first contract through Dukefield commenced in April 2002 and initially was awarded to Eon (previously Powergen), and then has been awarded to the following companies:

- Eon (previously Powergen) – April 2002 until 31 March 2007
- Scottish and Southern Energy - April 2007 until 31 March 2011
- Haven Power – April 2011 until 31 March 2015
- British Gas – April 2015 until 31 March 2017
- SSE Energy – April 2017 until present

- 3.2 The current contract with SSE Energy expires on 31st March 2022; therefore, we will be looking for Dukefield to invite Tenders on our behalf for supply of energy from April 2022 onwards for a period of between 12 and 36 months as recommended.
- 3.3 Current rates are 17.623p/kwh for daytime equipment and 13.009p/kwh for night-time equipment (including Climate Change Levy (CCL) and Feed in Tariff (FiTs) Charge. The total Annual spend currently equates to an annual cost of around £1 Million.
- 3.4 A preliminary recent market enquiry with our current supplier suggest the new rates will represent an Annual increase of £370,000 to £700,000 (37-70%) on the current cost of energy supply for 2021/22 depending on the length of contract term.
- 3.5 If any electrical equipment is installed or removed, then the total amount payable will be adjusted accordingly. The current LED upgrade programme is reducing the energy consumption monthly as work progresses. The total amount payable is determined from an itemised listing of our equipment which is determined from our inventory and converted into the required format and submitted by Dukefield, on our behalf, to Scottish Power (the Distribution Network Operator (DNO)), who in turn issue a Certificate of monthly Consumption based on the burning hours recorded for that month. The certificate is updated every month; therefore, any equipment removed/added is included within a relatively short period of time.
- 3.6 The Street Lighting Energy contract needs to be accepted within a very short timescale, generally on the same day as the offer, due to the rapid changes in the prices charged for electricity, which can result in an offer being withdrawn at short notice. This was done after consultation with the Council's Finance and Internal Audit Sections who supported the Strategic Director's acceptance of it. The process has been reviewed by Internal Audit, who are satisfied that the system represents good value for money for the Council.

4.0 POLICY IMPLICATIONS

- 4.1 None

5.0 OTHER IMPLICATIONS

5.1 Resource Implications

Funding for these energy costs is provided through the Street Lighting Revenue Budget.

5.2 Sustainability

The energy where possible is purchased from renewable sources and is therefore exempt from the Climate Change Levy (CCL)

5.3 Value for Money

The use of an energy procurement specialist provides good value for money as it advises on the most appropriate time to purchase electricity. Dukefield can combine tenders with other bodies that are looking to procure at similar times to offer economies of scale for the Council.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

There are no direct implications on this priority

6.2 Employment, Learning and Skills in Halton

There are no direct implications on this priority

6.3 A Healthy Halton

There are no direct implications on this priority

6.4 A Safer Halton

This contract provides electricity for the operation of all highway electrical equipment, which includes Traffic Signals, street lighting and CCTV, all of which contribute to a safer / feeling of a safe environment.

6.5 Halton's Urban Renewal

There are no direct implications on this priority

7.0 RISK ANALYSIS

7.1 No risks anticipated with acceptance of this Procurement Strategy.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no Equality and Diversity implications arising as a result of the proposed action.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

9.1 Report to Executive Board Sub-committee on 12 February 2009;
Report to Executive Board Sub-Committee on 10 February 2011;

Report to Executive Board on 29th March 2012;
Report to Executive Board on 28th February 2013;
Report to Executive Board on 11th July 2013;
Report to Executive Board on 26th March 2015.
Report to Executive Board on 20th April 2017.