

**South Yorkshire Mayoral Combined Authority
Officer Scheme of Delegation
Record of Officer Decision Form**



(Regulation 7 of The Openness of Local Government Bodies Regulations 2014)

Please send this completed form to: SYMCAMeetings@southyorkshire-ca.gov.uk

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| 1 | Subject of decision/report title: | Approval For Future Electricity Supply Contracts |
| 2 | Decision Date: | 16 February 2023 |
| 3 | Background/reason for decision/purpose of report: | <p>Due to the performance of the current contract using the Yorkshire Purchasing Organisation framework (YPO) the decision has been reached to explore the use of other providers for electricity procurement.</p> <p>The procurement team were therefore asked to look at what other public sector frameworks were available, other than YPO. Their feedback was to recommend the use of Crown Commercial Services (CCS), as this appeared to be the only other framework which offered a degree of certainty that they could achieve a competitive market price and had the support structure and expertise needed.</p> <p>CCS has purchased energy commodities for over 24 years for the public estate, principally the crown estate as well as local government organisations. In total they have a customer base of 1,100 public sector organisations and hence this gives them the bulk buying power to attain competitive market prices from energy suppliers. CCS employ a team of energy specialists, which includes traders, risk managers and energy specialists.</p> <p>CCS's electricity frameworks are recognised as being fully compliant with regards to OJEU and the Public Contracts Regulations 2015 and the national Energy Strategy Team guidelines. Electricity supplies are to be obtained from a Contract which has been negotiated by a central or local government purchasing</p> |

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| | | <p>organisation.</p> <p>A Benchmarking exercise has been undertaken to confirm if the CCS framework electricity prices were competitive, which has meant comparing electricity costs for the period 2022/23 for the SYMCA estate, with those attained by the YPO framework. This has should the CCS framework to be potentially 20% cheaper than the YPO framework for that period.</p> <p>When entering into an electricity supply contract, that guarantees a set price for any given period, the electric commodity needs to be purchased prior to the start of any contract. Therefore SYMCA have to sign up to a contract with CCS by the 15th March to be included in the buying period April 2023 to March 2024 for eventual supply of the bought commodity from April 2024 onwards.</p> <p>The basis of this type of contract is that the total projected electricity demand for all organisations signing up to the contract is purchased flexibly over the 12 months prior to the contract start. Buying flexibly ensures that the best purchase rates are achieved against market fluctuations, allowing electricity to be bought at opportune moments (such as when the market is lower), avoiding market peaks to keep the costs down. Buying electricity in this manner generally results in a significantly lower commodity cost than the industry average or that which SYMCA would be able to achieve alone.</p> <p>It is to be noted that each year, unless SYMCA formally opt out in writing or select a different contract with CCS, SYMCA will be included in the next 1 year contract of the type SYMCA are currently signed up to.</p> |
| 4 | Options considered: | An option to use private energy brokers to purchase electricity was considered but this was discounted after investigation into how |

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| | | <p>they operated. This highlighted that they couldn't give an acceptable level of certainty over whether a competitive market price could be achieved, which was free from hidden add-on costs. This was when compared to public sector frameworks, which would give SYMCA an more acceptable degree of certainty over both the price and best value.</p> <p>It was ultimately thought prudent to use a recognised public sector framework, as recommended by central government, especially with the current uncertainties around the energy market prices.</p> |
| 5 | Decision: | <p>That the Executive Director Resources and Investment approve the purchase of electricity via the Crown Commercial Services (CCS) framework contract for the financial year 2024/25 and year to year thereafter following a review each January.</p> <p>The review will take place every January for the electricity supply contract that would start 15 months after. (ie for supply of electricity in financial year 2025/26, the review will take place in January 2024)</p> <p>The review will examine if staying with CCS each year, demonstrates continuing best value for SYMCA.</p> <p>Cost of supply not available until early 2024, estimated to be around £1,700,000, based on current forecast and current consumption levels.</p> |
| 6 | Background documents: | N/A |
| 7 | Type of decision Key/Non-Key: | Key |
| 8 | Officer making decision: (Director or Statutory Officer) | Gareth Sutton |
| 9 | Contact details (telephone number or email): | Gareth.sutton@southyorkshire-ca.gov |
| 10 | Does the decision maker have a conflict of interest? | No |

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| 11 | Consultations (where appropriate): | |
| 12 | Any Legal, Financial, or Equality Implications considered: | In line with Contract Standing Order 5.8.1(a) (ii) the supplies and services are to be obtained from a Contract which has been negotiated by a central or local government purchasing organisation. |
| 13 | Have Finance Team confirmed budget availability | Yes Budget code: REDACTED |
| 14 | Signature (Stat Officer or Director) and Date: | SIGNATURE REDACTED 16/02/2023 |

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| For Democratic Services Team use only: | |
| Date received by Governance Team: | 16/02/2023 |
| Processed by: | Sarah Pugh, Democratic Services Officer |
| Dem Services Ref No: | 2023-03 |