

SHEFFIELD CITY COUNCIL

EXECUTIVE DIRECTOR KEY DECISION RECORD

The following decision was taken on 12 September 2016 by the Executive Director, Place.

Date notified to all members: Monday 12 September 2016

The end of the call-in period is 4:00 pm on Friday 16 September 2016

Unless called-in, the decision can be implemented from Saturday 17 September 2016

1. **TITLE**

Procurement of Gas Supply

2. **DECISION TAKEN**

The Executive Director:-

approves the Council remaining with its current supplier, British Gas, until 31st March 2017 when the existing contract expires; and

approves the Council continuing its membership with Yorkshire Procurement Organisation for the next framework period – a maximum of four years (till 31st March 2021).

3. **Reasons For Decision**

The recommendation from the report is to allow the existing contract with British Gas to expire on the 31st March 2017 and subsequently enter into a supply agreement with Corona Energy.

This is considered to be the best option due to the timescale it would require to establish new supplier. It will also provide circa £75k annual savings on energy spent as the new contract offers lower contract management fee.

4. **Alternatives Considered And Rejected**

A list of alternative options has been provided within CLOSED Appendix 1: Option Appraisal – Gas Supply. An overview of this paper has been set out as below:

Decommissioning of gas supply. This option is not achievable as the Council requires a gas supply to deliver heat and hot water services to its own premises and to premises of associated members i.e. schools, housing, etc.

Serve notice of early termination on the current gas supply contract with YPO/British Gas. Termination would realistically require a minimum of six months to complete, and with less than a year left of the framework the earliest the Council could end the agreement would be March 2017. If termination did go ahead, an

alternative supplier would also need to be procured, which requires full procurement process and would not be completed on time for end of the year. There would be a cost for early termination and potentially the Council could be exposed to the challenge from British Gas and YPO.

The Council buys its own energy or runs its own procurement exercise. The Council setting up its own energy buying unit is an area for further consideration in the long term, as there is not sufficient time to prepare this strategy within the 7 month time limit. Buying in-house is an approach followed by Liverpool City Council for example. A detailed consideration of this is beyond the scope of this report and proposal would require a full Business Case developing and taking through the Council's normal approval route with Commercial Services involvement.

5. **Any Interest Declared or Dispensation Granted**

None

6. **Respective Director Responsible for Implementation**

Executive Director, Place

7. **Relevant Scrutiny Committee If Decision Called In**

Economic and Environmental Wellbeing Scrutiny Committee