

## ABERDEEN CITY COUNCIL

---

COMMITTEE	Finance & Resources	DATE 11 <sup>th</sup> March 2010
DIRECTOR	Stewart Carruth	
TITLE OF REPORT	Electricity & Gas National Contracts	
REPORT NUMBER:	CG/10/053	

---

### 1. PURPOSE OF REPORT

This report seeks the approval of the Committee to allow the migration of the Councils Electricity and Gas requirements over to the Scottish Governments national contracts when the current Council agreements expire on the 31<sup>st</sup> March 2011.

### 2. RECOMMENDATION(S)

It is recommended the Committee approve:

1. Migration of the Councils electricity usage to the national framework agreements that have been awarded to Scottish Power for half hourly, unmetered and domestic sites.
2. Migration of Councils electricity usage to the national framework agreements that have been awarded to Scottish and Southern Energy for non half hourly metered sites.
3. Migration of the Councils gas usage to the national contract awarded to Total Gas & Power Ltd.

### 3. FINANCIAL IMPLICATIONS

The migration of the Council supplies to the Scottish Government's national contracts should provide a financial benefit to the Council. This is being assessed as part of the transfer and procurement process.

The total cost of the current fuel contracts for public buildings is £9.2 million per year. At a time of volatile fuel prices, migrating to the national framework agreements for public buildings will secure for the Council competitive and stable fuel prices from 1<sup>st</sup> April 2011 onwards.

The total cost of the current fuel contracts for Housing is £2.3 million per year. We have in excess of 1900 domestic electricity sites currently on contract.

#### 4. SERVICE & COMMUNITY IMPACT

None.

#### 5. OTHER IMPLICATIONS

For many years the gas and electricity contract procured and managed by Aberdeen City Council has been a consortium contract, including not just Aberdeen City Council but also other organisations: currently Moray Council, Grampian Fire Brigade and Grampian Housing Association. Each of these organisations will be able to enter into agreements with the National Electricity and Gas Framework for their own sites if they so wish. We will, however, need to give them formal notification of our intention to procure Aberdeen City Council's fuel through the National Framework to allow these other organisations time to make their own arrangements after the existing contract ends on 31 March 2011.

The national contract will be open to all Third Sector and Charity organisations in Aberdeen. If they decide to utilise the contract they will be directly billed and the Council will not therefore have to account for their usage in our carbon reduction commitments. Appropriate Officers will make them aware of this opportunity.

#### 6. REPORT

The National Electricity and Gas Framework Agreements realise the benefits of collaborative procurement for the Scottish Public Bodies and Scottish Third Sector Bodies. Procurement Scotland (Scottish Government) throughout the procurement process has worked with key stakeholders and suppliers in order to maximise the financial benefit, service delivery and robust contractual terms and conditions for all Scottish Public Bodies and Scottish Third Sector Bodies that will utilise these frameworks.

Procurement Scotland requires a signed Agency Agreement and completed data templates at least 6 months in advance of the required start date on the contract by the Council. Given the nature of the forward market this will allow sufficient time for purchases to be made.

The national framework agreement for domestic fuel prices does not currently take account of the different tariffs that have historically applied in the former Scottish Hydro Regional Electricity Area – specifically Total Heat and Total Control tariff. Further information is required about the likely costs in 2011 for domestic electricity through the national framework to determine whether we would achieve best value from procuring domestic electricity through this route or through tendering separately for the Housing related electricity costs. Whichever approach is likely to give us the more competitive pricing structure, and so minimise the costs to the Housing Revenue Account, will be taken.

#### 7. REPORT AUTHOR DETAILS

Craig Innes  
Head of Procurement, Corporate Governance  
[cinnnes@aberdeencity.gov.uk](mailto:cinnnes@aberdeencity.gov.uk)  
01224 665650

## 8. BACKGROUND PAPERS

N/A.