



LONDON BOROUGH OF  
**HARROW**

## **Report for: Cabinet**

---

<b>Date of Meeting:</b>	15 Feb 2024
<b>Subject:</b>	Energy Procurement Strategy 2024-28
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Dipti Patel Corporate Director - Place
<b>Portfolio Holder:</b>	Councillor Anjana Patel, Portfolio Holder for Highways, Infrastructure and Community Safety Councillor David Ashton, Portfolio Holder for Finance & Human Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All (all Council service sites and schools)
<b>Enclosures:</b>	None

## **Section 1 – Summary and Recommendations**

This report sets out the Council's energy procurement options and strategy for the period 2024 to 2028 and seeks approval from Cabinet for a new framework contract.

### **Recommendations:**

Cabinet is requested to:

1. Approve the Council enter into a Framework Agreement with LASER Energy Buying Group (LASER) managed by Kent County Council for the supply of energy to the Council's corporate sites and schools for a period of four years starting on 1st October 2024.
2. Delegate authority to the Corporate Director for Place, following consultation with the Portfolio Holder for Highways, Infrastructure and Community Safety and the Portfolio Holder for Finance & Human Resources, to call off contracts from the LASER Energy Buying Group Framework for the provision of gas and electricity supplies on the terms set out in this report.

### **Reason: (for recommendations)**

- To procure energy at competitive rates for the Council's 571 electricity and gas supply accounts across its corporate buildings and schools through an efficient process, in accordance with the government recommended approach for public bodies.
- The Council's current energy supply contract is due to expire on 30 September 2024 and a new contract is needed to ensure continuity of supply. To guarantee that the Council can participate in future advance purchases of energy beyond the current period of the contract a firm commitment to using a new framework agreement for the period 2024 – 2028 must be made by 31<sup>st</sup> March 2024<sup>1</sup>. This will enable the Authority to take advantage of wholesale price fluctuations when the wholesale energy market is favourable.

---

<sup>1</sup> - Almost all energy companies buy their energy through a process called hedging, which is buying energy in advance. Hedging is the practice of forecasting future energy prices and buying in bulk at those prices to meet customer demand for a set period.

## **Section 2 – Report**

### **2.1. Introduction**

- 2.1.1. The Council's existing energy contract covers energy provision until the end of September 2024. Currently a portion of the Council's energy is purchased in advance of the usage period. To ensure continuity of this advanced purchase approach, the new contract needs to be signed by 31<sup>st</sup> March in order for advance purchases to be placed ready for October 2024.
- 2.1.2. Gas and electricity market prices are highly volatile, and a long purchase window allows effective monitoring of the wholesale energy market prices and procurement at the best possible rates. Early contract agreement enables the energy suppliers to commence purchasing energy on our behalf and respond to market price changes, taking advantage of potential favourable buying opportunities.

### **2.2. Options Considered**

#### **Background**

- 2.2.1. The total costs of energy for corporate buildings, state schools, academies, street lighting and housing landlord's supplies were £14,521,745 million, for the 2022/23 financial year. School energy bills are paid by the schools from local budgets under the terms of service level agreements, with the Council arranging the supplies centrally.
- 2.2.2. The council procures almost all its energy requirements centrally under a framework agreement managed by LASER Energy, a public sector energy buying group (known as a Central Purchasing Body).
- 2.2.3. Under the current framework agreement gas is supplied by Total Gas and Power (TGP) and electricity for metered and unmetered sites by Npower.
- 2.2.4. The Council's supply contracts cover 118 gas and 453 electricity sites as summarised in the table below.

The Council's current energy contracts include:

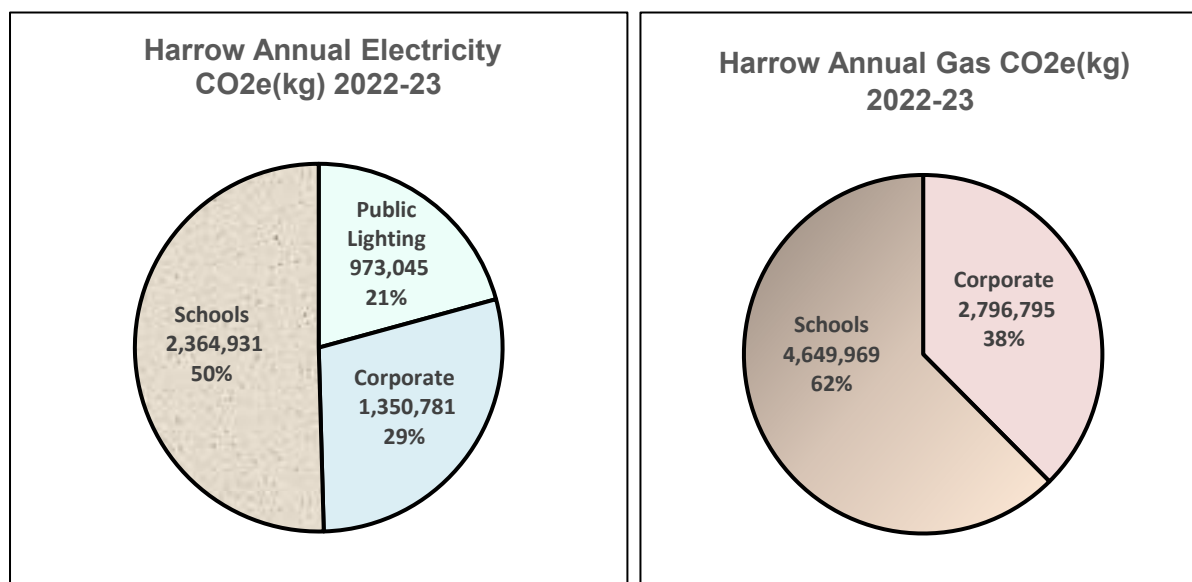
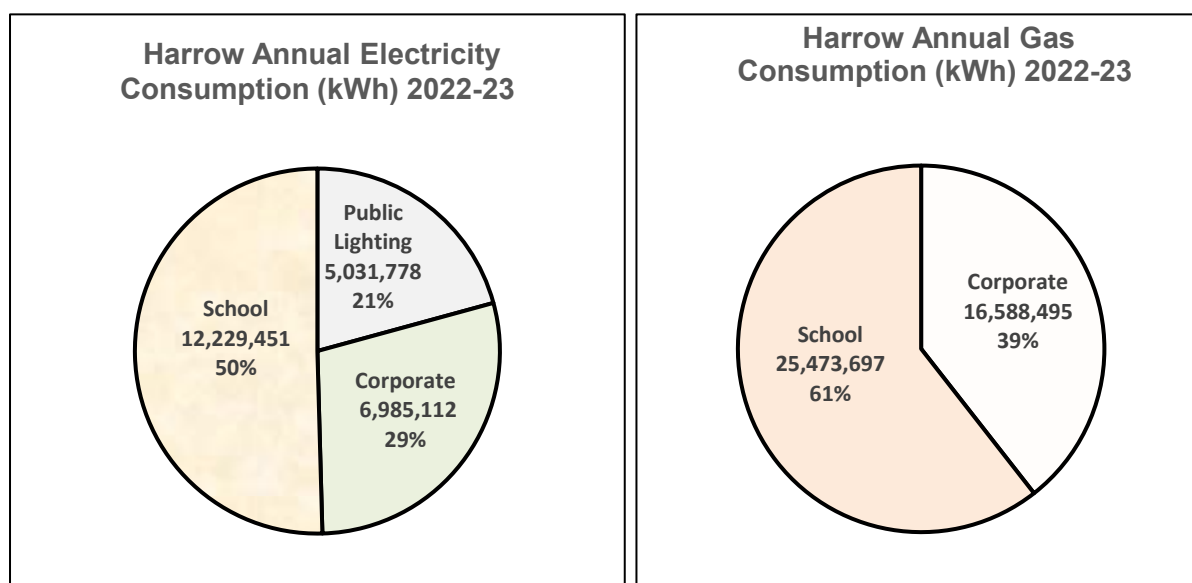
- a. Electricity (Half Hourly, Non-Half Hourly and Unmetered)
- b. Natural Gas
- c. Operation and Management of Meters over 100 KW (MOP) and P272
- d. Automatic meter reading (AMR)
- e. Data Collection services including AMR equipment and smart meters.

### Harrow's total energy cost, consumption, and CO2 emission 2022-2023

	Gas	Electricity	Street Lighting	Total: Gas + Electricity
<b>Total Annual Cost (£)</b>	£4,398,367	£7,883,861	£2,239,516	£14,521,744
<b>Total Annual Consumption (kWh)</b>	40,795,240	19,214,562	5,031,778	65,041,581
<b>Total CO<sub>2</sub> emissions (kg)</b>	7,446,763	3,715,712	973,045	12,135,521
<b>Total number of sites</b>	119	444	8	571

Note 1: 320 of the above sites, including 286 housing landlord and 34 public realms (parks), do not consume gas.

The following chart demonstrates distribution of Harrow's electricity and gas usage and CO2 emissions across the corporate and school sites in 2022-23.



## **2.3. Energy Procurement appraisal**

**There are 4 options considered for the future purchase of energy:**

- Do nothing
- Procure our own energy by direct tender
- Procure by a private third-party intermediary (TPIs) or an energy broker
- Procure via Central Purchasing Bodies (CPB)

### **Option 1 – Do nothing.**

The Council and participating schools would be exposed to 'out of contract' unit rates, which normally are higher than pre-agreed prices.

The Council needs to ensure continuation of its energy supply and achieve the best value and most competitive prices. For these reasons this is not a recommended option.

### **Option 2 - Procure our energy supplies by direct tender using our own in-house resource.**

This option has not been considered as the Council's existing resources are insufficient to deal directly with the requirements of 571 separate corporate and school supplies requiring management of many energy invoice queries, metering, invoice validation, addressing payment issues, monitoring market trends and new regulations and other relevant support. It is a high-risk strategy that is unlikely to be effective in controlling commodity costs.

Managing a flexible energy framework is a specialist function and should only be performed by market experts.

### **Option 3 – To procure through private sector Third-Party Intermediaries (TPIs) to source the Council's energy supply contracts.**

TPIs include switching sites, energy brokers and any company that offers support with energy procurement.

TPIs typically sit between the regulated entities in the energy market (typically the supplier) and customers, helping them to engage with the market. TPIs in the energy market are not licensed.

Where a public sector procurement compliant framework is not used there is a regulatory requirement for the Council as a public body to tender for the energy supply contract. This can lead to a time consuming and costly procurement exercise with no guarantee in meeting the government procurement recommendations.

Private TPIs may not have the same level of buying power and full access to the energy market to provide the same level of additional services as public sector focussed 'central purchasing bodies'.

#### **Option 4 - Procure energy by use of public sector Central Purchasing Bodies (CPBs)<sup>2</sup>**

In the public sector, a series of aggregated contracts have been procured through processes compliant with applicable procurement law, which are promoted through specialist agencies referred to as Public Buying Organisations (PBOs). PBOs are viewed as specialists with regard to public sector procurement and relevant ancillary services.

The CPBs (unlike private TPIs energy buying companies) are operated by another public sector contracting authority or by an 'agent' that has been appointed to act on behalf of a public sector contracting authority.

Due to a number of advantages of using a CPB which have been listed below, the vast majority of local authorities and central government departments purchase their energy supplies through CPBs, and this is the government's recommended approach for local authorities.

#### **The advantages of energy procurement via a CPB:**

- The Council can participate in the framework and utilise the flexible supply contracts already tendered and put in place by the CPB without any requirement for the local authority to separately tender to the market.
- Having only one contract negotiation for gas, electricity and associated support contracts at renewal time saves significant management time and administrative burdens.
- The Council can achieve better prices, through bulk purchasing together with other public bodies and taking advantage of the economies of scale this provides, than could be achieved by purchasing energy separately.
- More effective risk management at times of high price volatility.
- Further savings can be expected from lower transaction costs, improved overall management capacity, lower energy supplier management fees, advanced monitoring tools, trading skills and expertise of CPBs.

---

<sup>2</sup> - The Public Contracts Regulations 2015 define a Central Purchasing Body (CPB) as a contracting authority which provides centralised purchasing activities.

## **2.4. Preferred option for the purchase of energy**

With the complexities of the energy market, having a reliable TPI or PBO can make a significant difference in managing costs effectively and receiving sound advice to support decision-making processes.

Due to increased exposure to market volatility within the energy market over recent years, a careful examination of the available procurement strategies is required to ensure the best outcomes for our energy purchasing.

The number of TPIs offering energy services is currently more than 4,000 companies or individuals engaged in sourcing non-domestic energy contracts.

To ensure that best value is obtained, Harrow together with eight other boroughs (including Barnet, Hounslow, Hillingdon, Hammersmith and Fulham, and Waltham Forest) has commissioned an independent review of the energy purchasing market by nationally recognised energy consultants Cornwall Insight.

Cornwall Insight conducted market research to identify a recommended procurement route. A number of TPI and CPB energy purchasing frameworks were investigated by Cornwall Insight in 2023 to assess their capacity, experience of central purchasing, expertise in delivering effective price risk management and value for money consistently over the contract period.

Cornwall Insight's research and evaluation of potential TPIs and CPBs found that the following four options are the most capable energy buying organisations "with good energy purchasing records, supportive customer services and extensive experience in powering public sector" :

### **A - LASER Energy**

LASER is the incumbent supplier the London Borough of Harrow and is a CPB operated by Kent County Council. LASER has considerable buying power purchasing over £1.5 billion of energy per annum and serving over 200 public sector organisations. It offers a comprehensive service to local authorities, including a fully managed service for more complex sites.

### **B – Crown Commercial Services (CCS)**

CCS is a PBO, the UK's largest procurement organisation and principal buyer for the UK Government. Historically dominant for energy purchasing, it however offers a simplified services (purchase only option) compared to LASER's fully managed service.

### **C - Inspired Energy**

A good performing private TPI in Cornwall Insight's assessment of brokers offering services to large energy consumers (TPI Index). Inspired were undergoing a tender award during the review period, inhibiting some aspects of research, although

substantial deviation from historical approach and performance was not expected to be an outcome.

## **D - Inenco Group**

Also highly placed in Cornwall Insight's assessment of brokers offering services to large energy consumers (TPI Index), and undergoing a growth focused on public sector bodies.

**Of these two CPBs and two TPIs, Cornwall Insight's analysis concluded that 'LASER's service proposition is most closely aligned to the Council's Statement of Requirements'. Other providers do not match the Statement of Requirements as well as the LASER package.**

## **2.5. Recommended Energy Buying Company (CPB)**

**Based on the research, analysis, evaluation process, which was conducted by Cornwall Insight, and for the reasons set out below, LASER Energy is recommended as the Council's next CPB for 2024-28.**

### **2.5.1. Reasons for the Recommendation**

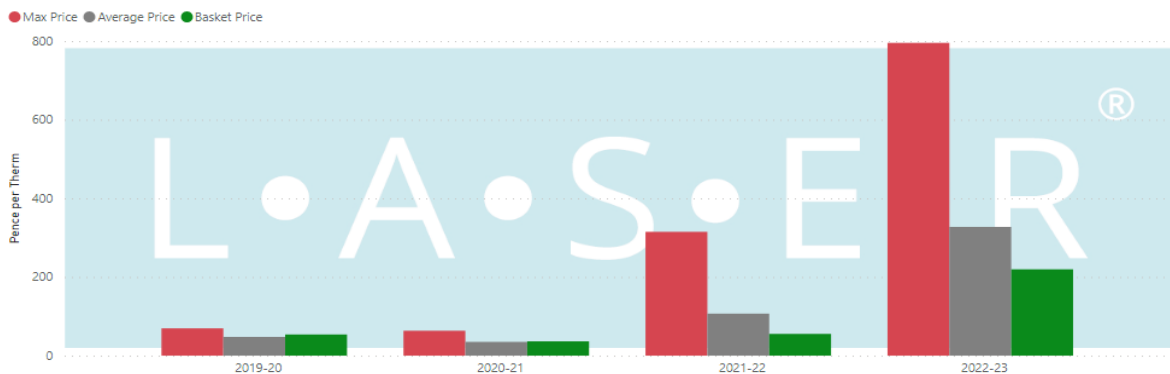
- a) Cornwall Insight's analysis found that although other high scoring providers with active framework arrangements offer similar services to Laser, however no overall packages were identified that would be likely to offer a material benefit to Local Authorities beyond those already supplied by LASER, who are the existing supplier to Harrow and a number of other local authorities who commissioned the study. Of the four shortlisted providers, only two were CPBs and LASER is the only CPB to offer a fully managed service option for complex sites (see below).
- b) The existing LASER service to the Council has been satisfactory and moving to a new energy partner would require lead time for a change of provider. This would include significant internal resources to manage the transition of a large number of supply points, and new systems and management arrangements to be established, including with School service level agreement customers.
- c) LASER offers added value benefits including energy efficiency, renewable, data collection, metering services, energy price forecasts, Management Information and enhanced KPIs.
- d) Harrow's Energy team has benefited from LASER's support in resolving several complex queries in the areas of invoice management, metering, change of tenancy, renewals, transfers, and consolidated billing in the required format for our accounts system. This support is essential to enable Harrow to provide a high standard energy service in accordance with Service Level Agreements in place with schools across the borough.



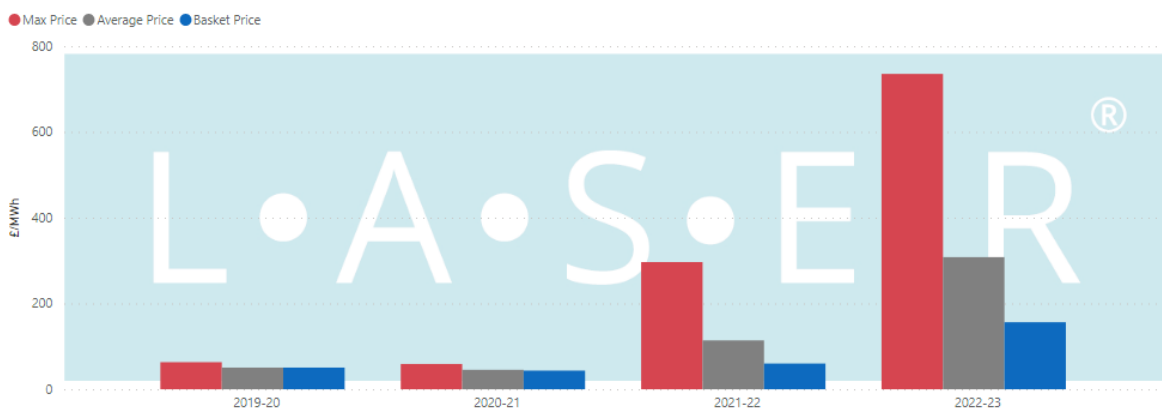
- e) LASER's 'Fully Managed Service' is an additional support service, which deals with complex energy billing and metering queries. In addition, LASER reviews all accounts across the 'fully managed portfolio' to identify opportunities to reduce delivered energy costs for example, through reducing the amount paid in regulated network charges; examining Available Capacity settings across the half hourly portfolio (save KVA charges). These additional services enable Harrow to manage energy usage and costs across large corporate sites and Schools more effectively and efficiently.
- f) Over the course of the Council's current energy supply contracts (2020-23), it is estimated that LASER's flexible frameworks and procurement activities have delivered an average annual cost avoidance of £1,202,800 including £206,200 for their lower supplier management fees (benchmarked against market averages).
- g) LASER as a Local Authority Group has over 30 years of experience of working with a large number of local authorities and as such are well placed to understand the Council's needs and limitations.

The following charts demonstrate, LASER's energy purchasing performance against the energy wholesale market's maximum and average prices, during their current energy Framework contracts.

Annual Gas Basket Performance vs Market Max & Market Average



Annual Electric Basket Performance vs Market Max & Market Average



## **2.6. Determining the most suitable procurement Model**

The trading of energy is a complicated field, intersecting with strict financial and energy regulations, and potentially creating significant exposure to a customer.

With the energy market remaining volatile, selecting the right energy purchasing strategy and procurement model is critical and can have a significant impact on our energy expenditure.

Each energy buyer has a range of options to consider on behalf of their customers. The most typical flexible purchasing approaches are Fixed-Price Fixed-Term (FTFP) and Flexible Procurement & Basket Options, which have been considered below.

### **Option1- Fixed-Term Fixed-Price (FTFP) contract arrangement.**

Fixed energy tariffs provide a locked-in unit price for gas and electricity for a designated term of one year or more. Fixed price contracts, with prices fixed on a given day from the market can lock the council into artificially high prices for designated term of one year or more.

#### **Benefits of FTFP:**

- This model of purchasing offers straight forward pricing and provides budgetary certainty throughout the duration of contract.
- Helps to avoid potential market volatility during the contract period.

#### **Disadvantages of FTFP:**

- A fixed term contract is a short-term strategy and can be highly risky over an extended period.
- The main risk is volatility beyond the purchasing point when the prices could become relatively high and unfavourable just as the contract renewal date approaches.
- If wholesale energy market prices fall further the buyer could be locked out, thus missing the opportunity to benefit from falling prices.

A Fixed-Price Fixed-Term is a short-term strategy and is not recommended.

### **Option 2 - Flexible Procurement & Basket Options**

A wholesale flexible procurement arrangement unlike Fixed Term Fixed Price, enable the buyer to purchase blocks of energy at varying times both before and within the contracted supply period.

Using Flexible procurement options means that energy purchases are hedged over a long period of time and over multiple purchases rather than on one specific day.

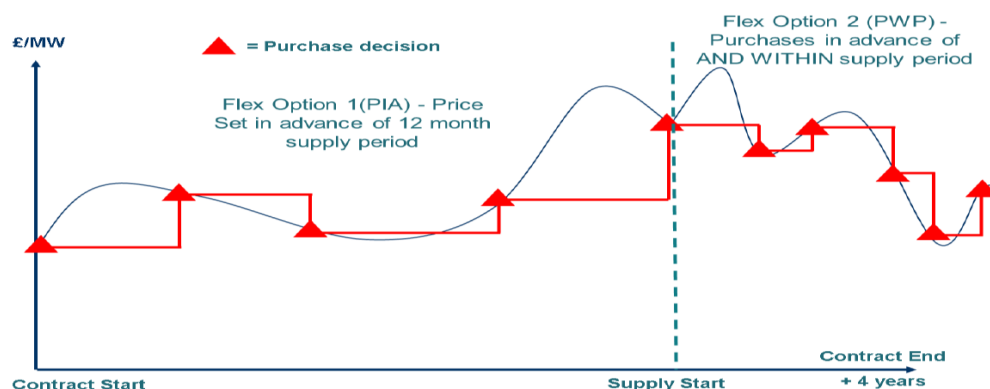
## Benefits of Flexible Procurement

- The main benefits of this purchasing model are the ability to minimise the risk in rising markets and assessing when markets will become stable or remain volatile.
- This arrangement helps the buyers spread market price risk and avoid buying during periods of peak market pricing.
- If energy markets, go down during the contract period then we can expect to be paying less for our energy in response to the market movement.
- It provides a potential to save and track the market movement.

## Disadvantages of Flexible Procurement:

- Minimum market rate will never be achieved.
- Length of contract (normally minimum of 4 years<sup>3</sup>)
- Less budgeting consistency as actual energy charges may not be known until after that energy has been used. It sets reference price for delivery period which creates reconciliation (credit or debit).

An overview of typical flexible purchasing options available to Local Authorities is shown below.



**Timing of Flexible Purchases (for illustration purposes only - Source Laser)**

The following options represent typical Flexible Purchasing approaches, which need to be considered, based on our organisational priorities and in response to the changes in the energy supply market and its volatility.

### a) **Flexible Purchase In Advance (PIA)**

All required volume purchased in multiple trades in advance for each 12 months' supply period.

---

**3** - The length of time for the contract is very important and presents a balance between stability and value for money

## The key performance of PIA option

- Makes purchases in advance of delivery. Can purchase up to 3 years ahead.
- The contract is effectively run as a fixed price contract, with all exposure fixed prior to the start of the annual contract period.
- PIA protects against any market increases during the delivery period.
- By offering an extended purchase window, more buying opportunities are available compared to more short-term strategies.
- Premiums associated with securing a fixed price are kept to a minimum.
- Laser's 12-month PIA model means we are not tied to suboptimal pricing when markets change.
- Budget Certainty which enables annual budget setting in a comparatively straightforward and transparent manner.
- No benefit seen if wholesale market falls.

### Purchase in Advance (PIA)

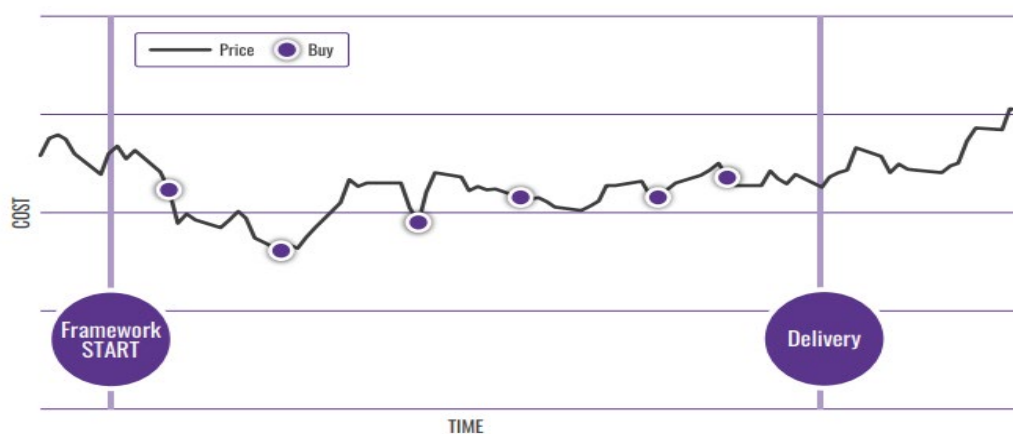


Figure 1 – A visual outline of how Purchase in Advance (PIA) purchasing works

Source: Laser

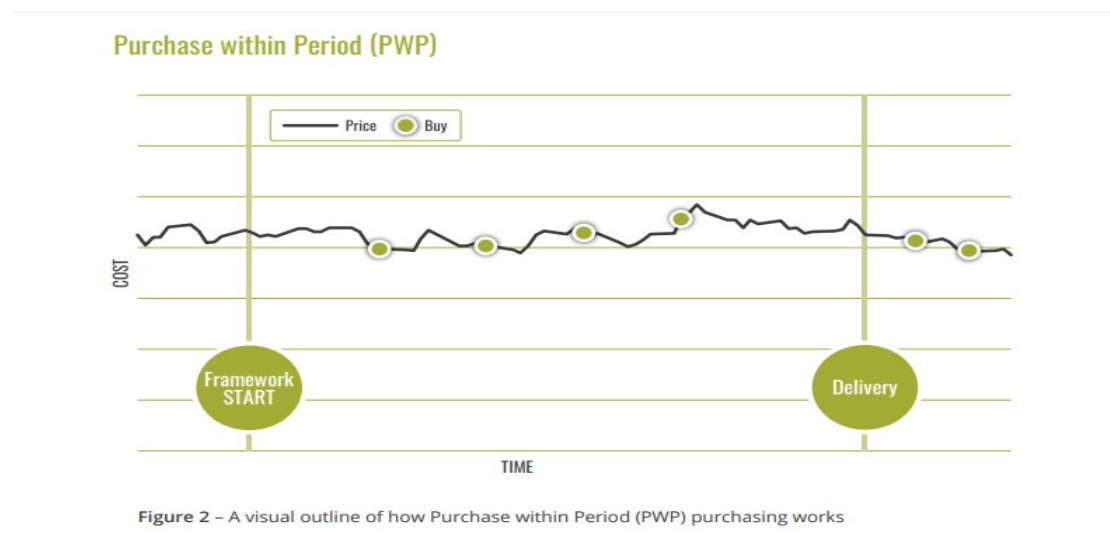
- ❖ The Council's energy framework starts on the 1<sup>st</sup> April 2024.
- ❖ Delivery Starts: 1 October 2024
- ❖ Contract Ends: 30 September 2028

### b) Flexible purchase within period (PWP)

A proportion of the required energy volume is progressively purchased prior to each 6-month supply period and the remainder is purchased within the supply period. A reference price will be set to apply on invoices for each 6 month supply period. At the end of each 6 months, once all energy requirements have been purchased, reconciliation takes place between the reference price applied to invoices and the final (achieved) purchase price, which typically returns a credit figure.

## The key performance of PWP option

- Makes purchases in advance of delivery & within period. It allows to purchase energy up to 2 years ahead.
- PWP provides the chance to reduce costs if markets fall within period.
- By offering an extended purchase window, more buying opportunities (and therefore more opportunities to spread risk) are available compared to more short-term and purchase in advance strategies.
- Premiums associated with securing a fixed price are kept to a minimum.
- Interim budget certainty, but the energy prices are not known until final transactions made (6 months revised winter and summer prices are provided).
- By purchasing partly within period, we aren't tied to suboptimal pricing when markets change.



Source: Laser

- ❖ The Council's energy framework starts on the 1<sup>st</sup> April 2024
- ❖ Delivery Starts: 1 October 2024
- ❖ Contract Ends: 30 September 2028

We will be able to switch all or part of our energy portfolio onto the alternative basket options during the term of the new contract by providing LASER with at least 6 months' notice, prior to each 1<sup>st</sup> October contract anniversary.

## 2.7. Recommended procurement option:

**Based on the above analysis, it is recommended to purchase energy using Option 2 Flexible Procurement & Basket Options for the corporate sites and Harrow Schools.**

## **2.8. Renewable energy option**

Where electricity is purchased on a green tariff, that electricity is matched by generation from renewable sources such as wind and solar. This is evidenced by REGO<sup>4</sup> certificates, which are produced in respect of renewable generation and can then be traded on the energy market.

The production and trading of REGO certificates increases consumer demand for renewable supplies and therefore helps to stimulate the renewable electricity supply market. Whilst it is not a substitute for also investing in local renewable electricity generation and renewable heating solutions, such as solar panels and heat pumps in Council buildings, committing to a green tariff does enable the Council to demonstrate that it is, through its purchasing decisions, supporting renewable generation and ultimately the transition to a fossil free electricity system. This is consistent with the Council's approach to decarbonisation set out in the recently approved Climate & Nature Strategy 2023-30.

The Council's current energy supply contracts provide for the purchase of green electricity for all corporate buildings and street lighting. A strong rise in demand for green backed electricity from renewable sources by businesses, Local Councils and Government departments to meet green targets, has caused prices for green electricity to rise, and these are currently around 3% higher than 'brown' energy from the grid.

In light of the Council's decarbonisation commitments, it is recommended that the purchase of green energy is continued for corporate sites and street lighting under the new contract. This will be reviewed annually in light of changes to the energy market and prices, and any future reform of green energy regulation during the term of the contract.

As Harrow's maintained schools and academies have devolved energy budgets it is not proposed to mandate a green tariff for Schools, although they will each have the option to choose this when the new energy contract goes live from October 2024.

## **2.9. Recommendation:**

Based on the above analysis and the council's ongoing commitment to decarbonisation of its energy usage, our recommendation is to continue to purchase green electricity for corporate sites and street lighting in Harrow.

The cost and benefits of purchasing green electricity will be assessed annually as circumstances change with the government policy, legislation, or incentives from year to year.

## **2.10. Ward Councillors' comments**

Not applicable.

---

<sup>4</sup>—The Renewable Energy Guarantees of Origin (REGO) scheme provides transparency to consumers about the proportion of electricity that suppliers source from renewable generation.

## Risk Management Implications

Risks included on corporate or directorate risk register? **No**

Separate risk registers in place? **No**

The relevant risks contained in the register are summarised below. **Yes**

The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Energy wholesale market price movements – causing budget pressure for the Council and the Schools.	In this contract we will use a Flexible Procurement model - Unlike the Fixed Term Fixed Price (FTFP) option, the flexible procurement arrangement provides a layered risk approach to the purchase of utilities and protects the Council from market volatility so far as possible.	<b>Amber</b>
Flexible energy procurement can be a complex process and it requires industry experience, skills, and expert market insights.	A recommended CPB company will deliver the Council's energy supply purchasing for the period of 2024-28.	<b>Green</b>
Insufficient information about the energy buying company's pricing mechanism, which is complicated and difficult to trace.	A Governance panel operates to ensure LASER develops and executes appropriate buying and risk management strategies for flexible procurement of its customers' energy requirements. The panel meets quarterly and includes a cross-section of LASER customers.	<b>Green</b>
If the Council do not choose to renew its energy contract after 30 September, we will automatically roll onto the default (standard variable) rate tariff which is more expensive than a non-default deal.	The Council's existing energy contract will be renewed and signed by 31 March 2024 to enable pre-purchase of electricity for the period from 1 <sup>st</sup> October 2024.	<b>Green</b>

Risk Description	Mitigations	RAG Status
Current volatility of the global and UK's energy market.	A periodic enhanced KPIs and energy price prediction plan will be essential. LASER Energy offers these services as part of the Council's Flexible fully managed energy supply contracts.	<b>Amber</b>

## Procurement Implications

The organisation carrying out the energy supplier selection and managing overall service delivery is a central purchasing body (CPB) operated by another public sector contracting authority and has been selected in accordance with the Public Contract Regulations 2015 to act in such a capacity.

Cornwall insight used a three-step process to filter and evaluate the options. These steps involved creating a long list, creating a shortlist, and finally assessing and scoring the shortlisted offerings for suitability. A standard approach was developed to meet the overall needs of the Council. No alternative packages were identified that would be likely to offer a material benefit to Local Authorities already being served by LASER.

The proposed call off from the Laser Energy Framework is compliant with the Public Contract Regulations 2015 and the Councils Contract Procedure Rules.

## Legal Implications

The Council's Contract Procedure Rules, specifically Table 1, are applicable to this procurement. As the value exceeds £500,000 authorisation must be via a Cabinet Report and the procurement must be recorded on the Key Decisions Forward Plan.

The report seeks approval to recommission the services under the terms of a LASER Energy Buying Group Framework.

The Council's Contract Procedure Rules allows Council Officers to call off services from established framework agreements.

Officers may make reprocur the service using the framework as proposed only if:

- The framework agreement was procured in accordance with Public Contracts Regulations 2015.
- The framework agreement has not expired.



- The Council was named as a contracting authority that may call-off services from the framework agreement.
- The services to be called off fall within the scope of the framework agreement.
- The estimated value of the framework agreement as advertised has not been exceeded.

Once the contract has been entered into this will need to be recorded on the Council's contract register.

In relation to Recommendation 2, relating to the delegation to the Corporate Director for Place, this is permissible under section 9E of the Local Government Act 2000.

## Financial Implications

The annual expenditure on electricity and gas procured via the current contract in 2022/23 was approximately £14,521,745 for Corporate Buildings, Street lighting, Schools and Academies.

School energy costs are met directly by participating schools. The total electricity and gas costs for Council corporate buildings and street lighting in 2022/23 were £5,009,655 (£2,770,139 and £2,239,516) respectively. These costs include the purchase of green electricity, which it proposed to continue for the new contract for corporate sites and street lighting.

The current wholesale energy market price movement as illustrated in the chart below shows that the commodity<sup>5</sup> element of the energy costs has dropped in the market, but non-commodity<sup>6</sup> costs or third-party charges are going up. In recent months the energy market has seen a dramatic increase in DUoS<sup>7</sup> costs. More price rises are expected in the non-commodity price element of our energy bills in the coming months. Overall electricity and gas price movement is currently anticipated to be neutral over the coming year with some short term volatility.

Due to volatility of the energy wholesale market and managing the risk of energy price rises, developing a periodic enhanced KPIs and energy price prediction plan is essential. LASER covers these services for their customers.

The volatility of energy prices presents a level of ongoing financial risk to the Council and Schools.

However, utilising the flexible energy procurement model as set out in this report has, since its adoption by the Council in 2008, allowed the Council to take advantage of price changes in the volatile wholesale energy market, and therefore minimise the

---

<sup>5</sup> - refers to the direct costs involved in the generation of the electricity you use.

<sup>6</sup> -The wholesale cost of the gas or electricity you use makes up about half of the amount of your overall bill. The rest of your bill is made up of non-commodity costs, also known as non-energy costs. They include network costs, environmental and social costs, supplier operating costs and your supplier's pre-tax margin.

<sup>7</sup> - Distribution Use of System (DUoS) is a charge that is added to all business electricity bills to cover the costs of the electricity distribution network. The DUoS charge is based on the amount of electricity consumed by the business.

cost impact of energy inflation. It is proposed that this continues to be the purchasing strategy to protect against future pricing risks so far as possible.



## Equalities implications / Public Sector Equality Duty

This report concerns the options for procurement of energy and does not propose any changes to the heating or energy arrangements for publicly owned buildings that will affect users. As such it is not envisaged that there will be any impacts on persons with protected characteristics and an Equality Impact Report is therefore not required.

## Council Priorities

Harrow's central energy purchasing policy allows Harrow state schools, operational corporate buildings, street lighting and some housing tenants with communal supplies to benefit from reliable and cost-effective energy supplies. This supports the Council's priorities of A Borough that is Clean and Safe, and A Place where Those in Need are Supported.

## Section 3 - Statutory Officer Clearance

### Statutory Officer: Comie Campbell

Signed on behalf of the Chief Financial Officer

Date: 05/01/2024

### Statutory Officer: Abdul Elghedafi

Signed on behalf of the Monitoring (Legal) Office

Date: 05/01/2024

**Chief Officer: Dipti Patel**

Signed off by the Corporate Director

**Date: 18/01/2024**

**Head of Procurement: Nimesh Mehta**

Signed by the Head of Procurement.

**Date: 20/12/2023**

**Head of Internal Audit: Neale Burns**

Signed on \*behalf of the Head of Internal Audit

**Date: 20/12/2023**

**Has the Portfolio Holder(s) been consulted? Yes**

**Mandatory Checks**

**Ward Councillors notified: NO, as it impacts on all Wards**

**EqlA carried out: NO**

If 'NO' state why an EqlA is not required for Cabinet to take a decision

This is a contract for the Council's energy supplies and does not propose any changes to community service provision

**EqlA cleared by: N/A**

**Section 4 - Contact Details and Background Papers**

Saeed Atlas

Energy Services Manager - Energy Management Team

Climate Change & Natural Resources |Place Directorate

07864802008 | [saeed.atlas@harrow.gov.uk](mailto:saeed.atlas@harrow.gov.uk)

**Background Papers: None**

**Call-in waived by the Chair of Overview and Scrutiny Committee: No**