

Energy Procurement for Schools

In conjunction with the NCC Corporate Procurement Unit, Children's Services has reviewed how best-value can be achieved for schools in the procurement of energy supplies and how this can be achieved when energy costs are fluctuating. Please find attached an explanatory paper and form for your completion.

Notice to Schools - Energy Procurement

The vast majority of the schools in Norfolk purchase their gas and electricity via the Eastern Shires Purchasing Organisation (ESPO) contracts for energy. The Corporate Procurement Unit (CPU) of Norfolk County Council would strongly recommend that any schools that do not currently participate in the ESPO energy contracts make contact with ESPO to find out whether there is a financial advantage to joining the contracts, as there is in the majority of cases.

To contact ESPO please telephone: Joynal Khan (Electricity) 0116 294 4041
 Kate Shaver (Gas) 0116 294 4040

The other advantage of being part of the ESPO energy contracts is that individual schools need not waste resource time dealing with numerous approaches from energy suppliers and third party energy sales companies, some of whom may not be as scrupulous about explaining the pros and cons of their deals as they should be.

Because of the fluctuating nature of energy wholesale markets, when the ESPO contracts are renewed, we often have only a two-hour time frame to accept the tendered quotes. This is because energy suppliers will not hold quotes open indefinitely and risk falling foul of a sudden hike in wholesale prices. In effect what happens is, ESPO receive the tenders analyse the quotes and then contact the County Council to discuss the merits of the various quotes and seek approval to accept the recommended option. Frequently, this all has to take place within the two-hour time slot.

Under these circumstances it would be impossible to contact each school in the County and obtain authorisation on an individual school basis, not least because many of the decision-makers (Head Teachers etc.) would be busy teaching during normal office hours. Effectively, we/ESPO take the decision for the whole of the county on the basis of the best price and conditions we can obtain. This is not ideal as the County Council is not directly responsible for the finance of schools but, given the time constraints involved, there is no other way of realistically doing this, bearing in mind that any delays in the process could result in higher prices for energy.

There are also other occasions during the course of a contract when a quick response is required, and may be difficult to obtain directly from the school concerned. For example if a new meter/supply is due to be put in place to take over from the existing meter/supply, or if an extension to a building results in a new meter/supply being installed. On both these occasions quotes would be obtained for the new supply and these would be based on the prevailing wholesale market conditions at the time. ESPO would initially seek a quote from the existing contracted supplier, in order to minimise any disruption, but again the supplier may only hold the quote open for a couple of hours. So again, speed of response is essential to avoid unnecessarily higher prices.

Given these conditions, the only way we can be more pro-active about authorisation would be to obtain a prior mandate from schools for this process. However, by seeking such a mandate we also have the opportunity to obtain an individual school's attitude to other aspects of energy procurement. For example, which schools have ambitions to procure "green" electricity, that is to say electricity from renewable sources? With that in mind, it would be extremely helpful if the appropriate decision-maker in your school could complete the form below.

If you require any further information or clarification about this notice please contact one of the following:

Stuart Hutchinson	(Corporate Procurement Unit)	Tel: 01603 222740
Paul Clarke	(Children's Services)	Tel: 01603 638052
Richard Pendlebury	(Children's Services)	Tel: 01603 222039

Name of School.....

Contact at School.....
(For decisions on energy procurement)

Contact's Post/Job title.....

Contact Tel. No.....Contact e-mail.....

As previously explained, at Contract Renewal stage, we have no option but to make a central decision as it would be impossible to contact all schools within the time constraints for accepting quotes. However, in order to give us a complete audit trail, it would be useful if you could indicate your acceptance of this process by ticking the box below.

Authorisation for central decisions by CPU/ESPO at contract renewal stage .

☐

Q1: In circumstances other than Contract Renewal, such as new supplies, do you authorise CPU (in conjunction with ESPO) to make a decision for you, where time constraints do not allow for individual authorisation from your school?
Yes/No

If you have answered "No" to question 1, CPU/ESPO will attempt to obtain individual authorisation from you in such circumstances. However, if the CPU is unable to contact the decision-maker within the time constraints for accepting a quote, it may result in your school paying higher prices than necessary for energy.

Q2: Is your school interested in obtaining "green" electricity, where and when it can be obtained at no additional cost to "brown" electricity?
Yes/No

Q3: Would you be prepared to accept a small price premium (within 5% of the price offered for "brown" electricity) to obtain "green" electricity?
Yes/ No

I hereby authorise NCC CPU and/or ESPO to make decisions on behalf of (insert name of school) in relation to procurement of energy, where time constraints do not allow individual contact with each school and in the circumstances indicated by the answers I have given above.

Signed.....Date:.....

Print Name:.....

Completed forms should be returned to:
(Deadline end of Spring Term)

S. Hutchinson
Norfolk County Council
Corporate Procurement Unit
4th Floor
County Hall
Norwich
NR1 2DW