



## Portfolio Holder Report

The portfolio holder will make a decision on this item after seven days have elapsed (including the date of publication).

Report of:	Portfolio Holder	Date of publication
Marianne Hesketh, Director of Communities	Councillor Lesley McKay, Resources Portfolio Holder	25 July 2024

### Procurement of Energy Management Services

**Key decision:** No

#### 1. Purpose of report

- 1.1** To outline the approach the authority will take in the procurement of meter operator, data collection and data aggregation services for our electricity and gas meters.

#### 2. Council priorities

- 2.1** Use our land and buildings wisely, managing them to appropriate standards, reducing their environmental impact and maximising income to reinvest in improving services.
- 2.2** Deliver high quality, value for money services that meet the needs of our customers.
- 2.3** Use data, business intelligence and research to inform us in making better evidence-based decisions and improve our services.

#### 3. Recommendations

- 3.1** That approval is given to fund the appointment of Stark UK Ltd on a five-year contract at a cost of £8,617 per annum to provide meter operator, data collection and data aggregation services to the council, increasing to £21,090 per annum once market-wide half-hourly settlements are introduced in 2026. Costs will initially be funded from the Value for Money Reserve which will be recouped from future savings in gas and electricity costs.
- 3.2** That approval is given to proceed with the direct appointment and engagement of Stark UK Limited, under the exemption to Contract Procedures contained within the Financial Regulations and Financial

Procedure Rules on the grounds that exceptions may apply where a framework agreement is available that necessitates the council not having to go out to tender.

#### **4. Background**

- 4.1** The council have a portfolio of electricity and gas meters across the Borough which service our assets and are fundamental for the delivery of council services.
- 4.2** In the absence of an agreement for meter operator, data collection and data aggregation services, energy suppliers nominate a supplier to carry out the services on our behalf and we are charged through standing charges.
- 4.3** The council have several energy suppliers; therefore, we are dealing with several suppliers for meter operator and data collection services. We also have many meters which are not smart and/or not working correctly.
- 4.4** Ofgem are introducing Market-wide Half-Hourly Settlement in 2026 which is a key enabler of the flexibility to support the transition to Net Zero. The impact on the council is that we will be required to have smart meters across the portfolio that can provide faster and more accurate settlement data.

#### **5. Key issues and proposals**

- 5.1** The council has many meters which are not smart and/or not working correctly and therefore staff are having to undertake manual readings. We also do not have access to reliable data on our electricity and gas consumption, carbon emissions and spend across the council's assets.
- 5.2** Our energy broker, Equity Energies nominate Stark UK Ltd as their preferred meter operator and they are leaders in the market, based locally in Blackpool. Their proposal is to take over 17 of our meters, exchange 47 meters and host data for 7 of our meters that we currently have with Siemens.
- 5.3** All the meters will be ready for the upcoming changes with Market-wide Half-Hourly Settlement and data will be accessible through the Stark I.D. cloud-based portal including consumption, spend and carbon emissions.
- 5.4** The current year estimate for gas and electricity costs for the council is £1.186 million (this includes the YMCA run leisure centre and pool sites). It is anticipated that the council could save in the region of 10% (£118,600) of the overall electricity and gas spend by improved visibility of consumption and accurate billing. There should also be indirect savings on staff time managing the administration of energy. Further reductions could be achieved in bills by engaging with suppliers and asking them to reduce their standing charges because they are no longer providing meter operator and data services and this will be reviewed post implementation.

## 6. Alternative options considered and rejected

6.1 The council could continue to work with the suppliers' nominated meter operators to deal with the issues we have with our meters and to try and improve data visibility across the portfolio. Unfortunately, this has proven to be extremely difficult so far and no progress has been made despite considerable effort.

## 7. Delegated functions

7.1 The matters referred to in this report are considered under the following executive function delegated to the Resources Portfolio Holder (as set out in Part 3 of the council's constitution): To consider matters relating to the executive function delegated to the Resources Portfolio Holder "To consider arrangements for a strategic approach for the council's procurement of goods and services".

<b>Financial, Legal/MO and Climate Change implications</b>	
Finance	The cost of the five-year contract is estimated to be £92,977 and will initially be funded from the Value for Money Reserve. It is anticipated that the council could save in the region of 10% on gas and electricity costs (£118,600). The revenue utility budgets will be reduced to reflect the savings achieved as a result of this arrangement and transferred to reserves.
Legal/MO	Contract Procedure Rules enable the council to use Framework Agreements subject to their compliance with the Public Contract Regulations 2015. Stark UK Limited is a framework partner on L.A.S.E.R.'s Energy Management Services framework and the council can appoint them directly.
Climate Change	This decision would have an overall positive climate impact. Although replacement of meters would generate a small amount of waste, this is significantly offset by the improved ability to accurately monitor the council's carbon footprint and identify wasted energy or areas to improve upon. This will also free up staff time and resource from the lengthy process of collecting electricity and gas consumption data.

### **Other risks/implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
health and safety	x

risks/implications	✓ / x
asset management	✓
ICT	x
data protection	x

### Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Ben McCabe	01253 887313	ben.mccabe@wyre.gov.uk	03/07/2024

List of background papers:		
name of document	date	where available for inspection
None		

### Appendices

None