

DMPC Decision – PCD 1469

Title: Uplift for Energy Utility Supplies (Gas and Electricity) for the current contract agreement period FY 2021/22 - 2025/26

Executive Summary:

This paper seeks approval for an uplift in the contract value of upto £48,300,000 from £102,200,000 to £150,500,000 in relation to the five-year energy supply Crown Commercial Services (CCS) Customer Access Agreement for the term 2020/21-2025/26. The additional costs arise from the recent inflation and market volatility. Spend will be limited to actual energy consumed.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

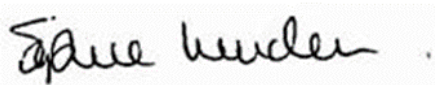
1. Increase the authority for expenditure against the current agreement to a forecast maximum expenditure of £150,500,000 (including RPI) for the remainder of the five-year period concluding 31st March 2026, noting that the MOPAC is only committed to purchase the utilities that are consumed.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature



Date

02/08/2023

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. In 2020 MOPAC approved the award of the five-year 2021/22-2025/26 Crown Commercial Service Customer Access Agreement for the supply of energy. The then contract value was £102,200,000.

2. Issues for consideration

- 2.1. MPS report that that following a post-covid recovery in worldwide energy demand in late 2021, and the invasion of Ukraine in February 2022, the wholesale price of both electricity and gas increased to over 1000% of historic rates by August 2022. Since then, prices have fallen to the current level, which remains approximately 200% higher than pre-crisis levels.
- 2.2. MPS energy is purchased through the CCS framework, with the majority of prices secured up to 30 months prior to the start of each financial year. This procurement strategy mitigated against the significant price increases for the financial years 2022/23 and 2023/24 relating to the energy crisis. Forecasts for 2024/25 and 2025/26 are heavily influenced by the current price.
- 2.3. There is a on-going requirement for the continued supply of energy to the MPS estate. The MPS has estimated the uplift in contract value based on the increase in energy costs due to the energy crisis and has also taken account of the police officer number uplift, planned decarbonisation of the estate and the initial work on the review of the estate strategy. Of the uplift the inflationary element is estimated at 90% of the total.

3. Financial Comments

- 3.1. This paper seeks approval for a increase in authority to spend of upto £48,300,000 over the remaining term of the agreement. Increases in spend arising from the effects of inflation will be addressed through the MPS central provision for inflation.
- 3.2. Increases in spend which require additional budget due to business growth e.g. Turnaround Plan and strategic changes to Estate strategy would be sought at the appropriate time and agreed through governance.

4. Legal Comments

- 4.1. The MPS Directorate of Legal Services (DLS) assure that the recommendation can be compliantly and legally approved. DLS also assure that there is no requirement for a change to the contract.
- 4.2. Paragraph 4.8 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve any expenditure proposal of an exceptional nature which is significant as defined in 1.4

above which might otherwise be delegated or consented by this Scheme. The proposed increase is considered significant.

5. Commercial Issues

- 5.1. MPS assure that there is no change to the commercial arrangements for the supply of energy arising from this proposal other than an increase in the proposed spend.

6. GDPR and Data Privacy

- 6.1. MOPAC will adhere to the Data Protection Act (DPA) 2018 and ensure that any organisations who are commissioned to do work with or on behalf of MOPAC are fully compliant with the policy and understand their GDPR responsibilities.
- 6.2. The MPS assure that this proposal does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

7. Equality Comments

- 7.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 7.2. The MPS assure that as this proposal represents a continuation of an existing procurement approach, this work does not change any aspects relating to equality or diversity

8. Background/supporting papers

- Appendix 1 MPS Report - Authority for Expenditure Uplift for Energy Utility Supplies (Gas and Electricity) for the current contract agreement period FY 2021/22 - 2025/26

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form –NO

ORIGINATING OFFICER DECLARATION

Tick to confirm statement (✓)

Financial Advice:

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice:

The MPS legal team has been consulted on the proposal.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

Commercial issues are covered in the body of the report.

✓

GDPR/Data Privacy

GDPR compliance issues are covered in the body of the report.

✓

Drafting Officer

Alex Anderson has drafted this report in accordance with MOPAC procedures.

✓

Director/Head of Service:

The MOPAC Chief Finance Officer and Director of Corporate Services has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

Manakucherd.

Date 01/08/2023