

DMPC Decision – PCD 1454**Title: Sourcing Strategy Energy Utility Supplies (Electricity and Gas) 2026/27-2030/31****Executive Summary:**

This paper seeks approval to continue to acquire the supply of electricity and gas for the MPS estate from the Crown Commercial Services (CCS) framework for the period 2026/27-2030/31. The estimated worst case value of the 5 year term is £190,879,000. The cost of the supply will be met from the existing budget, and if applicable the corporate provision for inflation and separate business cases for volume increases.

Recommendation:

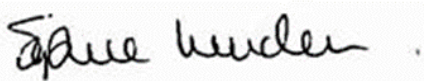
The Deputy Mayor for Policing and Crime is recommended to:

1. Approve continued sourcing of electricity and gas supplies through the CCS Customer Access Agreement (CAA) for up to five years (from 1st April 2026). The evergreen agreement with CCS will automatically begin procurement for the FY2026/27, as of 15th September 2023. Authority is required to allow the MOPAC to continue benefiting from this arrangement given the agreement notice period of 30 months.
2. Approve expenditure for the provision of electricity and gas over the next five-year period (April 2026 to March 2031) to a maximum value of £190,879,000 (including RPI), noting that the MOPAC is only committed to pay for 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**

01/08/2023

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

1. Introduction and background

- 1.1. The existing contract arrangement for the supply of gas and electricity is from Crown Commercial Services (CCS). This expires on 31 March 2026, and there is a 30 month notice period meaning that an alternative supply arrangement needs to be put in place by September 2023.

2. Issues for consideration

- 2.1. Whilst there has been significant recent increase in energy costs the current use of the Crown Commercial Services arrangement has resulted in MPS utility costs rising at half of market rates.
- 2.2. MPS/MOPAC are working with the GLA Power Purchase Agreement (PPA) collaboration activity to identify a green supply of energy. The current estimate is for this to not become available until after April 2026 so there is a need to ensure the continued supply of energy until an alternative is available. The decision to continue with the CCS arrangement is in alignment with the GLA Collaboration project on Power Purchase Agreements.
- 2.3. This proposal is to enter into an agreement for a five year term. MPS assure that the proposed CCS arrangement will provide flexibility to transfer part or all of supply volume to an alternative arrangement during the 5 year term.
- 2.4. The recommended contract term includes a 30 month notice period, with an annual (September) opportunity to give notice. Any change giving notice will be subject to MOPAC approval. MPS assure that whilst there are other CCS arrangements with shorter notice periods these do not provide the same value and hedging strategy, and the retention of a 30 month notice period maintains an alignment with TfL and the GLA PPA collaboration work.
- 2.5. CCS have indicated to the MPS that some flexibility is available on this September notice period, should a percentage of supply to be sleeved into a new PPA procurement prior to the nominal notification periods become an option.
- 2.6. In addition to the current budgeted level of spend the MPS has calculated a worst case scenario for the potential additional use of energy arising from both volume and price impacts. This takes account of the Met Zero Carbon cost and consumption modelling scenarios which underpinned the MPS Carbon Budget submission to the GLA in November 2022, and allows for additional costs using a risk based analysis e.g. if plans to decarbonise the estate and fleet were unable to secure sufficient Salix grant funding, or the organisation was forced to accelerate the transition to onsite electric vehicles charging.
- 2.7. This is the proposed contract value. Payments would only be in relation to the energy consumed.

3. Financial Comments

- 3.1. The estimated contract value over a 5 year term is £190,879,000. The MPS has a core budget for this term of £106,927,000. Increases in costs above the core budget associated with inflation will be managed from the MPS corporate provision for inflation, and any increases arising from volume changes will be subject to separate business case approval.

4. Legal Comments

- 4.1. The MPS Directorate of Legal Services assures that the proposed procurement route is compliant with Public Contract Regulations.
- 4.2. The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime (“DMPC”) has delegated authority to approve:
 - a. Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
 - b. All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).
- 4.3. Paragraph 7.23 of the Scheme provides that the Director of Commercial Services has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call in procedure. Paragraph 4.14 of the Scheme provides the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

5. Commercial Issues

- 5.1. This paper seeks approval for the procurement of the supply of electricity and gas. The proposed procurement route is via the Crown Commercial Services for a period of 5 years. The estimated 5 year contract value is £190,879,000.
- 5.2. The use of this route is aligned with the GLA and functional bodies.
- 5.3. MPS state that this provision is a national infrastructure (the National Grid and various local Power Distribution Network providers) for a commodity not a service. A direct arrangement for London Anchor Institute Charter objectives is not relevant in this instance. However, MPS note that EDF and Total energy, our electricity and gas suppliers, both publish social value statements. The new energy framework RM6251 (effective Oct 2023) will place an onus on suppliers to provide each customer with an annual social value statement/report.

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 project 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 the 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 - SOURCING STRATEGY FOR ENERGY UTILITY SUPPLIES (GAS AND ELECTRICITY) FY2026/27 TO 2030/31

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 26/07/2023