

Procurement Title

Energy Purchasing Strategy 2024-2028

Procurement Option

Access Third Party Framework (LASER Energy Electricity and Gas Flex 2024-2028)

New or Existing Provision

Existing – current contract end date 30/09/2024

Estimated Contract Value and Funding Arrangements

£46,800,000 per annum split approximately:

Electricity:

Lancashire County Council including street lighting: £12.1million

Lancashire schools: £15.6million

Lancashire County Developments (Property) Limited : £300,000

Lancashire Renewables Limited : £3.3million

Gas:

Lancashire County Council : £3.7million

Lancashire schools: £11.3million

Lancashire County Developments (Property) Limited: £470,000

Lancashire Renewables Limited : £11,000

Overall total contract value up to approximately £187.2million.

Funding will continue to be met by operational budgets.

Contract Duration

Contract to commence approximately May 2023 (or sooner if possible) until 30 September 2028. The contract will cover energy purchases for the 4 year supply period commencing 1 October 2024 to 30 September 2028.

Lotting

Separate contracts for each contracting entity will be entered into for the supply of electricity and the supply of gas.

Evaluation

A formal tender evaluation is not required as the contracts will be awarded through the LASER Energy framework via a direct award: Npower Commercial Gas Ltd for electricity, Total Energies for gas. An options appraisal exercise was conducted to identify the most suitable route to market (see Contract Detail section).

Contract Detail

The current energy supply contracts for gas and electricity were secured by the county council in 2020 via the public buying organisation LASER Energy, who purchase the required energy from Npower Commercial Gas Ltd (electricity) and Total Energies (gas). The contracts are due to expire on 30 September 2024 and replacement contracts are required for 1 October 2024 onwards. New contracts are required to be in place now to provide an optimal buying window for energy purchases to be made prior to the 1 October 2024 supply start date.

Electricity and gas supply contracts are required for:

- Lancashire County Council , including street lighting and schools.
- Lancashire County Developments (Property) Ltd landlord supplies.
- Lancashire Renewables Ltd .

LASER Energy have developed a new Public Contracts Regulations 2015 compliant, competitively tendered framework for the supply period October 2024 to September 2028. Npower Commercial Gas Ltd and Total Energies have retained their places as lead suppliers on the framework and can be contracted through the framework via direct award.

A thorough options appraisal of alternative routes to market was conducted by the representatives of the Asset Management Service, Estates Service, and Procurement Service by analysing available contracting options within the market. This included other public buying organisations and a private energy broker.

The informal evaluation criteria used in the benchmarking exercise comprised commercial terms including:

- framework provider and supplier management fees,
- PCR15 compliance,
- portfolio sizes,
- governance and trading policies,
- purchasing strategies and supply periods available;
- suppliers (such as factoring in whether a switch in supplier would be required),
- quality and depth of account management and customer support,
- green options available; framework terms and the contracting process.

Following this exercise, it has been concluded that the LASER Energy framework continues to offer best value.

The purchasing strategy to be entered into for the new contracts is a flexible purchase in advance strategy. Supply will commence from 1 October 2024.

The current contracts via the LASER Energy framework include the option of paying a Renewable Energy Guarantee Origin premium for green electricity. This premium is currently applied to the council's corporate and street lighting sites. Purchasing Renewable Energy Guarantees of Origin allows the council to offset some of its

energy consumption from the national grid, supporting the development of renewable energy sources.

The Renewable Energy Guarantees of Origin rate can vary each year. Additionally in future years there may be alternative green options that become a more attractive proposition for the council. Therefore, the cost of the Renewable Energy Guarantees of Origin premium should be assessed on an annual basis, with a decision as to whether to opt into the Renewable Energy Guarantees of Origin premium taken annually. The decision whether to opt into the Renewable Energy Guarantees of Origin premium and/or switch of purchasing strategy within the contract term is to be delegated to the Head of Asset Management in consultation with the Head of Procurement.

In summary, the benefits of accessing the LASER Energy framework include:

- Shaping and trading benefits – aggregating the volumes of multiple customers flattens the overall usage shape profile, allowing LASER Energy traders to purchase larger blocks of energy at potentially lower prices.
- Electricity and gas suppliers will remain the same reducing the risk of any operational impacts and increased costs associated with a large scale switch of supplier.
- enePurchase In Advance strategy will provide the benefits of flexible purchasing whilst providing a 12 month fixed price, reducing the administrative burden of reconciliations and improve budget forecasting.
- Flexibility to switch purchasing strategy within the contract period providing reasonable notice.
- Access to Net Zero services. The flexible framework opens up various routes to assist customers in achieving Net Zero ambitions via energy supply agreements. Some of the key options include offering power purchase agreements to organisations who have the ability to sell electricity to the grid, sleeving facilitation that enables the energy from any power purchase agreements entered into by the council to be supplied through the framework to the council portfolio of sites, green basket options whereby energy may be purchased directly from renewable generators, and Renewable Energy Guarantees of Origin certificates. The council is already in the early stages of engaging with LASER Energy on Net Zero projects (development of carbon descent plan, analysis of council land for renewable energy generation, grant funding applications for public sector low carbon skills fund), and there is likely to be longer-term efficiencies with having the supply contracts secured through the same organisation such as aligning and adjusting the supply contracts to any changes that may be required due to the effects of any council Net Zero projects.

Procurement Title:

The provision of residual waste acceptance and recovery/disposal services

Procurement Option:

Above Threshold Open Tender.

New or Existing Provision:

- 1) Existing provision – the current arrangements for 75,000 tonnes per annum of Refuse Derived Fuel from Thornton Waste Recovery Park expires on 31 March 2025, although may be subject to extension of up to two years (to 31 March 2027).

- 2) New provision – the procurement of several contracts currently managed by Lancashire Renewables Limited, the waste management company owned by Lancashire County Council, all to commence 1 April 2025:
 - 2a) 50,000 tonnes per annum of Refuse Derived Fuel from Farington Waste Recovery Park

 - 2b) A further 100,000 tonnes per annum of Refuse Derived Fuel from Farington Waste Recovery Park

 - 2c) 50,000 tonnes per annum unprocessed waste currently delivered to Whinney Hill landfill site

- 3) New provision – the procurement of Compost Like Output contracts currently managed by Lancashire Renewables Limited, the waste management company owned by Lancashire County Council, to commence 1 April 2025:
 - 3a) 30,000 tonnes per annum of Compost Like Output from Farington Waste Recovery Park

 - 3b) 30,000 tonnes per annum of Compost Like Output from Thornton Waste Recovery Park

Estimated Contract Value and Funding Arrangements:

The estimated annual value of these contracts are –

- 1) £8,625,000

- 2) 2a) £5,500,000
2b) £11,500,000
2c) £6,000,000

- 3) 3a) £2,400,000
3b) £2,400,000

The estimated total contract values over the maximum terms are:

- 1) £43,125,000

- 2) 2a) £27,500,000
2b) £57,500,000
2c) £30,000,000
- 3) 3a) £12,000,000
3b) £12,000,000

This will be funded, as currently, from the Waste Service revenue budget.

Contract Duration:

All (excluding 2c)

Initial contract term of 3 years (1 April 2025 to 31 March 2028) with an option to extend beyond the initial term for a maximum of a further 2 years in increments as required. The maximum end date is 31 March 2030.

2c

Initial contract term of 1 year (1 April 2025 to 31 March 2026) with an option to extend beyond the initial term for a maximum of a further 4 years in increments as required. The maximum end date is 31 March 2030.

Lotting:

The contracts will be tendered separately as outlined above. Each contract will have a single lot.

Evaluation:

Quality Criteria 5% (Social Value)

Financial Criteria 95%

The Quality Criteria will include mandatory social value requirements, with a contractual requirement for annual reports to monitor progress.

Financial criteria will be evaluated on the basis of contract rates. Tenderers will be requested to bid in line with a robust specification / contractual terms and conditions and therefore additional quality criteria (over and above social value commitment) are not required, resulting in a higher financial weighting being applied.

The 95%/5% split reflects the high value of the contract award.

Contract Detail:

In March 2020 Cabinet gave approval to commence procurement of a contract (or contracts) for the thermal treatment of 250,000 to 300,000 tonnes of residual waste for an initial period of 15 years commencing on 1 April 2025, with options to extend the contract(s) beyond the initial term for two further periods each of 5 years, giving a maximum possible end date of 31 March 2050.

However, this major procurement has been paused to allow a review of waste processing

strategy in response to the Environment Act and emerging national policy, the outcome of which may significantly impact waste composition and tonnages.

During this period of review, it is therefore intended to procure several smaller contracts with the flexibility to ensure that residual waste is adequately managed in the interim period.

Currently the recovery / disposal services for residual waste are managed by Lancashire Renewables Ltd. This arrangement is intended to continue, although as the company is owned by Lancashire County Council, procurement of the services is under the remit of the Council.

The waste currently arising from the Waste Recovery Parks at Farington and Thornton is nominally processed into Refuse Derived Fuel and then typically thermally treated in place of traditional fossil fuels in Waste to Energy plants which produce electricity.

A further output from the Waste Recovery Parks is a Compost Like Output that is spread to land.

There is also unprocessed waste arising largely in the East of the County which is currently landfilled under contract at Whinney Hill landfill site, Accrington. This contract ends in March 2025.

The intention is to issue 6 invitations to tender as follows:

Material	Tonnage	Commencement	Contract length	End date
1. RDF (Thornton) <i>Re-tender of existing contract due to expire</i>	75,000	April 2025	3+2	2028/2030
2a. RDF (Farington)	50,000	April 2025	3+2	2028/2030
2b. RDF (Farington)	100,000	April 2025	3+2	2028/2030
2c. Unprocessed	50,000	April 2025	1 +1 +1 +1 +1	2026/2030
3a. CLO(Farington)	30,000	April 2025	3+2	2028/2030
3b. CLO (Thornton)	30,000	April 2025	3+2	2028/2030

These tenders involve all Districts in Lancashire, along with Blackpool Council, with whom the Council has a Joint Working Agreement for waste management.

Two transport options ('Service Models') will be considered; Service Model A whereby Lancashire Renewables Limited will deliver the waste to a processing facility and Service Model B whereby the successful contractor(s) will collect the waste.

Contracts will be awarded dependent on best value to the Council.

Quality issues can only affect very limited elements of the service, which will be protected by inclusion of robust provisions in the contract specification. As such, the evaluation procedure will place the main emphasis on the costs tendered by each bidder.

Procurement Title

Provision of a Community Equipment Service

Procurement Option

Direct Award via the Integrated Community Care Equipment Framework let by KCS Procurement Services as a trading function of the Commercial Services Group, which is a wholly owned business unit of Kent County Council.

New or Existing Provision

Existing contract will expire on 30 June 2023 (This is an NHS procured contract with the Council as a partner).

Estimated Contract Value and Funding Arrangements

The total estimated value for proposed contract is £20,000,000 (£10,000,000 annually) across health and social care. Of this amount, the Council's total estimated value for the Community Equipment Service contract is £3,125,000 annually which spans both Adult Social Care and the Children's Services and is funded through the Better Care Fund.

Contract Duration

Initial period of one year with an option to extend the contract beyond the initial term to a maximum of a further year.

This will be an interim arrangement giving the Council a period of time to review service/supply arrangements and establish the best route to market for any future contract arrangements. In considering this recommendation the intention had been to minimise the length of any directly awarded contract. Initially a maximum contract length of one year was considered, however having reviewed arrangements for the lease of buildings and vehicles, as well as licencing arrangements, the preferred supplier has advised it would not guarantee that it could engage in a one-year contract without the option to extend.

Lotting

Not applicable. This Service will be procured as a single lot.

Lotting the contract into specific geographies or categories of equipment would create an unnecessary administrative burden and undermine economies of scale that could otherwise be achieved.

Evaluation

A formal tender is not required as the contract will be awarded through the publicly procured framework established by KCS Procurement Services. KCS Procurement Services operates as a trading function of the Commercial Services Group. Commercial Services Group was established originally as an education stores department for Kent County Council, now offers a range of products and services to the public sector organisations such as central and local government, education, healthcare and emergency services.

Direct award orders may be placed under the Integrated Community Care Equipment Framework provided the customer can meet one of a number of objective conditions. The condition which the Council intends to meet is the 'continuity of existing goods/services from an awarded supplier' by appointing the existing community equipment supplier, Medequip Assistive Technology Ltd, for the interim period identified.

A number of other frameworks let by third parties were considered in developing this procurement option. Solutions provided by Yorkshire Purchasing Organisation and NHS Shared Business Services and KCS Procurement Services. The KCS framework was identified as the most suitable to meet the Council's immediate requirement, offering a documented direct award approach, supply continuity, and a comparable delivery model to the existing provision.

Contract Detail

Community equipment is an important means by which people can be supported to live independently in their own homes in lieu of or in addition to traditional care support (such as care at home).

The county council's current Community Equipment Service is a support service which provides a vital gateway to independence, dignity and well-being for many people living in the community. The service procures, delivers, collects and, where appropriate, recycles health and social care equipment items prescribed by clinicians for individuals living in Lancashire.

Items of equipment include complex aids for daily living which may have electrical or hydraulic parts e.g., mattresses, electric profiling beds, hoists, and bath lifts.

The Community Equipment Service also procures bespoke special items of equipment which are complex items not available from stock. These items are procured by Community Equipment Service in accordance with the prescriber's specification.

At present there are 133,000 people in receipt of this service across Lancashire, with around 1400 prescribers currently registered on the Transforming Community Equipment Services system able to make referrals.

This interim arrangement will be a direct continuation of the existing provision giving the Council a period of time to establish the best route to market for future contract arrangements. Further to this, working alongside the Integrated Care Board, a general commissioning review of community equipment services is planned to be undertaken.

The Council intend to conduct the direct award and any subsequent procurement of the Community Equipment Service on behalf of the Integrated Care Board, which will see the continuation of a service which serves both social care and health.

Discussions are ongoing with Integrated Care Board colleagues who have indicated that they are happy for the Council to lead the procurement arrangements, with a view to working in partnership to carry out a full review of the Community Equipment Service and other equipment provision services, including Aids and Adaptations and the Retail Model.

It is intended that the new service, by way of direct award, will commence on 1 July 2023.