

**Schools Funding Forum**  
**18<sup>th</sup> June 2020**

**ITEM 10**

**Subject Heading:**

**School Energy Contracts**

**Report Author:**

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**SUMMARY:**

One of the responsibilities of Schools Forums is to consider contracts where the local authority is entering a contract to be funded from the schools budget.

This report is for the Schools Funding Forum to note the recent changes to the arrangements for Havering's energy procurement that affect schools.

**REPORT DETAIL:**

For several years schools have been part of the same energy procurement framework contract with Crown Commercial Services (CCS) that the Council uses to purchase gas and electricity. School sites and supplies have been tied in to the same contractual terms as the Council. In September LB Havering gave notice to CCS that it would be terminating the contract which ended on 31 March 2020. All the supplies under the framework (the council's own and any that are part of the LB Havering Framework, including the supplies to schools) exited the CCS framework at midnight 31 March 2020.

Lb Havering in consultation with London Borough's consortium called LEP (London Energy project) had undertaken this exercise for energy procurement for the next framework (2020-2024). The Council has opted to join LEP LASER framework and we contacted schools in December 2019 before entering into the new contract from 01.04.2020 and gave them the option of opting out. Majority of the schools picked the default option to continue their existing arrangement for energy procurement by using Council's energy framework. We only received a few responses from some academies which opted out of the Council's energy procurement framework.

London Borough of Havering entered into the framework in February 2020 with LASER (Kent County Council) starting form 01.04.2020 to 30.09.2024. This framework with LASER (Kent County Council) has also been chosen by a majority of London Boroughs' and LASER is also serving the majority of the schools within London for the last 30 years. LBH schools are now part of the Council's newly signed contract which will come to an end on 30.09.2024. We have also emailed energy tariff details to each school after entering into agreement showing unit rates, standing charges, etc.

This public sector procurement organisation called LASER (Kent County Council) provides competitive tariff, legal compliance obligations, maintained energy data, quality

services as part of the large consortium of London Boroughs within Kent County Council Framework.

There are various options available in the market through private energy brokers which we had already evaluated; prior to selecting public sector procurement framework as assessed by the London borough's energy consortium called "London Energy Project". Now the schools have been approached by private energy brokers due to sudden reduction of prices in the market. The energy market is highly volatile and we have opted to purchase in advance by entering fixed term contracts so LASER will be able to purchase energy in advance for the future years as well which will benefit us.

Please also find below LASER performance in purchasing energy for the public sector issued by Bloomberg.



LASER regularly benchmarks energy prices. For the most recent 12 months, LASER's gas and electricity prices are 36% and 14% lower respectively than average consumer prices as published by the Department for Business, Energy & Industrial Strategy.

### Energy Management System:

We have also acquired energy management system called "SystemsLink" and we are working to collate all information from the energy suppliers within the system and will also provide web portal access to all schools. This portal will provide energy consumption and cost reports, targeting and monitoring and forecasting. Further, we will also advise schools based on the system to reduce their energy consumption and costs.

We assure cooperation during contract period and advice if any schools require any further information or guidance about energy management.