

TITLE OF REPORT: Tender for the Supply of Goods and Services

REPORT OF: Mike Barker, Strategic Director Corporate Services and Governance

Purpose of the Report

1. The purpose of this report is to ask Cabinet to consider the evaluation of a single tender received for the Contract for a Licensed Energy Supplier and Energy Management of Void Properties.
2. The background to the proposal is contained in the attached appendix.

Proposal

3. Cabinet is asked to agree the recommendation below.

Recommendations

4. It is recommended Cabinet agree that the tender received from Emrgnt Systems Ltd (consortia bid including Robin Hood Energy) be accepted for the Contract for a Licensed Energy Supplier and Energy Management of Void Properties for a 36 month period commencing 1 March 2019 with an option to extend for a further 2 x 12 month periods.

For the following reason:-

A comprehensive evaluation of the tender received from Emrgnt Systems Ltd has been carried out. The tender received from Emrgnt Systems Ltd passed all the required evaluation criteria and was the only bid received to deliver this contract.

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Contract for a Licensed Energy Supplier and Energy Management of Void Properties

Policy Context

1. The contract for a Licensed Energy Supplier and Energy Management of Void Properties has been organised in accordance with the Council's Contract Procedure Rules.

Background

2. The Contract is being arranged on behalf of the Energy Services Team, Council Housing, Design and Technical and The Gateshead Housing Company.

In January 2018, the Council ran a "partner selection process" to find a licenced energy supplier, to help the Council provide lower-cost energy tariffs to residents, and to provide bespoke services to allow the Council to supply electricity direct to customers in some high-rise housing blocks.

Unfortunately, no bids were received for that process, and the market feedback was that the opportunity was not significant enough, and the proposal was too bespoke.

Following a further options appraisal, the Council developed a revised tender opportunity that would be more appealing to potential bidders, while still delivering on the Council's requirements.

The revised tender was split into the following lots:

- Lot 1 – Electricity supply / metering for domestic private wire systems.

These services are required to enable the Council to deliver the Gateshead High Rise Energy Infrastructure for Gateshead Housing Tenants (HEIGHTs) project whereby the Council are in the process of installing a small scale combined heat and power generator and a new electrical distribution network, at Barford and Stretford Courts. This innovative scheme, enables the Council to generate, distribute and supply electricity across a small private wire network to 154 domestic properties within two residential high-rise blocks with the assurance that customers (both the Council and domestic residents) are billed correctly for their electricity usage, and that the Council is reimbursed for the electricity it generates on site.

- Lot 2. Energy supply contracts and management services for void Council homes.

This service is required by The Gateshead Housing Company to manage the energy supply and metering arrangements for Council homes when they become void. The service will include meter repairs and replacements with smart, prepayment meters during the void period, zero standing charges

during the void period, resolving any issues on the outgoing account, and providing the incoming tenants with competitive energy tariffs.

The contract is for a 36 month period commencing 1 March 2019 with an option to extend for a further 2 x 12 month periods.

A single tender was received from 1 bidder, Emrgnt Systems Ltd (consortia bid including Robin Hood Energy) for both lots.

Consultation

3. Consultation has taken place with Stakeholders and Suppliers during the development of the specification model.

Alternative Options

4. The anticipated value of this contract exceeded the threshold requiring competitive tenders to be invited in accordance with the EU Public Procurement Directives; therefore, there are no alternative options

Implications of Recommended Option

5. Resources:

- a) **Financial Implications** – The Strategic Director Corporate Resources confirms that for:
Lot 1 - the Council will be required to initially pay the cost of all new Smart meters installed in to residents' homes and will own these assets at the end of the Contract term, however, the costs of the contract are to be covered fully by incomes received from selling power to residents; and
Lot 2 - there is no cost for the services, and the supplier will pay a small referral fee to the Gateshead Housing Company for every new supply account.
- b) **Human Resources Implications** – Nil
- c) **Property Implications** – Lot 1 - New Smart meters will be installed into the individual homes of residents as opposed to being kept in a communal space within the building as has been the case previously.
Lot 2 – the service aims to accelerate resolution of energy issues in void properties to reduce the timescale of voids.

6. **Risk Management Implication** – Nil for Residents or Community

7. **Equality and Diversity Implications** – The recommended tenderer meets the legal obligations of the Equality Act 2010.

8. **Crime and Disorder Implications** – Nil

9. **Health Implications** – Nil

10. **Sustainability Implications** – Nil

11. Human Rights Implications - Nil

12. Area and Ward Implications – The contract benefits all wards

Background Information

13. The documents that have been relied on in the preparation of the report include the received tender.