

ENERGY COSTS BUILDINGS PROVIDING COUNCIL SERVICES

EXECUTIVE MEMBER: Cllr N Williams

LEAD OFFICER: Mrs S Borwick

REPORT AUTHOR: Mr C A Lloyd

Summary: This report advises members of increases in the cost of energy FO Council buildings, which will be applied from September 2006 onwards.

Recommendation:	That Executive notes the increases and approves the additional budgetary provision of £28,000 this year, to be funded from contingencies.
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Impact on delivering the Corporate Plan: None

Impact on other statutory objectives (e.g. crime & disorder, LA21): None

Financial and human resource implications: Funding of the £28,000 increase this year will be required from the contingencies currently standing at £90,817 before deduction of the above sum.

Project & Risk Management: Current procedures used.

Key Decision Status

- **Financial:** None

- **Ward:** None

Other Ward Implications: None

1. INTRODUCTION

- 1.1 This Council purchases the majority of energy, electricity and gas, through Cumbria Contract Services.
- 1.2 In the past the contracts for energy have been of two to three years duration. This is useful as it provides stable costs for budgetary purposes. However it also means that when the contracts end the new price level is comparing a new price with an old price that will have been given two to three years previously.
- 1.3 The energy prices during the last year have been very volatile and we have already seen very substantial increases, much higher for businesses than for domestic use.

- 1.4 As a consequence the energy prices for the new contract through Cumbria Supplies are very much higher than previously, figures provided by Cumbria Supplies on 31 July for contracts to commence 01 October 2006 are:

Council offices	Whitehaven	Electricity	48% increase
Council offices	Moresby	Electricity	73% increase

These were obtained through competition.

- 1.5 Gas prices have not been provided in writing but Cumbria Supplies has advised that these prices will increase by 71% as from 01 December.
- 1.6 The new contracts are for a duration of one year, as the prices are so volatile that they would be even higher should the Tenderers have been required to take the risk over a longer period.
- 1.7 Some of the electricity prices do include for the Climate Change Levy, this will be re-assessed when all changes are confirmed and any resultant reduction applied to the additional budget.
2. The potential to use alternative suppliers at a reduced cost will be pursued. However it is recognised that the buying power of Cumbria Supplies is relatively strong in this area, providing energy for all Cumbria District Councils, the County Council, schools, Health Trusts and the like within Cumbria

3. CONCLUSIONS

- 3.1 The increase in energy cost is an external factor over which the Council has no control. Our major supplier has sought competitive energy tenders resulting in these prices being the lowest available.
- 3.2 Executive is asked to approve the additional funding of £28,000 required, to be funded from contingencies.

List of Appendices

Appendix A schedule of costs.

Relevant documents:

Project file, Cumbria Supplies Supply contracts, e-mails, correspondence.

List of Consultees:

Corporate Team
Councillor N Williams

APPENDIX A

		ELEC £	GAS £		% INCREASE	admin	lsr	regen
admin	PFI	42600		30/09/2006	48%	10224.00		
			3300	30/11/2006	71%	1171.50		
admin	Moresby	18000		30/09/2006	73%	6570.00		
			4000	30/11/2006	71%	1420.00		
admin	Cleator Moor	1852			50%	463.00		
			1000		71%	355.00		
admin	Egremont	563			50%	140.75		
			400		71%	142.00		
Lsr	Distington Crem	5149			50%		1287.25	
			16369	30/11/2006	71%		5811.00	
Lsr	Cemeteries	353			50%		88.25	
Regen	Beacon	13067			0%	0.00		
Regen	Beacon Store	?						
Regen	TIC Whitehaven	2071			50%			517.75
Regen	TIC Millom	?						
Lsr	Beck green	?						
Lsr	castle park	?						
Lsr	Millom park	?						
						20486.25	7186.50	517.75
TOTAL								28190.50