

Exercise of emergency functions – to enter into contract with the Strategic Energy Partner to enter into a contract for the supply and purchase of electricity up to the value of up to £12,000,000 million on a 12 month contract.

1. Part 2M of the constitution of the City Council provides for the Scheme of Functions delegated to Employees including to the Chief Executive.
2. Paragraph 3.8 of Part 2M of the Constitution enables the Chief Executive, in consultation with the Leader to make decisions required in an emergency.
3. The purpose and objectives of the contract is
 - to enable immediate hedging of energy using an interim 12-month standard flex contract;
 - currently energy prices are not being too greatly affected by international geopolitics or network issues and are benefiting from the mild start to the winter. This could change over the next couple of months resulting in significant market movement which could result in additional costs to the Council;
 - delaying the start of trading to February or March 2024 would increase the risk that the Council has to pay a higher price for energy than it would have otherwise paid;
 - the arrangement provides a route to market and enter into a contract immediately as a result of the procurement of the Strategic Energy Partnership (SEP);
 - the value for money element is access to hedging now rather than waiting as prices are relatively low; and
 - The additional flexibility available from not being contracted within a centrally managed, multi-organisation framework arrangement ESPO are existing contract, offers the electricity contract to be an enabler for other activity that the Council wishes to investigate with the SEP. It allows for the Council and the SEP to utilise the electricity contract as another tool to enable innovative Net Zero action.
 - Continue with existing energy arrangements with schools and other community associated organisations that account for approximately 1/3 of the overall annual spend on the contract.
4. The Council are negotiating with the SEP for a longer term contract for 4 years which it is intending to take to Cabinet and Council in February 2024 for approval.
5. The 12 month contract will be superseded and replaced by the 4 year contract if it is approved and terms and conditions are agreed.
6. Additional contractual arrangements will be developed alongside to further mitigate the risk of defaulting by 3rd party organisations the Council supports through the long-term contract.

7. On the basis set out above, I am satisfied that the decision being taken pursuant to this emergency provision is critical to the Council's ability to hedge energy immediately.
8. In light of the above I agree that this constitutes an emergency and I am making the decision that the City Council:
 - To enter into a 12 month contract with the SEP for up to £12million
 - Delegated authority be given to the Director of Business Investment and Culture in consultation with Head of Energy Services and Legal Services to enter into the necessary legal documentations.

I have consulted with the Leader of the City Council to confirm his agreement to this course of action.

A report will be taken to Council at the next appropriate meeting that will include information about this emergency decision.

Signed: 

Chief Executive of Coventry City Council
Dated: 19.12.23