

**REPORT TO: PLANNING AND TRANSPORTATION COMMITTEE**

**REPORT ON: STREET LIGHTING AND OTHER UNMETERED ELECTRICAL EQUIPMENT – CONTRACT FOR THE SUPPLY OF ELECTRICITY**

**REPORT BY: DIRECTOR OF PLANNING AND TRANSPORTATION**

**REPORT NO: 499-2001**

## **1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to set out the current situation in relation to the procurement of unmetered electricity for Street Lighting for the City Council and present an outline proposal for the purchase of electricity under contract as part of a consortium of councils to ensure best value is maintained.
- 1.2 The existing three year arrangements for the purchase of electricity (rates negotiated by the same consortium) terminates on 31 March 2002. It is anticipated that an improved rate for electricity consumption can be achieved by grouping with the seven other Councils within the Consortium.
- 1.3 The period of the contract is still to be agreed but it is anticipated to be three years. As the largest street lighting authority Highland Council will act as lead authority and will administer the tender process.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Committee:
  - a agree to this Council becoming a member of the purchasing consortium to obtain maximum discount available in the supply of electricity;
  - b agree to Highland Council acting as lead authority for the tendering process;
  - c instruct the Director of Planning and Transportation to enter into a contract for the supply of electricity subject to competitive terms being obtained; and
  - d review and allocate appropriate financial funds to cover the costs of the introduction of the Climate Change and Fossil Fuel levies.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 There are no direct financial implications in respect of this report. However, by joining the consortium of Councils, an improved rate for electricity consumption would be anticipated.

#### **4 LOCAL AGENDA 21 IMPLICATIONS**

- 4.1 The Climate Change and Fossil Fuel levies were introduced to reduce the production of "greenhouse gases", including CO<sub>2</sub>, and comply with the "Kyoto Protocol" the overall aim of which is to improve the Environment.
- 4.2 Street lighting makes an important contribution to road safety, crime prevention and the creation of an acceptable, safe, night-time environment. The after dark environment in Dundee is a key factor in the quality of life of its residents and visitors.

#### **5 EQUAL OPPORTUNITIES IMPLICATIONS**

- 5.1 Benefits to those groups who feel vulnerable during the hours of darkness.

#### **6 BACKGROUND**

- 6.1 Reference is made to the Planning and Transportation Committee Report No 289/1999 dated 26 April 1999 "Street Lighting and Other Unmetered Electrical Equipment – Agreement of the Supply of Electricity" which approved recommendations to enter into a three year agreement with Scottish Hydro Electric for the supply of unmetered electricity to the Council.
- 6.2 The agreement was entered into along with other Scottish Council's who used Scottish Hydro Electric as their "Host" supplier. Discounts of approximately 11% were realised in the group purchase of electricity.
- 6.3 The agreement for the supply of energy will terminate on 31 March 2002 and an alternative arrangement will require to be put in place from 1 April 2002.
- 6.4 European Union Public Procurement regulations now require that contracts for the supply of a Service of this magnitude (ie greater than £144,000) be subject to open competition and consequently, documentation will require to be prepared and tenders invited for the supply of electricity.
- 6.5 Preliminary discussions have taken place within the current purchasing group of Councils on the possibility of forming a consortium to tender for the purchase of electricity with consequent savings for all the members in the administration of the process.
- 6.6 It is proposed that the group of Councils purchasing electricity under the current agreement form a consortium to invite tenders for the supply of unmetered electricity.
- 6.7 Highland Council is prepared to act as lead authority and will administer the tender process.
- 6.8 The Contract for the supply of electricity would commence on 1 April 2002 and is anticipated to be for a period of three years, although the consortium still have to consider and agree on this.
- 6.9 The current members of the purchasing groups which are expected to form the consortium are:

- Aberdeen City Council
- Aberdeenshire Council
- Angus Council
- Highland Council
- Dundee City Council
- Moray Council
- Perth and Kinross Council
- Stirling Council

## **7 CONSULTATIONS**

- 7.1 The Chief Executive, Director of Finance, Director of Support Services and Director of Corporate Planning have been consulted and are in agreement with the contents of this report.

## **8 BACKGROUND PAPERS**

- 8.1 Planning and Transportation Committee report No 289/1999 dated 26 April 1999 "Street Lighting and Other Unmetered Electrical Equipment – Agreement for the Supply of Electricity".

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20 August 2001

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