

Briefing note re Wiltshire Council Energy Contract – for L&R meeting 11 July 2016

Introduction

The school has been part of a LA contract with West Mercia Energy (WME) for the last two years and has benefitted from significantly lower energy prices than the market average. From an administrative point of view, the contract has also saved schools an enormous amount of time 'shopping around' for the best energy deals and the contract has run very efficiently for schools.

Arrangements from April 2017

The LA are now inviting schools to commit to a five year contract from 1 April 2017 (see information attached), with the option of withdrawing after three years if notice is given by September 2019. Note that if the school was to convert to an academy within that period, it would have to leave the WME contract. However, it would be possible to re-join if the academy's trust would allow the school to do so (see email attached).

Note the surcharge of 1.1% that would be applied to each energy bill.

Options

The LA has stipulated that schools have until the end of September 2016 to sign up for the new contract. If schools fail to join by this date, they will have to source their own energy suppliers from April next year.

Recommendation

This situation is unusual in that schools are not really able to compare prices with alternative energy suppliers to see if the contract proposed represents good value (due to the enormity of the Wiltshire Council contract and the flexible buying/pricing structure).

However, I believe there are benefits of tapping into the LA purchasing power that the corporate contract offers, so for that reason I recommend that the school commits to continuing with the LA contract with WME from April 2017. Energy costs for 2015/16 were £3,500, so based on this a five year contract is likely to exceed £17,000. The decision to enter into this level of contract therefore rests with the FGB.

I also recommend that a review takes place in May 2019 to allow plenty of time for the school to consider whether it wishes to give notice to withdraw by September 2019.

I still intend to do a more formal report for governors on our energy use over the last couple of years when time permits.

Attachments: LA Circ A114/16 and A139/16
Email from LA energy team (Rob Scorgie)

Lizzy Moor
Finance Officer
6 July 2016