



## **ADVANCED PUBLICATION OF REPORTS**

This publication gives five clear working days' notice of the decisions listed below.

These decisions are due to be signed by individual Cabinet Members  
and operational key decision makers.

Once signed all decisions will be published on the Council's  
Publication of Decisions List.

- 1. REVENUE RECOVERY - CORPORATE GAS AND ELECTRICITY (Pages  
1 - 6)**

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**MUNICIPAL YEAR 2019/2020 REPORT NO.**

**Operational Decision of:**  
Director of Property and  
Economy

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<b>Agenda – Part: 1</b>	<b>Item:</b>
<b>Subject:</b> Revenue Recovery – Corporate Gas and Electricity	
<b>Wards:</b> all	
<b>Key Decision No:</b> KD 4985	
<b>Cabinet Member consulted:</b>	
<b>Cllr Mary Maguire – Cabinet Member for Finance &amp; Procurement</b>	

## 1. EXECUTIVE SUMMARY

- 1.1 There is an opportunity for Enfield to engage a supplier to complete a Revenue Recovery project for Corporate gas and electricity supplies.
- 1.2 This is a process where an independent organisation provides retrospective audit (up to six previous years) and analysis of our core spend and transactions (invoices and payments) for gas and electricity. From this analysis they identify and recover any overpayments, overcharges or missed opportunities (such as discounts or rebates). The suppliers operate on a 'no win no fee' basis, so you only pay a fee which is a percentage of money recovered. If there is no recovery, there is no fee payable.
- 1.3 This report proposes that Enfield take forward this opportunity procuring the provider through Crown Commercial Services, who have an existing Framework in place. The companies on the Framework have a maximum payback of 20% of savings for 12 months.

## 2. RECOMMENDATIONS

- 2.1 That the Director of Property and Economy agree to proceed with the project procuring a provider for the Corporate Portfolio through the Crown Commercial Services (CCS) Framework aiming to have a supplier in place in this financial year (19/20).
- 2.2 Viability of expanding the project to Housing and Schools to be assessed in the future depending on the success/progress with the Corporate portfolio.

### **3. BACKGROUND**

- 3.1 Revenue Recovery is a process where an independent organisation provides retrospective audit (up to six previous years) and analysis of our core spend and transactions (invoices and payments) for gas and electricity. From this analysis they identify and recover any overpayments, overcharges or missed opportunities (such as discounts or rebates). The suppliers operate on a 'no win no fee' basis, so you only pay a fee which is a percentage of money recovered (please see below 3.3 for details). If there is no recovery, there is no fee payable.
- 3.2 Once procured and awarded the contractor will complete a detailed review of our portfolio and report any potential savings. Energy Management will then review the report and confirm that any irregularities should be taken up with the supplier. The contractor will have direct access to the supply data with minimal input from Energy Management.
- 3.3 Payback is based around a percentage of the amount saved and is collected for a year. We have met with three potential suppliers for soft-market engagement all of whom are on the CCS Framework. They all indicate a percentage payback split of 80% Enfield 20% to contractor. It is difficult to predict a value of that payback as we do not know the level of errors that will be found. However, the CCS contractors have indicated that errors are identified in approximately 75% of the portfolio. It must be noted though that the value of these errors may be small.
- 3.4 It is expected for the review process to take 8 weeks. Resolution involving engagement with suppliers by the Revenue Recovery Contractors may take up to a year on the more complex issues.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

#### Alternative Options

- 4.1 Do nothing. If we do nothing we are missing the potential of recovering any over-charges and stopping future over-charging. The audit will also work as a 'due diligence' exercise to test the robustness of LASER's price checking and (in the case of Fully Managed supplies) bill management.
- 4.2 Proceed with the project completing the full procurement ourselves. This process will be considerably more onerous than using an existing Framework. Given the exact value to Enfield is unknown it is considered best to minimise the outlay hence using an existing Framework.

- 4.3 Procure through an existing framework. Crown Commercial Services (CCS) appear to be the only provider of a framework to source a supplier. They have three organisations on their framework.

## 5. REASONS FOR RECOMMENDATIONS

- 5.1 By proceeding with the project procuring a provider through the Crown Commercial Services (CCS) Framework there is little cost to Enfield with all three suppliers on the CCS Framework requiring minimum resources and therefore cost from Energy Management Team to complete the Recovery programme.
- 5.2 The likelihood of Enfield receiving refunds on some utility supply costs and avoiding future costs is high with little initial outlay.
- 5.3 As CCS have a proven procurement background and the companies have all expressed an interest it is thought the CCS Framework is the best option to procure.

## 6. COMMENTS FROM OTHER DEPARTMENTS

### 6.1 Financial Implications

- 6.1.1 This is difficult to quantify as it depends on the results of the audit. Potentially there may be no impacts if no issues are located. Pre-market engagement would, however, indicate that there is a potential for refunds on any identified over payments and any associated cost avoidance going forward which could be significant. This has been logged as a Key Decision though it is unlikely the value will be above the Key Decision threshold of £250,000.
- 6.1.2 It should also be noted that the audit could identify underpayments. Should this happen then the winning contractor would not raise the issue with the supplier without approval from Enfield. This is also the case for any identified saving.

### 6.2 Legal Implications

- 6.2.1 The Council has a general power of competence in s.1(1) Localism Act 2011. This states that a local authority has the power to do anything that individuals generally may do provided it is not prohibited by legislation.
- 6.2.2 S.111 Local Government Act 1972 gives a local authority power to do anything (whether involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The services to be provided, as proposed within this Report are incidental to the functions of the Council's departments.

- 6.2.3 The Council must comply with its Constitution, Contract Procedure Rules (“CPRs”) and, if the contract value exceeds the EU threshold, it must also comply with the Public Contracts Regulations 2015. The Council’s constitution (specifically, the CPRs) permits the use of Framework agreements subject to the prior approval of the P&C Hub (CPR 4.1). Corporate Procurement should undertake the due diligence on the Framework to ensure it is one the Council can access. The Council must ensure that the procedure for call off under the terms of the Framework is complied with along with all applicable Framework rules.
- 6.2.4 The Council must comply with its obligations with regards to obtaining best value under the Local Government (Best Value Principles) Act 1999. The Council must keep a clear audit trail of its decision to award to the Contractor(s) to demonstrate that best value has been and will continue to be obtained for the Council.
- 6.2.5 As this constitutes a Key Decision the Council must ensure it follows all applicable Key Decision/Governance procedures:
- 6.2.6 All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by the Legal Services on behalf of the Director of Law and Governance. The Call Off Contract will be on the terms stipulated in the Framework Agreement.

### **6.3 Property Implications**

Property had no comments

### **6.4 Procurement Implications**

- 6.4.1 The service is proposing on undertaking a “call-off” the Crown Commercial (CCS) Framework Agreement ref RM3820 (Spend Analysis and Recovery Services 2)
- 6.4.2 Due Diligence has been undertaken on the proposed Framework Agreement and is approved by the Procurement & Commissioning Hub.
- 6.4.3 The service must ensure by accessing this framework agreement, that the “call-off” is compliant with the defined rules and procedures of the Framework Agreement.
- 6.4.4 The service must ensure that authority to procure has been obtained and must be uploaded onto the London Tenders Portal.
- 6.4.5 The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of

executed contracts must be undertaken on the London Tenders Portal including future management of the contract.

- 6.4.6 The awarded contract must be promoted to Contracts Finder to comply with the Government's transparency requirements.

## **7. KEY RISKS**

In reviewing the accounts, it is possible that under-charges may be identified as well as over-charges. Pre-market engagement indicates this is a less likely outcome and ultimately Enfield have the final say as to if any issues are taken up with the suppliers.

## **8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD**

### **8.1 Good homes in well-connected neighbourhoods**

Completing this project gives Enfield the potential for cost avoidance reducing budget costs for running buildings and so increasing budget availability for other uses.

### **8.2 Sustain strong and healthy communities**

Completing this project gives Enfield the potential for cost avoidance reducing budget costs for running buildings and so increasing budget availability for other uses.

### **8.3 Build our local economy to create a thriving place**

Completing this project gives Enfield the potential for cost avoidance reducing budget costs for running buildings and so increasing budget availability for other uses.

## **9. EQUALITIES IMPACT IMPLICATIONS**

There are no implications for equalities. However it should be noted that the any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

## **10. PERFORMANCE AND DATA IMPLICATIONS**

The contract will be managed by the Energy Manager throughout.

## **11. HEALTH AND SAFETY IMPLICATIONS**

Health and Safety had no comments

**12. HR IMPLICATIONS**

12.1 This report outlines a one off external tender process to contract a company for a specific piece of project work which cannot be completed in-house.

12.2 There are no posts being created or deleted as part of this process and the work, including recovery of monies, is all to be completed by the external provider.

12.3 There are no employees at risk as part of this tender process.

**13. PUBLIC HEALTH IMPLICATIONS**

Increasing income will enable the Council to better support services needed for residents.

**Background Papers – none**