

Supplementary Estimates

for the year ending 31 March 2023

Date of Request: **26/09/2022**

Date of Mayor / Cabinet endorsement: **01/11/2022**

Executive Director: Stephen Peacock

Cabinet Member: Cllr. Kye Dudd

DECISION REQUIRED:

Cabinet is requested to approve the use of corporate inflation reserve budget for:

- Funding Energy Services Net Electricity & Gas inflationary cost pressure to the General fund

1. Original Budget Build Up

<i>Summary</i>		
Division	Original Budget	Applied Rebaseline Allocation
(Service Director Level)	£000's	£000's
Energy Service	4,400	7,640
Total	4,400	7,640

2. Justification

- This request follows report to Cabinet on 10/5/22 which set out an initial £1.4m 22/23 GF Energy cost pressure.
- Since then energy prices have continued to rise so that they are now at unprecedented levels due to supply issues and major geopolitical events.
- Commercial contracts have typically offered better prices than domestic supplies due to the higher volumes involved, but they do not have price-cap protection.
- Council energy contracts have previously been renewed on a fixed price basis, via a dynamic purchasing system (DPS), the continued use of which was approved by Cabinet in December 2020.
- In the current market, suppliers have been reluctant to submit tenders via the DPS, and those that have submitted have been very expensive.
- From April 2022 the Energy contracts for all non-half hourly sites moved to flexible contracts for both Gas & electricity. In August 2022, the half hourly sites (175 sites) which constitute the highest energy consumers, moved to a new sleeving contract that allows the Council (including its other users - HRA and Schools etc) to offset all the energy it generates from its Solar, Wind and Heat exchange infrastructure against its energy consumption.

Comment on components of supplementary estimate requested			
Service	Activity	To Be Funded By:	£'000
Management - G&R	Energy Prices	Contained by in-service budget underspends	(760)
Management - G&R	Energy Prices	Inflation Contingency	(743)
Subtotal			(1,503)
Management - G&R	Increase in Energy Prices - Metered Electricity	Corporate Allowances	(568)
Subtotal			(568)
Management - G&R	Increase in Energy Prices - Metered Gas	Redirection of General Reserves	(666)
Management - G&R	Increase in Energy Prices - Unmetered Electricity	Redirection of General Reserves	(477)
Management - G&R	Increase in Energy Prices - Metered Gas	Redirection of General Reserves	(59)
Management - G&R	Increase in Energy Prices - Metered Gas	Redirection of General Reserves	(175)
Management - G&R	Increase in Energy Prices - Unmetered Electricity	Redirection of General Reserves	(110)
Management - G&R	Increase in Energy Prices - Metered Electricity	Redirection of General Reserves	(100)
Management - G&R	Increase in Energy Prices - Metered Electricity	Redirection of General Reserves	(96)
Management - G&R	Increase in Energy Prices - Metered Electricity	Redirection of General Reserves	(85)
Management - G&R	Increase in Energy Prices - Metered Electricity	Redirection of General Reserves	(80)
Management - G&R	Increase in Energy Prices - Metered Gas	Redirection of General Reserves	(54)
Management - G&R	Increase in Energy Prices - Metered Gas	Redirection of General Reserves	(28)
Subtotal			(1,930)
Energy			(4,000)

3. In-Year Controls

See explanation above.

4. Impact Description

Costs	Funding Source
Revenue requirement in year 2022/23 of £3,240k	Reserves and contingencies as per Appendix A2
Impact if not Approved	
Energy services will report a significant overspend.	

5. Learning Points

What can be learnt from how and why this change came about?

The Council needs to seek to further reduce its energy consumption and take advantage of the new sleeving arrangement to bring down cost.

6. Previously Approved Supplementary Estimates

Please insert a list of the Supplementary Estimates that the Mayor and Cabinet have previously approved:

N/A – This has not occurred before.

7. Supplementary Estimate - Sign Off

The following people have signed off this Supplementary Estimate	Evidence of Sign-off (email/121)	Date
Executive Director - Stephen Peacock <i>(Delegated to Peter Anderson, Director of Property Assets and Infrastructure in Stephen's absence)</i>	Yes	26/09/2022
Mayor	Yes	24/10/2022
Section 151 Officer – Denise Murray	yes	24/10/2022