Committee Report Checklist

Please submit the completed checklists with your report. If final draft report does not include all the information/sign offs required, your item will be delayed until the next meeting cycle.

Stage 1
Report checklist – responsibility of report owner

ITEM	**Yes / No**	**Date**
Councillor engagement / input from Chair prior to briefing		
Relevant Group Head review	**CH**	**01.09.26**
MAT+ review (to have been circulated **at least 5 working days before Stage 2**)		
This item is on the Forward Plan for the relevant committee		
	Reviewed by	
Finance comments (circulate to Finance)	**AB**	**03.09.26**
Risk comments (circulate to Lee O'Neil)	**LO**	**01.09.26**
Legal comments (circulate to Legal team)	**JC**	**01.09.26**
HR comments (if applicable)	**N/a**	

For reports with material financial or legal implications the author should engage with the respective teams at the outset and receive input to their reports prior to asking for MO or s151 comments.

Do not forward to stage 2 unless all the above have been completed.

Stage 2
Report checklist – responsibility of report owner

ITEM	**Completed by**	**Date rec'd**
Monitoring Officer commentary – at least **5 working days before MAT**	**L Heron**	**09/09/26**
S151 Officer commentary – at least **5 working days before MAT**	**T. Collier**	**09/09/26**
Commissioner engagement	LS/BS	No issues 03/09/26
Confirm final report cleared by MAT		

Full Council

17 September 2026

Title	*Electricity contract for the Investment portfolio*
Purpose of the report	To make a decision
Report Author	*Sian Bowen Principal Asset Manager*
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	*N/a*
Corporate Priority	Resilience
Recommendations	**Council is asked to:** • Approve in principle the award of a new electricity contract from 1 October 2026 to 28 September 2028 with Kent County Council (KCC) LASER in respect of the Council's commercial portfolio of Assets; • Delegate authority to the Group Head of Assets to agree the terms of the electricity contract up to a value of £2.65m and • Authorise the Group Head of Corporate Governance to execute the associated legal documentation
Reason for Recommendation	The current electricity contract with Smartest Energy expires on 30 September 2026. For all assets within the Council's commercial portfolio i.e. the Investment Assets, the Council holds responsibility as landlord for the provision of a contract to supply electricity to each building.

1. **Executive summary of the report** *(expand detail in Key Issues section below)*

What is the situation	Why we want to do something

• The current contract with Smartest Energy expires on 30th September 2026. • The Council now needs to enter into a new contract to ensure that we are not at risk of large price increases, from out of contract rates. • The properties that are proposed for inclusion within this contract are Thames Tower, Porter Building, Charter Building, 12 Hammersmith Grove, 33 Hanworth Road, Communications House and Elmbrook House. If any are sold before 1st October or during the term of the contract, they will be removed from the new contract.	• The Council is required under the terms of its leases to provide electricity at the buildings. • To ensure that the Council and its tenants continue to have competitive energy pricing and very strong budget certainty whilst keeping our prices as low as possible and with less seasonal fluctuations.
This is what we want to do about it	**These are the next steps**
• Complete a Direct Award under the LASER framework for KCC LASER to procure our electricity for the commercial portfolio, for a period to September 2028 (if a property is sold, it will be removed from the contract).	• It is recommended the Council adds these commercial assets to the existing electricity contract with KCC LASER for the supply of electricity for all commercial investment assets.

2. Key issues

2.1 Cushman and Wakefield, the Council's managing agents for the Commercial portfolio have previously procured the electricity contract. The current contract with Smartest Energy expires on 30 September 2026.

2.2 Spelthorne Borough Council, rather than Cushman and Wakefield are procuring this new contract to ensure a fully compliant route to market and demonstrate best value in accordance with the Procurement Act 2023.

2.3 The electricity contract is for Thames Tower, Porter Building, Charter Building, 12 Hammersmith Grove, 33 Hanworth Road, Communications House and Elmbrook House (Investment Assets within the Commercial Portfolio) and is for the common areas of these properties, for example lifts, reception areas and stairwells and is fully recoverable via the service charge. It is also for each tenant demise which is fully rechargeable and recoverable.

2.4 The electricity market does not permit the early engagement of alternative providers before the expiry of the current contract. As a result, we have been unable to gauge potential prices until this late stage or consider the re-tender any sooner. The fluctuating electricity pricing may mean that the contract price does increase due to geopolitical events, however, moving to LASER, where most power is purchased in the past, should alleviate significant increases. Failure contract by 1 October 2026 will necessitate the properties being placed onto an "emergency tariff" which may result in price increases estimated to be in excess of 30% higher than the current and proposed new tariffs.

2.5 The contract is estimated to have a value of c. £2.4m which is fully recoverable, with the exception of vacant accommodation, where the Council meets the cost of these void areas, which is budgeted for in each assets annual revenue budget.

2.6 In order to ensure a fully compliant route to market under the Procurement Act 2023, a direct award under the LASER framework is the recommended route. The LASER contract has been reviewed by our Procurement team and confirmed to be fully compliant and presents the lowest risk of short-term market volatility to the Council and comes with very strong budget certainty for our Tenants. This should help to keep our prices as low as possible and with less seasonal fluctuations.

2.7 LASER are a Local Authority trading company and have a large number of public sector clients. They were established by Kent County Council in 1989 to collaboratively procure energy on behalf of the public sector and their framework has been established in accordance with the Public Contracts Regulations 2015. We understand that LASER collectively purchased over £1.5 billion of gas, electricity and water in 2022, on behalf of around 85,000 customers and therefore has a strong buying influence.

2.8 LASER is a Public Sector Buying Organisation and Kent County Council remains the Contracting Authority for all procurement frameworks established by LASER. LASER has set up a framework agreement of suppliers of gas and electricity. The new framework agreement (as with previous 'iterations of the same type of contract), has been tendered in a manner fully compliant with the Public Contracts Regulations (PCR) 2015, and allows other public bodies access to these suppliers.

2.9 All power purchased under this contract will be 100% renewable to comply with Spelthorne Borough Council and our Tenants' Environmental and Social Governance.

2.10 Spelthorne Borough Council are currently in a contract with LASER for the municipal and KGE properties and have seen significant savings and it is proposed that these investment properties are added to this contract which expires ion 30th September 2028.

2.11 Whilst we are unable to confirm the exact contract price at this stage, LASER have confirmed that they would expect it to be on a parity with the current contract, subject to any unforeseen events occurring.

2.12 Corporate Policy and Resources Committee's areas of responsibility include Investment Assets. As a result of electricity fluctuations, it has not been possible to confirm with LASER the parameters of pricing earlier and therefore it was not possible to prepare a report for the scheduled meeting on 8 September 2026. In view of the time criticality, an urgent action protocol to recommend to Council approval of this award was used by the Chief Executive on 9th September 2026 in consultation with the Chair and Vice Chair of Corporate Policy and Resources Committee.

3. Options appraisal and proposal

3.1 Do nothing – Not recommended

The electricity tariff will revert to an “emergency tariff” which may result in increased charges to our Tenants of c. 30%. This will increase costs for the service charge for each building and expose Spelthorne Borough Council to the scrutiny of service charge consultants who could challenge any increase in electricity costs and seek recourse.

3.2 Approve the recommendations in this report – Recommended

Authorise the Group Head of Assets to add these commercial assets to the existing electricity contract with LASER until September 2028 for the supply of electricity to the Council’s Investment Assets for a value up to £2.65m. This will result in a transparent and compliant route to secure a new electricity supplier and provide certainty beyond vesting day. It will also provide Spelthorne Borough Council with the security that our properties have competitively sourced and priced renewable electricity that will be defendable to our tenants and their consultants. Whilst the current contract is for £2.4m, this additional approval to enter into a contract of up to £2.65m allows for any price fluctuations between obtaining approval and entering into the contract.

3.3 Progress a new contract via an open tender – Not Recommended

If the Council opted to explore the wider utility market including alternative suppliers and contract rates, this would not have been possible until the last month of the existing contract. A new energy provider needs to consider and accept new business; there is no obligation for a supplier to do this. As part of the approach to a new supplier, confirmation is sought from the existing supplier there is no current contractual commitment in place. This directs the process for finding a new utility provider to be within the last 30 days of the current contract to ensure the existing energy supplier doesn’t respond on the basis Spelthorne are locked into an existing contract. In addition, it can take around 90 days for a new contract to be accepted by a new supplier and the transfer to complete – hence creating the risk of out of contract and increased electricity charging costs being incurred in the interim.

4. Risk implications

4.1 Failure to enter into a new electricity contract by 1 October 2026 will mean that Spelthorne Borough Council will be placed on an “emergency tariff” which may result in charges 30% higher than the current tariff. This could result in challenges from our Tenants and their advisors.

4.2 To mitigate this risk, we have entered into early discussions with LASER and the current supplier to ensure where we can, a smooth transition will take place between the two contracts and alleviate where possible the introduction of any “emergency tariff.”

4.3 Adding these assets into the existing Laser contract provides least risk for consistent pricing, details of the risk from an open tender exercise are highlighted in option 3.3.

5. Financial implications

5.1 The contract is estimated to be c. £2.4m per annum, with a fluctuation of 10% reaching £2.65m. This cost is borne via the service charge and our tenants in each of their demises. The cost is fully recoverable, with the exception of any Landlord voids, where electricity usage is kept to a minimum. The budget for voids in 2026/7 is £54,700.

5.2 Whilst we are unable to get confirmation of the exact rates until we enter into the contract, indicatively, LASER have suggested they will be on a parity with the existing contract.

5.3 Landlords void spaces are fully budgeted for in each assets annual budget.

5.4 The financial implications could be significant if the Council do not enter into a new contract before 1 October 2026 and the current costs c. £2.4m pa could rise by 30%, (£0.72m).

6. Legal comments

6.1 All contracts must comply with the Procurement Act 2023 and the Council's Contract Standing Order Procedural Rules. The Council has a duty to deliver best value under the Local Government Act 1999.

6.2 Legal Services are to be instructed to review contract documentation.

6.3 Under the Local Government Act 1972 the Council has the necessary powers to award the contract. This decision is also within the scope of the general power of competence under the Localism Act 2011

6.4 Corporate Policy and Resources areas of responsibility include Investment Assets. Each Committee is limited in authority to grant expenditure to £1million. If expenditure is anticipated to exceed £1million a recommendation is made to full council to make a decision.

Corporate implications

7. Commissioners' comments

7.1 Commissioners have seen and approved the report.

8. S151 Officer comments

8.1 The S151 Officer confirms that relevant financial implications have been taken into account and notes that the contract is estimated to be c. £2.4m per annum, with a fluctuation of 10% reaching £2.65m. The cost is fully recoverable from tenants, with the exception of any Landlord voids, where electricity usage is kept to a minimum. The budget set aside for voids in 2026/7 is £54,700 and it expected to cover the cost.

9. Monitoring Officer comments

9.1 Subject to compliance with the framework rules and the Council's Contract Standing Orders, the Council may award the proposed contract. All necessary contractual arrangements should be in place before commencement of the contract.

10. Procurement comments

10.1 As detailed in the report, the use of a framework is a compliant route to market and is supported by the Procurement Team. LASER has the ability to buy in much larger volumes and therefore are likely to obtain a more competitive price than if Spelthorne was procuring alone,

11. Equality and Diversity

11.1 There are no equability or diversity issues in connection with the award of this contract.

12. Sustainability/Climate Change Implications

12.1 The electricity contract will be for 100% renewable electricity.

13. Other considerations

13.1 N/a

14. Local Government Reorganisation Implications

14.1 The proposed new contract will be for a period to September 2028 which will be consistent with the current municipal and KGE expiry. This will provide sufficient opportunity to re-tender the contract post Local Government Reorganisation.

15. Timetable for implementation

15.1 It is proposed that the Council will enter into a contract by 1 October 2026 if approval is forthcoming.

16. Contact

16.1 Sian Bowen – Principal Asset Manager

s.bowen@spelthorne.gov.uk

Please submit any material questions to the Committee Chair and Officer Contact by two days in advance of the meeting.

Background papers: There are none.

Appendices: There are none.