

To: Gordon Mitchell, Interim Chief Executive

From: Sian Bowen, Principal Asset Manager

Date: 4 September 2026

URGENT ACTION TO APPROVE

1. Electricity Contract for the Investment Portfolio

The Council's Constitution requires the award of contracts over the Procurement Act 2023 threshold to be approved by the relevant Service Committee. Each Committee is limited in authority to grant expenditure to £1million. If expenditure is anticipated to exceed £1million a recommendation is to be made to full Council to make a decision.

Corporate Policy and Resources Committee's areas of responsibility include Investment Assets.

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. The current contract expires on 30th September 2026 and was procured directly by the Council's managing agent Cushman & Wakefield.

As a result of the significant energy fluctuations due to geopolitical events over the last 6 months, it has not been beneficial for the Council and its tenants to agree a strategy for the renewal of the energy contract for the Commercial assets at an earlier date.

As the existing contract expires on 30 September 2026, it is essential the Council continue to ensure the supply of electricity to the buildings. Failure to enter into a new contract will result in all properties being placed on an emergency tariff which could have a significant detrimental financial impact on the Council's tenants. It is estimated that the value of this contract is approximately £2.4m per annum, with all costs bar any vacant space re-charged to the individual tenants in the building.

The next scheduled Corporate Policy and Resources Committee is on 8 September 2026 and therefore the Group Head of Assets considers a request should be made for an Urgent Action Recommendation. This can then be noted at the next Corporate Policy and Resources Committee on 12 October 2026 and a recommendation made to the next Council meeting on 17 September 2026 for final approval add these commercial assets to the existing contract.

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 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

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, they will be removed from the new contract.	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 now adds these commercial properties to the KCC LASER for the supply of electricity for all commercial assets.

1.0 Key issues

- 1.1 Cushman and Wakefield, our managing agents for the Commercial portfolio have previously procured the electricity contract. The current contract with Smartest Energy expires on 30 September 2026.
- 1.2 The electricity contract is for Thames Tower, Porter Building, Charter Building, 12 Hammersmith Grove, 33 Hanworth Road, Communications House and Elmbrook House (Commercial Assets) 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.
- 1.3 As a result of geopolitical events and price fluctuations in energy over the last 6 months, it has not been possible to consider the re-tender of this contract any sooner. Failure to enter into a new contract by 1 October 2026 will necessitate the properties being placed onto an “emergency tariff” which may result in price increases estimated to be more than 30% higher than the current and proposed new tariffs.
- 1.4 The contract is estimated to have a value of c. £2.4m which is fully recoverable, except for Landlords void areas, which is budgeted for in each asset's annual revenue budget. This annual cost will reduce as we move through the Asset Rationalisation programme.
- 1.5 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.

- 1.6 LASER are a Local Authority trading company and have many 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.
- 1.7 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.
- 1.8 All power purchased under this contract will be 100% renewable to comply with Spelthorne Borough Council and our Tenants Environmental and Social Governance.
- 1.9 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 in September 2028.
- 1.10 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. Options analysis and proposal

2.1 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.

2.2 Recommended

Authorise the Group Head of Assets to add these commercial assets to the existing LASER contract 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 defensible to our tenants and their consultants.

3. Financial implications

- 3.1 The contract is estimated to be c. £2.4m per annum. This cost is borne via the service charge and our tenants in each of their demises. The cost is fully recoverable, apart from any Landlord voids, where electricity usage is kept to a minimum.
- 3.2 Whilst we are unable to get confirmation of the exact rates until we enter the contract, indicatively, LASER have suggested they will be on a parity with the existing contract.
- 3.3 Landlords void spaces are fully budgeted for in each assets annual budget.
- 3.4 The financial implications could be significant if the Council do not enter into a new contract before 1 October 2026 and the budget of £2.4m pa could rise by 30%.

4 Recommendation

To add the properties from within the commercial property portfolio to the current LASER contract as soon as possible to ensure that the Council and its Tenants are protected from significant increases in electricity from 1 October 2026.

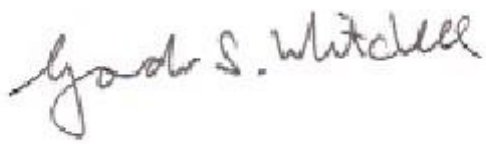
Under Paragraphs 25 to 27 of Part 3(a) of the Council's Scheme of Delegations... "To enable an urgent decision to be made, the Chief Executive has delegated power to take any decision which is so urgent that it cannot wait until the next scheduled meeting of the Council or relevant Committee and where the decision is not in contravention of established policies. In following this procedure, the Chief Executive is required to consult with the relevant Committee Chair and Vice-Chair. The use of such urgent action must be reported to the next relevant Committee meeting".

Please could you therefore confirm that you will give approval to authorise this urgent action to recommend to Council to delegate authority to the Group Head of Assets to add the commercial assets to the existing LASER contract as per the terms set out and for the Group Head of Corporate Governance to execute the associated legal documentation.

The relevant committee is Corporate Policy and Resources Committee, which will not meet until 12 October 2026, which is after the date of the expiry of the electricity contract. By approving this urgent action, it will allow for consideration at Council on 17 September 2026.

If you are minded to authorise this action, the Group Head of Assets will ensure that the action taken is noted at the next meeting of the Corporate Policy and Resources Committee and a report added to Council agenda on 17 September 2026.

I confirm that I give my approval to authorise this urgent action for the Council to add these commercial assets enter into the existing LASER contract as agreed by the Group Head of Assets and summarised in this note. I can confirm that I have consulted with the Chair and Vice Chair of the relevant Committee, and they are in full agreement.



Chief Executive

Date: 9 September 2026

I confirm agreement

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Chair of Corporate Policy and Resources Committee
Date:

I confirm agreement

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Vice Chair of Corporate Policy and Resources Committee