REFERENCE: DEC 164

EPSOM AND EWELL BOROUGH COUNCIL

DECISIONS/ACTIONS TAKEN IN CONSULTATION WITH COMMITTEE CHAIR

Officer requesting authorisation: Tony Foxwell Date of request: 6 October 2026

Committee concerned: Strategy & Resources committee

Subject: Gas Contract Renewal

Reason why this decision/action cannot wait until the next scheduled committee: Prices only stand for one day.

When the decision/action is needed by: 6/10/26

Proposed action/decision:

1. To approve option 3, the two-year fixed term contract for the provision of gas.
2. To delegate authority to the Head of Property and Regeneration to finalise and agree the contract.

Background Information

EEBC gas contract is due to expire on 30/09/2026 and requires renewal.

The gas metered sites are:

- Town Hall
- Bourne Hall
- Community & Wellbeing Centre
- Playhouse(2no)
- Auriol park
- King Georges Field
- Horton Country park
- Ewell Court House (2no)
- Nonsuch (3no)

EEBC secured a 3-year contract in September 2023 with a supplier called SEFE based on an annual consumption of 2,125,536 kwh use at an estimated spend of £103,274.63 per annum.

We currently spend £165,706 per annum.

Energy costs are made up of several factors which contribute to the final energy cost, not just the unit price.

- the raw energy cost (or wholesale cost)
- the cost of transportation (or transmission & distribution)
- losses (or unbilled volumes)
- levies (or environmental and social obligation costs)
- metering costs (or supplier operating costs)
- the supplier's margin (or profit)
- VAT

The raw energy cost is generally only 35% of the actual bill.

These are still very volatile times with the war in Iran, and the closure of the strait of Hormuz has prevented gas tankers getting through, this in turn has increased gas and oil prices throughout the world.

Discussions have taken place with our energy consultant Inspired Energy regarding costs and proposals over the past month. The market is not in a good place with gas unit prices around 9p a unit, when we were previously locked in at 4.68p. As prices are still extremely high it would not be best value to lock into a fixed contract for a long period of time.

Finance consulted: Yes

Finance comments: As the current gas contract expired on 30 September 2026 a decision is required to avoid being charged at higher unit rates. In the current circumstances option 3 offers lowest financial risk and provides some certainty during a time of significant volatility in the current market.

Legal consulted: Yes

Legal comments: None

Considered the following (Para 3.2 Appendix 2 of the Council's Constitution).

Consultation views: N/A

Range of options considered: 4 options considered below.

There are various options to consider, all fixed option prices have been given by the current incumbent SEFE.

Option 1
A short-term fixed contract to take us up to April 2027 and then on to a flexible framework contract.

Option 2
A fixed contract for 12 months at 7.6 p/kwh unit price

Option 3 (Recommended)

A fixed contract for 24 months at a rate of 6.2 p/kwh unit price.

Option 4 - Do Nothing Option

If we do nothing we will go on a high out of contract rate of over 10.5p/kwh.

Staffing, financial, and legal implications:

As the current gas contract expired on 30 September 2026 a decision is required to avoid the Council being on significantly higher out of contract rates. Option 3 offers the cheapest unit rates than all the other options and ensures certainty.

In relation to s24, this decision falls within General Consent and no further approval is required from the Shadow Authority.

Policy framework, equalities, climate change or wellbeing implications: N/A

Risks: Financial risks considered.

Other guidance: N/A

Constitution, contract and financial procedures and regulations: This decision is in line with the council's constitution, contractual and financial procedures.

The need to secure Best Value: The council needs to balance between price certainty and market volatility. In the current circumstances option 3 offers lowest financial risk and certainty. We, therefore, recommend option 3.

Chair and/or Vice Chair consulted: yes Date: 6/10/26

Views of the Chair and/or Vice Chair:

Happy to support the urgent decision on gas prices / contract

Name: Neil Dallen Date: 6/10/26

Decision/action authorised by:

Signature:  Date: 6/10/26