

Report Title:	Council's future electricity procurement arrangements from 1 April 2027 until 31 March 2028		
Report to:	Cabinet	Date:	23 rd September 2026
Report of:	Kevin Fenton-Clough	Cabinet Portfolio:	Resources
Cabinet Lead Member:	Councillor Walmsley	Wards Affected:	All
Key Decision:	☒ Forward Plan ☒	☐ General Exception	☐ Special Urgency
Integrated Impact Assessment:			
	Required:	No	Attached: No
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Valley Plan Priorities	Thriving Local Economy: This involves securing new inward investment, creating a sustainable economy, matching local skills with future job opportunities, and supporting town centres as unique destinations.	☐
	High Quality Environment: This includes having a "clean and green" local environment, reducing the borough's carbon footprint, improving waste and recycling rates, and delivering new homes with a good mix of housing tenures.	☐
	Healthy & Proud Communities: This priority focuses on improving the health and physical/mental wellbeing of residents, reducing health inequalities, ensuring access to better leisure facilities and health services, and fostering a sense of pride in the community.	☐
	Effective & Efficient Council: The aim is to provide good quality and responsive services, embrace new technology, be a financially sustainable council with a commercial outlook, and ensure sound governance.	☒

1. PURPOSE OF THE REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek approval for the Council's future electricity procurement arrangements from 1 April 2027 until 31 March 2028.
- 1.2 The recommendation follows a review of the Council's current arrangements, benchmarking undertaken with the Government Commercial Agency (GCA), discussions with Blackburn with Darwen Borough Council and indicative pricing information provided by YPO.

2. RECOMMENDATIONS

- 2.1 That Cabinet approves the continuation of the Council's electricity procurement arrangements through YPO Energy Framework for the period 1 April 2027 to 31 March 2028.
- 2.2 That award and signing of the contract be delegated to the Head of People and Policy and Monitoring Officer in consultation with the Lead Member

3. BACKGROUND AND REASON FOR THE DECISION

- 3.1 Rossendale Borough Council currently procures electricity through the YPO Energy Framework.
- 3.2 The Council's current electricity arrangements expire on 31 March 2027. Consequently, a review of future procurement options has been undertaken to ensure continuity of supply,

secure value for money and consider the implications of Local Government Reorganisation (LGR).

- 3.3 In July 2026, YPO commenced preparations for the renewal of its electricity procurement arrangements and initially offered participating authorities the opportunity to renew for the period 1 April 2027 to 31 March 2031. As part of discussions with YPO, the Council highlighted the uncertainty associated with the proposed Lancashire LGR programme and the likelihood that Rossendale Borough Council will cease to exist as a standalone authority from April 2028.
- 3.4 YPO subsequently confirmed that a number of authorities were facing similar challenges and advised that they could accommodate Rossendale's requirements by limiting procurement activity to 31 March 2028 only. Under this approach YPO would purchase electricity volumes for the Council up to that date and no volume would be purchased beyond 31 March 2028. This provides the Council with a mechanism to maintain continuity of supply whilst avoiding long-term commitments which could restrict the future procurement strategy of any successor authority.
- 3.5 YPO have advised that their current forecast commodity price compares favourably with the commodity rates currently being paid by the Council under its existing arrangements. Whilst commodity prices do not represent the total delivered cost of electricity, they provide an indication that the proposed renewal remains competitive from a wholesale purchasing perspective. YPO have also advised that, due to their hedging strategy, customer commitments are required by 30 September 2026 in order to maximise purchasing opportunities and pricing certainty.
- 3.6 Alongside discussions with YPO, the Council undertook a wider market review to:
- assess alternative procurement options;
 - benchmark current arrangements against other public sector buying organisations;
 - understand opportunities available through the Government Commercial Agency (GCA);
 - consider potential opportunities arising from Local Government Reorganisation; and
 - ensure the Council secures best value whilst maintaining continuity of supply.

As part of this review:

- GCA provided a benchmarking exercise based upon the Council's electricity portfolio;
- discussions have taken place with Blackburn with Darwen Borough Council regarding their GCA arrangements and future procurement strategy;
- indicative renewal arrangements have been obtained from YPO;
- actual Council electricity invoices have been reviewed to determine true delivered electricity costs; and
- the relative merits, risks and strategic implications of each procurement route have been assessed.

The outcome of this review is that the YPO proposal provides the Council with a low-risk procurement route that aligns with the anticipated LGR timetable whilst remaining broadly comparable with alternative market options from a cost perspective.

BENCHMARKING OUTCOMES

- 3.7 A benchmarking exercise was undertaken using the Council's electricity portfolio and Estimated Annual Consumption (EAC) data. The exercise modelled the Council's forecast annual electricity costs under a range of purchasing strategies available through the

Government Commercial Agency (GCA) and compared these against indicative costs calculated using the Council's existing arrangements

- 3.8 To provide a like-for-like comparison, Estimated Annual Consumption (EAC) figures were applied to the benchmark rates provided by GCA and to representative delivered costs derived from the Council's existing electricity supplies.

Based on current consumption levels, the Council's annual electricity expenditure is expected to remain in the region of £250,000. The benchmarking exercise demonstrated that the Council's current arrangements remain broadly competitive when compared with the alternative public sector procurement options reviewed

- 3.9 Benchmarking identified only marginal differences between the procurement options considered. Given the uncertainty associated with future market conditions, the assumptions underpinning each benchmark and the strategic flexibility offered by the YPO proposal, no sufficiently compelling financial advantage was identified to justify a change in procurement route at this time
- 3.10 The review therefore concluded that any future decision is more likely to be influenced by service delivery, account management, governance, implementation risk and Local Government Reorganisation considerations than by energy pricing alone. Discussions with Blackburn with Darwen Borough Council confirmed their use of GCA arrangements and formed part of the Council's consideration of future opportunities for alignment following Local Government Reorganisation

4. RISK

- 4.1 Failure to approve a replacement electricity procurement arrangement may increase exposure to market volatility and place continuity of supply at risk. The recommended YPO option mitigates these risks whilst preserving flexibility ahead of Local Government Reorganisation

5. SECTION 151 OFFICER COMMENTS (FINANCE)

- 5.1 A thorough review of options has been considered and there is not expected to be a significant change in electricity costs for 2027/28 under the proposed arrangement. Entering into a contract early provides more price certainty therefore enabling a smoother budget setting process.

6. MONITORING OFFICER COMMENTS (LEGAL)

- 6.1 The proposed procurement route utilises an established public sector framework arrangement available to the Council and is compliant with the Council's Contract Procedure Rules and applicable procurement legislation.

7. INTEGRATED IMPACT ASSESSMENT IMPLICATIONS

- 7.1 An Integrated Impact Assessment is not considered necessary for this decision as the report relates to the procurement of electricity supply arrangements and does not propose any changes to Council services, policies or service delivery that would directly impact residents, staff or protected groups.

The recommendation is intended to ensure continuity of electricity supply whilst securing value for money and maintaining operational resilience during the Local Government Reorganisation period.

8. POLICY/STRATEGY FRAMEWORK IMPLICATIONS

- 8.1 The proposal supports the Council's Effective and Efficient Council priority through sound financial management, effective procurement and robust governance. The recommendation ensures continuity of energy supply, minimises implementation risk, and preserves flexibility for future alignment of electricity procurement arrangements following Local Government Reorganisation.

9. LOCAL GOVERNMENT REORGANISATION IMPLICATIONS

- 9.1 The Council is currently operating within a period of uncertainty associated with Local Government Reorganisation.
- 9.2 A key consideration has therefore been avoiding long-term contractual commitments which could restrict a successor authority's future procurement strategy.
- 9.3 The YPO proposal directly addresses this risk by:
- limiting procurement activity to 31 March 2028;
 - avoiding electricity purchases beyond that date;
 - maintaining strategic flexibility; and
 - providing an opportunity for future alignment with neighbouring authorities should appropriate arrangements be developed post-LGR.
- 9.4 This is considered a significant advantage of the proposal.

10. BACKGROUND PAPERS

- 10.1 No background papers.