

Report to	Audit Committee
From	Operations
Risk Reference	CR20
Risk Description	Increasing Energy Prices
Recommendation	For analysis and discussion

Context

Due to a series of major and unexpected events across the world over the last year, there has been a swift and unprecedented shift in the availability and pricing of energy in the UK.

Bury Council have been working closely with suppliers and YPO (our Framework Energy Provider) to mitigate price rises, but the energy market continues to be unpredictable and difficult to navigate even for specialist teams, which is leading to price increases around the country

Key Potential Impacts

The increase in energy costs has had a significant impact on the Council's budgets and the Authorities school's budgets and will continue to do so. The Operations Department has set up a working group to identify potential energy savings opportunities to mitigate rising costs. The Energy team have been working closely with Finance to provide regular impact forecasts to the Exec team since April 2022 and the latest forecast can be seen below.

Current Forecast

The table below shows the actual gas and electricity costs for the council in 2021/22 and the forecasts provided for 2022/23, based on the information provided by YPO in June and more recently at the end of September. It should be noted that these costs do not include schools, as they pay for their own energy costs. However, the majority purchase through the Councils contract so will be subject to the same increases.

Period	Costs
Electricity Actual 2021/22	£2,123,342
Gas Actual 2021/22	£454,994
Electricity Projection 2022/23 (June information)	£4,246,684 (£2,123,342 increase from 2021/22)
Gas Projection 2022/23 (June information)	£1,847,275 (£1,392,281 increase from 2021/22)
Electricity Projection 2022/23 (Sept information)	£4,246,684 (£2,123,342 increase from 2021/22)
Gas Projection 2022/23 (Sept information)	£2,516,503 (£669,228 increase since June and £2,061,509 increase from 2021/22)

*Costs are provided excluding VAT

Please be aware that the above costs are based on the same usage figures as last year. As we reduce usage, we will therefore reduce costs.

Current Controls

The Government has launched the Energy Bill Relief Scheme to provide support to those on non-domestic contracts, including businesses, voluntary sector and public sector organisations, initially between 1 October 2022 and 31 March 2023. Non-domestic customers will receive a discount on gas and electricity unit prices, calculated by comparing the estimated wholesale portion of the unit price you would be paying to a baseline 'government supported price' which is lower than currently expected wholesale prices this winter. This means that for all non-domestic energy users in Great Britain, the government support price will be £211 per megawatt hour (MWh) for electricity and £75 per MWh for gas. This is compared to the currently anticipated wholesale costs in Britain of £600 per MWh for electricity and £180 per MWh for gas.

What Does This Mean for Bury Council Energy Prices

2022/23

Both gas and electricity prices increased in April and have increased further from the 1 October 2022, but the majority of the increases projected since October should be mitigated by the Energy Bill relief scheme. Suppliers are still calculating the impact, so actual costs are not currently available. Actual spend for the first 2 quarters of 22/23 and more accurate projections for Q3 and Q4 spend should be available in the next few weeks. Early indications are that there will still be an overall increase for both gas and electricity from October, but this should be minimal. The costs for 2022/23 are therefore more likely to be close to the figures provided in the June information (see table on page 1). The electricity costs from the 1st of October 2022 to the 31st of March 2023 will be fixed, but due to the buying strategy of gas, the price will fluctuate on a monthly basis for the same period.

2023/24

Bury Council have been provided indicative costs for the financial year 2023/24 (From YPO) but these could change significantly due to the current volatility of the energy markets. The indicative prices can be seen below:

Period	Costs
Gas Actual 2022/23	10.98 p/kWh *
Gas Predicted 2023/24	15.52 p/kWh
Electricity Actual 2022/23	30 p/kWh *
Electricity Predicted 2023/24	45 p/kWh

***(does not include Energy Bill Relief Scheme impact)**

The Energy team will be able to provide more accurate energy price forecasts for the next financial year in January to understand likely cost implications for 2023/24.

Planning Ahead

A working group has been set up to review, monitor and mitigate the rising energy costs. The group have carried out and created a set of actions to be implemented across the Council's estate, please see below:

Actions implemented to date

- Working group established to manage the increase in energy prices.
- Newly developed Carbon Literacy training module for staff.
- New compliant electricity contract procured for the next 4 years commencing in April 2023, following [Cabinet approval in September 2022](#).
- Delivery of the following building decarbonisation measures using funding from the Public Sector Decarbonisation Scheme (PSDS):
 - Six solar PV arrays installed across the Council's estate
 - Two double glazing projects carried out (Town Hall & BALC)
 - One new variable refrigerant flow (VRF) heating system installed at the Fish & Meat market.

Planned Actions

- Get support to adopt Carbon Literacy training module as mandatory.
- Business case to consider options to reduce street lighting costs submitted.
- Building/Estate Rationalisation Programme - reviews currently taking place.
- To start a communications campaign to educate staff and Bury residents on methods to reduce energy use.
- Centralising energy budgets across the Council to be managed by the Energy Team going forward.
- Further energy saving opportunities being investigated by Energy Saving Working Group.
- Impact of Government Energy Price Guarantee announcement on Council energy bills to be explored and confirmed.