



Client Case Study

Innovative OJEU E-auction software delivers significant savings for public sector buyers

Our Client

Salford City Council (SCC) covers 37 square miles spanning over the five districts of Salford, Eccles, Worsley, Irlam & Cadishead plus Swinton & Pendlebury. It houses some 220,000 people who are proud to call themselves Salfordians (rather than Mancs).

Salford City Council

Salford's closeness to Manchester City Centre makes it an important part of the UK economy. It is home to over 150 big organisations.

Our Challenge

Salford City Council, like all local authorities, is under intense pressure to control costs and free up cash to deliver front line services.

In the past, SCC purchased their electricity and gas from a traditional public sector framework. Frameworks provide a convenient method for both the buyer and seller. However, they no longer provide value, best practice or transparency because they restrict the buyer to getting prices from one preferred supplier. Pre-selected suppliers are under no pressure to reduce their margins.

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**Pushing the
boundaries in
energy design**

Changes to the Public Contracts Directive 2015 encouraged the use of E-auctions that invite more choice and efficiency. This ultimately leads to more economical results when tendering gas and power contracts.

The use of bespoke tendering software also allows qualitative criteria and price to be assessed, in a live transparent competitive environment.

Access to the entire energy market is crucial to gain best price on the day of tender.

SCC had traditionally used group framework offers with pre-selected suppliers to procure energy, so developing an alternative OJEU tender specification and taking a leap of faith was a risk.

After Urban Vision (UV) seconded SCC's Energy Management Team in September 2015, they were tasked with delivering substantial year-on-year energy savings.

Our Approach

Beond organised a dummy competitive auction in November 2016 and at the same time SCC requested prices from a public sector framework contract. Beond and SCC shared the results and agreed that the competitive prices were substantially less expensive than the framework prices.

Beond prepared a plan for the live auction and in January 2017 SCC issued a formal OJEU tender for electricity supplies with Beond's software as the allocated E-auction process.

7 licensed suppliers responded to the OJEU tender and were invited to participate in the E-auctions.

Two lots were set up as separate simultaneous reverse auctions:

- 99 half hourly meters ("HH" including migrating P272 meters) with a total volume of 20GWh
- 3 unmetered supplies ("UMS", SCC's street-lighting) were priced with a total volume of 8.5GWh

SCC and each bidder could see live progress of the auctions via Beond's portal.

The Results

The tender allowed SCC to find:

- **5.4% savings** against the best UMS 24-month framework benchmark offer.
- **12.9% savings** against the best HH & P272 24-month framework benchmark offer.
- By adopting an alternative to the 24-month framework offer **SCC avoided costs of £761,302.**

About Beond

With over **500** major energy consumers under our management we have an excellent track record in delivering measurable success.

7

Suppliers participated in the HH tender

5

Suppliers participated in the UMS tender

100%

Compliant OJEU tender

5.4%

improvement on the UMS tender vs. the incumbent framework offer

12.9%

Improvement on the HH tender vs. the incumbent framework offer

£761,302

SCC avoided cost by adopting Beond's E-auction

Value added

Beond continue to assist UV and SCC'S Energy Team with market intelligence, budget setting and compliance updates.

Testimonial

"With ever increasing budget pressures, Salford City Council has continued to remain active in exploring new routes to procurement. Adopting Beond's innovative pricing software in conjunction with the fully compliant OJEU tendering process has provided a substantial financial benefit that would otherwise not have been achieved.

This process also demonstrated a significant increase in market participants that ultimately lead to the competitive edge and I would not hesitate to recommend this technology for energy tenders."

Majid Maqbool, Energy Manager, Urban Vision

For further information about any of our services please call Beond on 0208 899 7385 or email info@beondgroup.com

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2128

No. of live auctions completed in 2015

27

Highest number of bids in 2015 for a competitive auction client procurement tender

25%

Reduction in non-commodity infrastructure costs through demand management strategy

15%

Average potential energy savings identified from ESOS energy audits

25

No. of suppliers actively participating in Beond tenders

9

No. of different suppliers currently used by our large flexible clients