

# Overview DfE Energy for Schools Service

## Section 1 Introduction

- The Department for Education (DfE) are offering Schools and Trusts with the opportunity to access our energy deal.
- The main objective of this service is to simplify energy buying and reduce risk for schools, this is twofold:
  - Firstly, from market volatility and reduce the risk of exposure to the high prices.
  - Secondly, from unregulated third parties such as some brokers. The energy companies themselves are regulated. But third parties aren't. DfE want to protect schools from that risk.
    - Through the research conducted we've gained insight in terms of how brokers have approached schools, and some can be quite aggressive.
  - Another aim of the service is to reduce the administrative burden from schools and to simplify the process, so our service will provide the wrap around services.

## Section 2: Market volatility illustration from 2022

- Around 30 to 40% of schools were actually coming out of their fixed term contracts at that time and they were subsequently signed up to long term higher cost deals and that meant that the sector's energy budget rose from 800 million to 1.3 billion, so completely unsustainable and hence the reason why DfE wanted to develop an offer to support schools in this space, minimise risk and make savings.

## Section 3: DfE Engagement with Schools/Trusts /Local Authority engagement

- As part of this service, DfE have been engaging with around 2000 schools and that's a mixture of Multi-Academy Trusts and single Trusts, local authority-maintained schools.
  - We've found that around half are on fixed term contracts, half are on flexible variable contracts. But every school that has been spoken to all use third party intermediaries whether that be their local authority, brokers or public sector buying organisation.
- And then the diagram below just shows the average price that schools are paying against the DfE deal, and this has been validated as part of our benchmarking activity.
- Benchmarking is a retrospective look at your last 12 months bills against what you would have been paying had you been on the DfE deal.

## Section 4: Introduction to the (CCS) Energy Framework

- Although the market has stabilised, it is more susceptible to volatility now and we do expect this to continue.  
What CCS do is buy energy over a long period of time, reducing the risk to customers of significant fluctuations in price.
- The V30 basket, which is the one that we're recommending V means variable. It is a variable rate contract. 30 means they buy energy 30 months in advance of you receiving it.  
CCS mitigate the market spikes for example May, September 22, they just stop trading.
  - They stop buying energy.
  - They wait until it stabilises and then they catch up.

The CCS model allows a more stable cost across the term of the contract.

Although, it is deemed the least risky product within the energy market at the moment, It may not necessarily be the cheapest,

- This approach is why all central government departments use this because it's deemed, the least risky.

## Section 5: Benchmarking and possible savings

- DfE have been undertaking benchmarking with a proportion of those schools & trusts engaged with to date.

From this benchmarking activity we have found that on average, the offer through DfE Energy for Schools service is around **36%** cheaper than what schools are currently paying. This is when comparing the last 12 months of costs with the incumbent supplier against the rate of the DfE service.

- One of the reasons we're using Crown Commercial Service (CCS) as a foundation for the service is they buy energy on behalf of all central government.
  - They've got over 20 years' experience of trading energy.
- CCS are the largest energy buyer in the UK and, as a public sector organisation, they are obliged to publish their performance and they have, on average outperformed the market by **12%** for the last seven years.
- However, as I've just alluded to, the benchmarking that we've done with the sector have found that they've outperformed the sector by an average around 36%.

## Section 6: DfE Energy for Schools – Information about the service

As part of this service DfE will.

- Be the Contracting Authority for the energy supply to your school/Trust
- Lead on the supplier, contract management, so if you are a local authority-maintained school, you probably have this service already where your local authority does the contract management with your current supplier.
- And although not one of the main aims of the service, the intention is that your school should realise some savings.
- We can look retrospectively at your last 12 months bills and give you an indication of how much you could potentially be saving if you moved on to the DfE Energy for Schools service, based on the fully delivered cost.
- We will be the front door into any queries. Any concerns that you have, you will have account management here at DfE.

- There will be a number of forms to complete when onboarding and we will support you with the onboarding actions, we will prepopulate wherever we can, and we'll support you through the whole process.
- I will be discussing each of the 7 areas more in depth, but I'll read out the main areas of the service offer

## Section 7: Onboarding

- Letter of Authority – signed by both parties to allow DfE to act on behalf of your school/trust.
- Site Addition Templates (gas and electricity)
- Novation Templates (if CCS customer)
- Complete billing preferences and annual consumption data
- VAT Certificate
- CCL Certificate
- DD Mandate (if applicable)
- Portal access (gas and electricity)
- Objections – your current supplier may object to the transfer if you have either not given notice, or you have outstanding debt.

## Support with smart meters

- Metering, Dashboards and Billing/cost recovery are something that we are looking to adopt as the service progresses, once we have the dashboards implemented, we can start supporting your monitoring your energy consumption and support with smart meter installation

## Energy efficiency benchmarking

- DfE will be looking at other schools of a similar age of a similar size in another part of the country and advising you where you could possibly potentially reduce your consumption, and that might be by installing smart metres or LED lights, etcetera.
- The below is just an illustration of how the agreement works. You can see, you and other schools will be on the DfE account.

- The contractual relationship is between the DfE and the supplier. Your school would be a site addition on to our contract.
- DfE have a relationship from with the Crown Commercial Service as our framework manager, but the direct relationship is with the supplier.
- However, Schools will also have access to the portals.
  - For total energies for gas and EDF for electricity, you will be able to look at your consumption data, your billing, you will be able to input your metre readings directly with the supplier and raise any invoicing queries with them direct, but you will also have an account management team at DfE to support you with any escalations or any issues that you're having.
- The next steps if schools do decide to go ahead:
  - We will ask you to sign a letter of authority (LOA) and that will be signed by both DfE and yourself.
- This allows the DfE to act on behalf of your school and trust.
- There's quite a lot of documentation that needs completing which we can support you to complete. We can liaise with the new suppliers to make sure that you have a smooth transition.

### Timescales to onboard on to the V30 basket

- The V30 basket, there are some, quite stringent timescales in terms of when we can onboard you onto that basket.
  - It's April every year, it opens April every year, but we must have on boarded you by mid September the previous year.
  - We've already missed the cut off date to join the V30 basket for April 25 because we had to on board schools by , September 24. The next V30 basket is April 26 , but we've still got time to onboard you on to that.
  - However, this does not prevent you from joining the service. Depending on when your current contract expires, you could potentially go on an interim basket rate, which means you can still join our contract.

- If you are onboarded to an interim rate initially you will automatically join the next available V30 basket when it opens
- If your contract is already with CCS, then we have the ability to undertake a novation and transfer your supply onto the DfE Energy service.
- You are committed for the for the 2 1/2 years essentially. The school is committed for thirty months. If the school onboards, you will have to give 30 months' notice to leave.

### Serving notice of the existing contract

Schools would need to terminate your existing contracts, so you'll need to refer to your current contractual obligations in terms of how much notice you give to your current supplier. And that's something that unfortunately DfE can't support you with because your contractual relationship is between yourselves and your current supplier.

### Bill validation and cost recovery

- The suppliers that are on the framework now are contractually obliged to do a sample test of bill validation, so they are they are obligated to do that on your behalf.

However, if you would like an audit of your historic bills, we have set up a service for you to access, which enables up to 6 years of historic bills to be subject to analysis.

Is this service something you would be interested in exploring for your School/Trust?

If Yes proceed to the information below.

If no – proceed to actions to close the call.

- The contractor is PCMG, and they will do a forensic audit of your current settled energy bills, and they will go back for the last six years. It's a no risk audit you they will go back through your bills if they find any discrepancies and any overpayments.

- They are also managed by the Energy Team.
- They will seek your school approval and then go and refund that. They've found quite a few anomalies, especially around the VAT.
- Also, distribution charges that you that schools have been overcharged so they will charge a Commission. It's one of those, they will, they will get the refund for you, you will receive the refund and then they will invoice you for their Commission.