

# The independent school leader's guide to energy procurement

How to make informed procurement decisions that protect your long-term financial health.



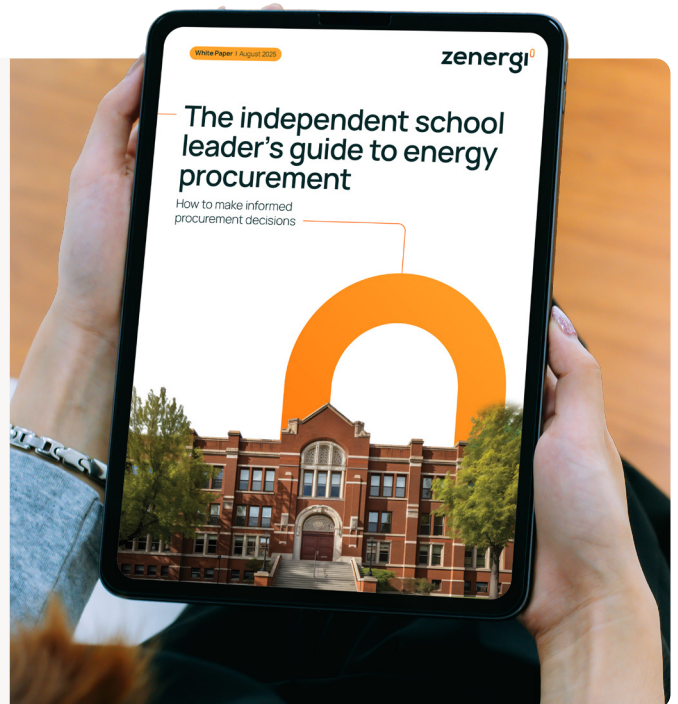
## Executive summary

Energy procurement in independent schools is no longer a routine administrative task. Complex estates, heritage and listed buildings, shared meters serving several buildings, and evolving compliance mean that energy decisions carry strategic, financial, and operational implications.

Fully informed decisions help schools secure financial stability and reduce risk.

**The independent school leader's guide to energy procurement** outlines the key areas to consider when procuring energy. If procurement forms part of your role, this white paper will help you make better and more informed decisions by providing insight into:

- Procurement strategies and risk management
- Choosing the right approach
- Navigating common challenges
- How to avoid financial and operational risks
- What to look for in a strategic partner





# The importance of a procurement strategy

Independent schools are under more strain than ever to maintain financial viability in the face of the removal of tax breaks on school fees and any resulting decline in pupil enrolments. A clear procurement strategy ensures that schools can plan budgets with confidence, minimise exposure to market fluctuations and align energy spend with estate priorities and operational requirements.

## What is energy procurement?

Energy procurement is the process of sourcing electricity and gas contracts for your school. In its simplest form, it's about finding the best price for the energy your school needs to operate day-to-day.

But the realities are far more involved. If you are responsible for procurement, you need to consider the suppliers available, how the market might change, the contract terms, the pricing structures, the services being offered and whether the overall package being proposed falls in line with the needs of your school.

It's a lot to consider – especially when procurement is a task that sits alongside broader bursar, finance and estate management responsibilities.

## Energy costs are significant

Energy represents a significant portion of an independent school's annual budget. After staff costs, it is one of the largest outlays your school will make each year. So a decision here will have significant implications on how much budget is available to spend elsewhere.

## Understanding market drivers

Energy prices are shaped by global, national, and seasonal factors. The UK's reliance on gas-fired electricity generation means that fluctuations in global gas markets, geopolitical events, and weather patterns can directly affect costs, even for schools using renewable tariffs. The mix of generation also matters: periods of high renewable output can lower prices, while low output increases reliance on gas, pushing costs up.

For independent schools, understanding these market drivers and how they interact can be complex, particularly when forecasting budgets and planning procurement across a multi-building estate.

Seasonal demand is particularly important for independent schools with boarding facilities and extended building occupancy. Heating, lighting, and activity peaks in winter increase consumption, which must be factored into procurement decisions.

While schools cannot control market drivers, they can control when and how they purchase energy. Using accurate data from portals, sub-meters and half-hourly settlement will reduce exposure to price volatility, support budgeting, and align procurement with estate and sustainability goals.



For independent schools balancing the impact of the removal of tax breaks on school fees, having budget certainty is a major factor in energy procurement decision-making. With energy costs such a significant overhead, decision-makers want to know how much energy is going to cost before they are setting aside their annual budgets. Otherwise, it's not easy to determine where to allocate resources."

**Chris Jermy**

Director of Customer Success, Zenergi

### Understanding energy spend

Independent school estates are typically large, varied and architecturally complex educational environments. Many include:

- **Heritage buildings with limited insulation or retrofit opportunity**
- **Boarding houses with 24-hour heating and hot water requirements**
- **Sports facilities such as swimming pools and large sports halls with high thermal loads**
- **Multi-building distributed campuses, sometimes across multiple sites**
- **Meters serving several buildings, limiting visibility of energy use**

These estate profiles lead to distinctive energy challenges, including a higher baseline usage that cannot simply be reduced.

For schools with annual budget planning cycles and fee-setting timelines, energy spend variability creates a direct challenge: A procurement decision made today may shape fees, reserves, or surplus positions in the coming one to three years.

High volatility in energy markets means that choosing when and how to contract is as important as the price you secure.

As such, it is essential to fully assess your options and understand your risk exposure.



# Building the right procurement strategy

Choosing how to procure your energy means weighing up several key decisions. It's important to determine how much time and expertise you have to track market prices, compare different options, deal with suppliers and resolve issues if you manage the process yourself.

There are two main routes to purchase energy for your school.

## 1. Directly from energy suppliers

You can purchase energy directly from major suppliers, such as British Gas or EDF. The main advantage of this approach is direct control over the procurement process and relationship with the supplier. However, this requires significant internal expertise to understand market conditions, navigate complex contract terms, compare different offers and ensure competitive pricing.

## 2. Via an expert partner or broker

An energy procurement partner (such as Zenergi), offers access to expert knowledge and market insight. Acting as intermediaries between schools and energy suppliers, these organisations use their expertise to secure competitive prices and manage the procurement process. Specialists understand the energy market, have established relationships with multiple suppliers and can negotiate favourable terms due to their knowledge and buying power. In some cases, they will also take care of energy compliance and regulation issues as well as providing ongoing services to save you time and protect your budget, such as bill validation.

### Typical procurement roadmap

#### 18 months before contract ends

Gather data, review meters/sub-meters, map estate usage and establish baseline.

#### 12 months before contract ends

Evaluate procurement models that align with risk appetite and estate complexity.

#### Review contract options

Compare options on a like-for-like basis.

#### Stakeholder engagement

Present to Governors/Leadership to ensure oversight, transparency and governance.

#### Contract start

Ensure any objections are resolved and your contract switches successfully.

#### Ongoing

Review of usage to identify efficiencies.

### Key takeaway

Energy procurement is a decision about risk, budget stability and timing within a volatile market. Many schools find that working with a specialist partner provides the optimal balance of expertise, competitive pricing and administrative support.

## Understanding contract types

It's important to consider the type of contract, or strategy, you want to employ to procure your energy:

### Fixed procurement

Fixed procurement locks you in for a set period of time, usually one to three years. The price is fixed for the duration of the contract so all the risk is carried by the energy supplier.

- **Pros:** Usually less complex and provides budget certainty as the price is known up-front for the length of the contract, which also protects you from market spikes.
- **Cons:** As there is no risk to you, prices will generally be higher and you will not gain from lower prices should the energy market fall.

### Flexible procurement

Flexible procurement allows you to control the amount of energy you buy and when you buy it. These contracts also allow for full transparency on non-commodity costs and supplier administration charges. The main advantage of these contracts is that they allow you to benefit from downward movements in the wholesale energy market.

- **Pros:** Greater potential to save money by benefitting from market dips.
- **Cons:** Requires active management and market monitoring, so expertise is a necessity.

### What about pass-through contracts?

In some cases, you may be offered a pass-through version of the above for your electricity contract. Certain costs – like transmission, distribution and government charges – are 'passed through' directly from the supplier to you, instead of being pre-fixed in the contract price.



One of the key advantages of a flexible contract is that it provides multiple opportunities to purchase the energy. This means you're not committed to a price on one particular day, as is the case with a fixed contract."

**Alex Payne**

Director of Energy Markets and Procurement, Zenergi

# Renewable energy and much more

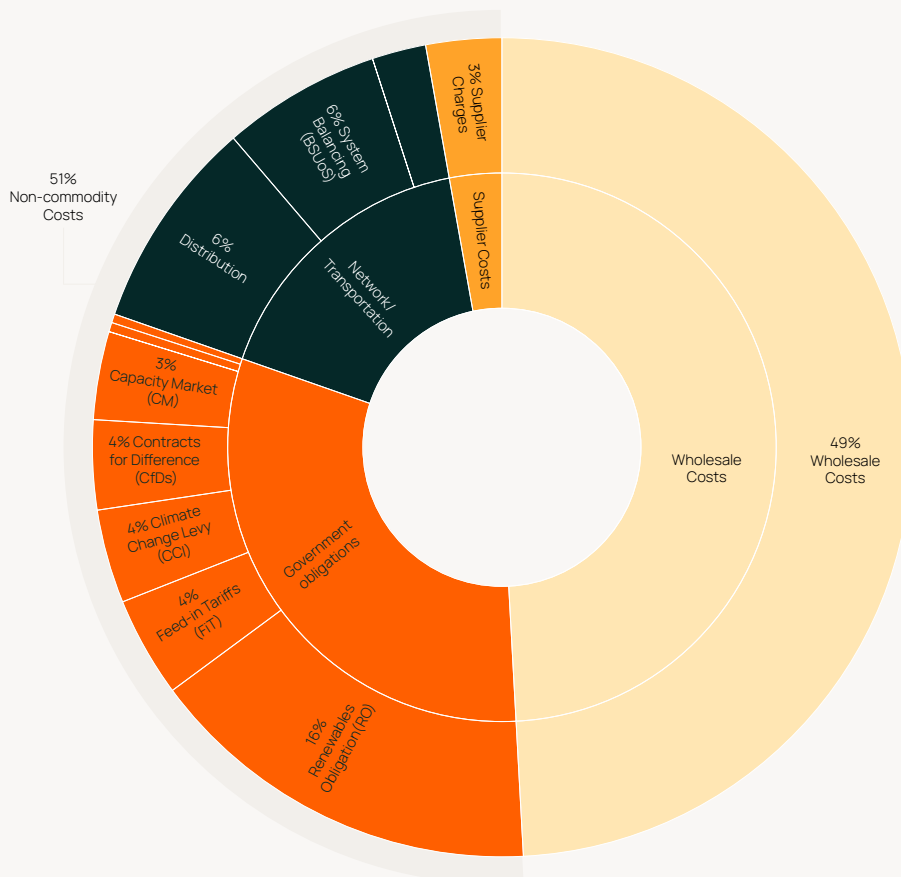
There are many other considerations that should be factored into your thinking too.

## Non-commodity costs

Typically, only around half of your electricity bill, and a smaller proportion of your gas bill, relates to the actual wholesale cost of energy. A growing portion of bills is made up of non-energy costs, also known as non-commodity costs. They include network costs, environmental and social costs, supplier operating costs and your supplier's pre-tax margin.

They also include third-party costs; these are costs that are charged to your supplier by the organisations responsible for the cables and pipes that get your energy to your building.

If you choose a contract with pass-through charges, your bills might fluctuate due to market or regulatory changes, which makes budgeting a lot harder.



Note: This is an indicative representation to illustrate the breakdown of costs within an electricity bill. The figures will fluctuate dependent on metering type, location, prevailing rates and actual wholesale cost of energy secured.



## TCR bandings

TCR (Targeted Charging Review) bandings, set by Ofgem, determine how much a school pays in fixed electricity charges based on its highest energy use. It may be possible to lower costs by reducing capacity or usage, but you need to consider this approach carefully if you have future plans to decarbonise. It's best to get advice from an energy expert before making any changes. The next banding update is in April 2026, so it's a good idea to plan ahead.

## The role of renewable energy

Choosing an energy supply contract that uses renewable energy can make significant inroads into your decarbonisation goals.

There are numerous options available – from zero carbon to REGO-backed green energy and some suppliers will even name the source of the energy.

## Complex meters and lack of data

For many independent schools, a lack of granular, building-level energy data, makes it impossible to identify energy consumption across the estate.

Market-wide Half-Hourly Settlement (MHHS) aims to change that. It will make it mandatory for meters to record consumption half-hourly in schools. This will give you access to powerful data that can help you pinpoint waste and find ways to save energy and money.

This fundamental change will have a significant impact, particularly to billing. For independent schools with a large number of meters serving several buildings, there is an increased potential for things to go wrong.

By planning ahead and working with an energy consultant to get a head start on half-hourly metering, you'll gain early access to the benefits and take control of the transition, helping to avoid problems.



On average, a switch to renewable energy will cut your emissions by around 28% per annum.”

**Alex Payne**

Director of Energy Markets and Procurement, Zenergi



## Risks to avoid

If you see a savings rate advertised that seems too good to be true – it probably is. Here are a few things you should pay close attention to when weighing up offers or finalising your decision.



### Ensure claims are transparent and evidence-based

If you see offers promising to save you 40% or more on your energy costs, tread with caution. Ask the supplier to explain exactly how this will be achieved and ask for a full breakdown in writing. Remember, all suppliers operate from the same wholesale market for electricity and gas, the real value comes down to having a smart buying strategy, ensuring supplier margins are fair and that you are getting the best value for the overall offering, including any additional services.



### Assess all proposals on comparable terms

Beware of energy offers prepared using lower volume assumptions. These might appear to be a better deal overall, until you apply the relevant unit rates to the same consumption figures. Payment terms, contract length and capacity will also impact the price you pay. Deciphering what constitutes good value is an area where an expert partner, such as Zenergi, can be a real advantage. They should be able to support you by ensuring all these differing elements are assessed fairly so that you have all the information you need to make an informed decision.



### Consider your long-term strategy

Ensure the contract fits your procurement needs, but think about the bigger picture. For example, if you're focused on decarbonisation and considering solar panels to reduce energy consumption, make sure your contract doesn't penalise you for under usage.

### Support beyond signing

Consider what happens once a new energy contract is signed. Who will ensure your meters start on time, sort out the Direct Debit forms, check whether Automated Meter Reader (AMR) devices are functioning correctly, ensure that your bills are correct and so on. A delayed contract start can end up being expensive and energy-related admin can be hugely time-consuming and should be factored into your decision making. Similarly, if you are on a flexible contract and energy prices change, will you receive the necessary forecast to understand whether you're still in budget?

# What to look for in a strategic partner

Use this checklist to help you find an energy partner who can provide clarity and confidence in energy decisions.



## 1. Expertise in independent school estates

Seek a partner who understands the unique challenges your independent school faces, such as protecting heritage/listed buildings; managing multiple shared meters; and 24/7 energy use for boarders. Having both energy market and sector expertise will provide a comprehensive solution to managing your estate and securing long-term financial health.

## 2. Clear and transparent fee structures

Transparency is fundamental to ensuring you are getting value and to avoid being exposed to unwelcome surprises. A credible partner will be open and upfront about how they are remunerated, ensuring you understand exactly what is included in your service. A partner that works with a large number of suppliers will be able to present several options centred around your specific needs.

## 3. Demonstrable savings

Ask for relevant case studies with real-life examples showing how schools have benefitted by working with them. Be wary of attention-grabbing saving promises that cannot be substantiated.

## 4. A dedicated support team

Each school is unique which is why having a dedicated specialist on hand who truly understands your needs, can give you seamless access to deep expertise and wide-ranging resources when you need it. Ask what you will do when there's a fault, billing problem or new legislation to deal with.

## 5. Support beyond procurement

Consider whether you need further support. For example, ask potential partners how consumption can be tracked and whether they can support your school to unlock energy efficiency and future-proof your estate.



## Get in touch

Discover a personal service built on deep sector expertise. Speak to us for a tailored energy procurement review.



## Looking to secure long-term financial health?

Zenergi is here to help you take control of energy and carbon management in your independent school. Our bespoke training sessions equip individuals with the insights, tools and confidence needed to create a lasting impact on sustainability and costs.





## Key sources

Ofgem: Guide to the GB energy market

Zenergi: Energy procurement

Zenergi: Guide to energy buying strategies

Gov.UK: School expenditure

Zenergi interviews and internal documentation

Total Energies: What makes up your energy bill

BBC News: How the attacks on Iran could affect oil prices and energy bills

Gov.UK: Energy efficiency guidance for the school and FE college estate

British Gas: Half-hourly meters

OECD: The funding of school education

# Powering a sustainable future



hello@zenergi.co.uk

02380 286300

**zenergi.co.uk**