DECISION REPORT

Report for Cabinet Member Signing – Cabinet Member for Finance and Corporate Services

Item number:

Title: Variation and Novation of Contract for Supply of Gas Contract 1 April 2025 to 31 March 2029 to correct supplier name by Deed of Rectification and Novation under Contract Standing Order (CSO)s 2.01(d), 0.08 and 18.04.3

Report authorised by : Jonathan Kirby, Director of Capital Projects & Property

Lead Officer: Risa Wilkinson, Energy Manager, 020 8489 2178

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non-Key Decision

1. Describe the issue under consideration

1.1. On 12 March 2024, Cabinet approved the award of a call-off contract for the supply of gas under LASER framework agreement Y22008 to Corona Energy Retail 4 Ltd (Corona) for the period of four years commencing on 1 April 2025 and expiring on 31 March 2029, with an estimated value of £19.76m in accordance with 9.07.1 d) (Contracts value at £500,000 or more can only be awarded by Cabinet) (Cabinet minutes – Appendix 1).

1.2. When the contract was prepared, the Supplier was incorrectly named as Corona Energy Limited, which has company number 03241012 ("CEL"). The correct entity should be Corona Energy Retail 4 Limited, which has company number 02798334 ("CER4"), in line with LASER Framework Agreement (reference Y22008) dated 9 September 2022. Both entities are parts of the Corona Group.

1.3. Corona Energy Limited (CEL) is now in Members Voluntary Liquidation as part of a broader initiative to simplify and streamline the Corona group structure. The appointed liquidator is Ernst & Young LLP.

1.4. While the variation itself has no monetary value, the total contract value is £19.76m with the value of the remaining term being £16m, so this report seeks approval for the implementation of Contract Standing Order 18.03, Contract Variations, (CSO) 2.01(d) whereby Cabinet must approve any Variation or Extension with an aggregate value of £500,000 or more and CSO 0.08 whereby a decision is required by the Cabinet, this may also be taken by the Leader or by a Cabinet Member with the Leader's agreement and CSO 18.04.3 whereby Cabinet will approve the assignment or novation of a Contract where the value of the remaining term including any Extension is £500,000 or more, to enter into a

Deed of Rectification and Novation to change the Supplier name on the contract from Corona Energy Limited to Corona Energy Retail 4 Limited.

2. Cabinet Member Introduction
N/A

3. Recommendations

3.1. That the Cabinet Member for Finance and Corporate Services approves, in accordance with the Council's Contract Standing Order (CSO) 18.03, 2.01(d) , CSO 0.08 and CSO 18.04.3, the variation and novation of the contract for the supply of natural gas from 1 April 2025 to 31 March 2029 by changing the name of the Supplier in the contract which is Corona Energy Limited to Corona Energy Retail 4 Limited (the Supplier that was awarded the contract (see Cabinet minutes - Appendix 1) by way of a Deed of Rectification and Novation to be executed by all the relevant parties in order to correct the error in the name of the Supplier in the executed contract.

4. Reasons for decision

4.1. Corona Energy Retail 4 Limited are the company awarded under LASER framework Y22008 and are the company named in the 12 March 2024 Cabinet decision to award the call-off contract for the supply of gas from 1 April 2025 to 31 March 2029 (Appendix 1). It was a clerical error that led to the company name Corona Energy Limited being used on the contract and this error must be corrected to reflect the correct details of the parties that have entered into the contract.

5. Alternative options considered

5.1. **Do nothing**. A contract that does not reflect the correct details of both contracting parties or can lead to issues in enforcing the contract or resolving disputes. Further, the company currently named on the contract, Corona Energy Limited, is in Members Voluntary Liquidation so not rectifying the contract may lead to issues with the liquidators contacting the Council. This option was therefore rejected.

6. Background information

6.1. LASER have confirmed that Corona Energy Limited is not referenced in the paperwork or award relating to framework Y22008 and that the contractual documentation instead reference Corona Energy Retail 4 Limited.

6.2. Corona Energy Retail 4 Limited have confirmed that Corona Energy Limited was not referenced in their tender response to LASER framework Y22008.

6.3. There will be no financial impact because of the correction to the name on the contract.

6.4. Corona Energy Retail 4 Limited, company no. 02798334, is showing as active on Companies House. They have full accounts made up to 31 March 2025

(Background paper 1) which were submitted on 17 November 2025, within the nine months of the company's financial year end deadline.

6.5. Based on the information in the most recent accounts lodged with Companies House, Corona Energy Retail 4 Limited, company no. 02798334 is, prima facie, solvent with a 'net asset position of £20.7m' in March 2025.

6.6. There will no impact on the day-to-day management of the contract because of the correction to the name on the contract.

6.7. As the Corona Energy Limited are now in liquidation, the appointed liquidator, Ernst & Young LLP will execute the deed on behalf of Corona Energy Limited.

7. Contribution to strategic outcomes

7.1. Not required – refer to comments in the original Cabinet report

8. Statutory Officers comments (Chief Finance Officer (including procurement), Director of Legal and Governance, Equalities)

Finance

8.1. The Deed of Rectification and Novation carries no monetary value. It corrects a clerical error in the supplier's name only. Contract terms, value (£19.76m), and duration (1 April 2025 to 31 March 2029) are wholly unchanged, with no additional financial commitment for LBH.

8.2. Corona Energy Retail 4 Limited (Co. No. 02798334) is financially solvent. The audited accounts for the year ended 31 March 2025, independently verified by PricewaterhouseCoopers LLP with an unqualified opinion, confirm net assets of £20.7m, net profit of £25.0m, and operating profit of £37.9m. There are no going concern concerns.

Procurement Officer: (SP/ERE- 160626)

8.3. The contract variation is requested to correct an administrative error with the Contractor's name which was erroneously set out in original award report as outlined at paragraphs 1 and 6 above. There is no cost or day to day operational impact of on the contract.

8.4. In line with CSOs 18.03 (variation) and 18.04.3 (novation) Cabinet must approve the variation and novation of contract with a value up to 500k in line with CSO 2.01(d)

Head of Legal and Governance:

8.5. Comments

Equalities

8.6. Not required – refer to comments in the original Cabinet report

9. Use of Appendices

Appendix 1 - Minutes of Cabinet meeting 12 March 2024

10. Background papers

1. Corona Energy Retail 4 Limited Annual Report and Financial Statements for the year ended 31 March 2025 - https://find-and-update.company-information.service.gov.uk/company/02798334/filing-history

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