

OFFICER DECISION FORM

DECISION TO BE TAKEN BY: DIRECTOR OF REGENERATION AND PLACE

KEY DECISION YES

DIRECTORATE: REGENERATION AND PLACE

WARDS AFFECTED: ALL

SUBJECT: CONTRACT RENEWAL: LIQUID FUELS CALL-OFF

1.0 DECISION:

The Director of Regeneration and Place has agreed:

- (1) To endorse the competitive tendering exercise by Crown Commercial Service, acting on the Council's behalf to arrange for a preferred supplier for a liquid fuel call-off contract by competitive tender; and
- (2) To award the contract for the supply of liquid fuels to Standard Fuel Oils Limited for a contract duration 2 years with no option to extend at a contract value of £728,400.
- (3) That the above recommendations be deemed urgent and therefore not subject to the procedure for re-consideration.

2.0 REASONS FOR THE DECISION

- 2.1 The current call-off contract with Crown Commercial Service (CCS) for the supply of liquid fuels ends on 31 March 2024. Expenditure on liquid fuels for fleet vehicles, agricultural equipment and space heating over 2022/23 was £364k. The actual rather than predicted contract price is wholly dependent on the amount of liquid fuels ordered and the prevailing market prices. Fuel prices are updated weekly according to the Platt's index (a price benchmark service for the oil industry). The award will be underpinned by a formal contract that will be signed under seal. It is necessary to appoint a supplier to enable the Council to maintain a supply of liquid fuels from 1 April 2024 and onwards. Standard Fuel Oils Limited is the preferred supplier having performed best under the tendering exercise having regard to the relevant award criteria.
- 2.2 The CCS call off arrangement provides liquid fuel supply for fleet vehicles, agricultural equipment and space heating. Suppliers for the contract duration are appointed by CCS following a competitive bidding process that is compliant with Council procurement rules.

- 2.3 The cost of liquid fuels ordered through the Council's iProcurement system is met by the individual cost centres and provided for in individual budgets.
- 2.4 This decision will ensure that value for money is delivered and that risks associated with liquid fuel price volatility are reduced.

3.0 STATEMENT OF COMPLIANCE

- 3.1 It is necessary to recommission the liquid fuels call off contract in order to comply with Public Contract Regulations and the Council's Contract Procedure rules. Other options have been considered and discounted. The contract has been logged on The Chest system (Ref DN680680). A 'smart' form PRC Case 532093512 has been logged. The contract renewal process has been undertaken in consultation with Procurement colleagues. Contract details required for the competitive bidding process have been shared with the Council's Legal Department.
- 3.2 As part of the special urgency process the Mayor has been consulted and is in agreement. The Chief Executive has been consulted on waiving re-consideration and is in agreement.

4.0 DECLARATION OF INTEREST

- 4.1 The officers involved in the commissioning and procurement of this contract have no interests to declare.
- 4.2 The Director of Regeneration and Place as the nominated officer for this decision has no interest to declare.



Signed:

Officer: David Hughes

Title: Director of Regeneration and Place

Date: 27 March 2024

A list of background papers on this issue is held with: Head of Service, Asset Management

Contact Officer: Andrew Snow

Date: 27 March 2023

Date of Publication: 27 March 2024

Date of Expiry of Call-In Period: N/A

27 March 2024

Report Title:	CONTRACT RENEWAL: LIQUID FUELS CALL-OFF
Report of:	ASSISTANT DIRECTOR, ASSET MANAGEMENT

REPORT SUMMARY

This report requests that the Director of Regeneration and Place agrees to approve the delegation of authority to Crown Commercial Service (CCS) to act on the Council's behalf to arrange the award of a liquid fuel call-off contract by competitive tender. The contract duration will be 2 years with no option to extend.

The decision is compliant with Procurement rules and will ensure best value in the purchase of liquid fuels.

This decision affects all wards and is a Key Decision.

RECOMMENDATION

The Director of Regeneration and Place is recommended to:

- (1) Endorse the competitive tendering exercise by Crown Commercial Service, acting on the Council's behalf to arrange for a preferred supplier for a liquid fuel call-off contract by competitive tender; and
- (2) Award the contract for the supply of liquid fuels to Standard Fuel Oils Limited for a contract duration 2 years with no option to extend at a contract value of £728,400.
- (3) Agree that the above recommendations be deemed urgent and therefore not subject to the procedure for re-consideration.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The current call-off contract with Crown Commercial Service (CCS) for the supply of liquid fuels ends on 31 March 2024. Expenditure on liquid fuels for fleet vehicles, agricultural equipment and space heating over 2022/23 was £364,000. The actual rather than predicted contract price is wholly dependent on the amount of liquid fuels ordered and the prevailing market prices. Fuel prices are updated weekly according to the Platt's index (a price benchmark service for the oil industry). The award will be underpinned by a formal contract that will be signed under seal. It is necessary to appoint a supplier to enable the Council to maintain a supply of liquid fuels from 1 April 2024 and onwards. Standard Fuel Oils Limited is the preferred supplier having performed best under the tendering exercise having regard to the relevant award criteria.
- 1.2 The CCS call off arrangement provides liquid fuel supply for fleet vehicles, agricultural equipment and space heating. Suppliers for the contract duration are appointed by CCS following a competitive bidding process that is compliant with Council procurement rules.
- 1.3 The cost of liquid fuels ordered through the Council's iProcurement system is met by the individual cost centres and provided for in individual budgets.
- 1.4 This decision will ensure that value for money is delivered and that risks associated with liquid fuel price volatility are reduced.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The option of not renewing the call-off arrangement was considered but discounted because of the significant additional resource required for individual users to make their own arrangements in a volatile market.
- 2.2 The call off arrangement provided by CCS provides a risk managed solution that is compliant with corporate procurement rules.

3.0 BACKGROUND INFORMATION

- 3.1 The Council uses liquid fuels for fleet transport, agricultural equipment and space heating. Although there are initiatives to reduce reliance on fossil fuels practicality and affordability means that their use will continue for at least another two years and probably longer.
- 3.2 The Council has had a call-off arrangement with CCS for many years. The arrangements appoint suppliers through a competitive bidding process and fix the margins for the duration of the contract. The approach complies with corporate procurement rules.
- 3.3 The Council re-tenders the contract every two years via CCS to ensure value for money. The contract has been tendered and if the preferred supplier is appointed a contract will run from 1 April 2024 to 31 March 2026. There is no option to extend.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The cost of liquid fuels ordered through the Council's iProcurement system is met by the individual cost centres and provided for in individual budgets. If the arrangement is not refreshed the procurement of liquid fuels would fall to the budget holders and may incur additional costs such as small load premia which do not currently apply.
- 4.2 Under the call-off arrangement prices are updated weekly according to the Platt's index (a price benchmark service for the oil industry). The supplier margins and the CCS fees are fixed for the duration of the contract. Historically load premiums are not applied.
- 4.3 Expenditure on liquid fuels for fleet vehicles, agricultural equipment and space heating over 2022/23 was £364,000. It is anticipated that over the 2 years expenditure will be £728,400 although this will depend on the amount of liquid fuels ordered and the prevailing market prices.

5.0 LEGAL IMPLICATIONS

- 5.1 The commission of the services detailed in this report have been undertaken in accordance with the Council's Contract Procedure Rules.
- 5.2 The award of this contract is being made following guidance from Corporate Procurement. The Council's Contract Procedure rules set out how contracts are to be awarded by the Council in accordance with the Procurement Strategy requirements.
- 5.3 The award will be underpinned by a formal contract that will be signed under seal once the competitive bidding process is complete.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no direct staffing and ICT implications arising from this report.

7.0 RELEVANT RISKS

- 7.1 Failure to renew the call off contract would lead to higher expenditure on liquid fuel. If the call-off arrangement is not continued orders for liquid fuels would have to be placed individually which would add to the administrative burden where there is limited resource. Supplier margins would be uncontrolled.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There are no engagement/consultation implications.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are no equality implications arising directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The continued use of fossil fuels will contribute to greenhouse gas emissions that are reported in the carbon budget. Initiatives to reduce use of liquid fuels will reduce this

impact and, although there are initiatives in place to promote the use alternative low-carbon energy, continued supply of liquid fuel is necessary in the short to medium term.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The proposal impacts on community wealth by ensuring the Council achieves best value for money in its purchase of liquid fuels.

REPORT AUTHOR:

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APPENDICES

None

BACKGROUND PAPERS

Framework Schedule 6 (Order Form Template and Call-Off Schedules) (exempt from publication)