

Key Decision Report of the Corporate Director of Environment and Regeneration

Officer (Key) Decision	Date:	Ward(s):
	12.09.2017	All

Delete as appropriate		Non-exempt
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Appendix 1 to this report is exempt and not for publication
SUBJECT: Contract Award for vehicle fleet fuel purchase
1. Synopsis

- 1.1 This report seeks approval for the contract award for the supply of automotive fuels for Islington's fleet Vehicles in accordance with the Council's Procurement Rules.
- 1.2 This contract award under the Governments Crown Commercial Service's framework covers the supply automotive fuels for all of Islington Council Fleet requirements, which is currently in excess of 1million litres per annum. The Procurement Strategy report was agreed as a delegated Key decision in June 2017

2. Recommendation

- 2.1 To approve the contract award for the Supply of Automotive Fuels for Islington's fleet Vehicles as outlined in this report and the exempt appendix.

3. Date the decision is to be taken: 26 September 2017
4. Background

- 4.1 The Council has renewed the existing arrangements currently in place via CCS framework agreement RM1013.
- 4.2 The price paid per litre for delivered automotive fuel is made up of:
- the commodity price of the fuel and duty;
 - the supplier margin and
 - the management charge

4.3 As the basic commodity price is set by the international market, the tender exercise via the CCS Framework RM3801 provides savings on the supplier margin and management charge.

4.4 Options appraisal

- Considering all options for purchasing automotive fuels the best option considering the savings available is via the CCS agreement as local procurement would not be able to achieve such preferential rates.

4.5 Estimated Value

- The purchase will be funded from existing revenue budgets.
- Although fuel prices have varied our average annual fuel expenditure is £1.2 million pa.
- The contract indicates that based on this expenditure we will maintain current pricing.

4.6 Timetable

The current contract comes to an end on 30.9.17 and it is intended to implement the new arrangement from 1.10.17 for a period of two years.

4.7 Key Considerations

Awarding the Contract for the supply of Automotive Fuels for the Islington Fleet will support delivery of services essential to all residents such as waste collection, street cleansing, and highway maintenance, as well as services to our more vulnerable residents through housing repairs and community transport.

It is understood that all delivery and support staff that will be associated with this contract will be paid the London Living Wage, though Legal do not consider it appropriate to make this a condition of such supply contracts.

To support the drive to maximise savings and efficiencies, strategies are in place to down-size the total number of fleet vehicles in operation and upgrade to more fuel efficient vehicles when replacements are required.

Automotive Fuel usage will be supported through improved management data that will be provided as a result of procuring via the framework. This will give the Council the detail required to monitor fuel usage and introduce continuous measures to reduce the amount of fuel we use to deliver greater savings and reduce carbon emissions.

There are no TUPE, Pensions or staff implications associated to this procurement

4.8 Evaluation

A mini-competition was carried out in line with the terms of the CCS Liquid Fuels framework agreement. The contract will be awarded based on 100% cost. The prices and suppliers recommended for the supply of fuels to the Council are as shown in the exempt appendix to this report

4.9 Business Risks

- Risk of fluctuating costs in excess of market rates/caps can be mitigated through greater price certainty on supplier margin and management charges and by guaranteed pricing on the framework.
- By awarding the contract under a pre-existing OJEU compliant framework agreement, the Council is reducing any risk of challenge in regards to the procurement process undertaken to deliver the supply.

Relevant information	Information/section in report
1 Nature of the service	Bulk supply of Automotive Fuels See paragraph 1.1
2 Estimated value	The estimated value of the procurement for the duration of 24 months starting 1 st October 2017 until 30 th September 2019 is: £ 2.4 million
3 Timetable	The timetable is outlined within this report. Estimated contract start date is 1 st October 2017
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Outcome of options appraisal are described within this report. See paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Outcomes are described within this report. See paragraph 4.7
6 Evaluation criteria	The evaluation Criteria on the process are described in this report. See paragraph 4.8
7 Any business risks associated with entering the contract	Business risks are described within this report. See paragraph 4.9
8 Any other relevant financial, legal or other considerations.	See paragraph 5

5. Implications

5.1 Financial implications:

Fuel is recharged to service department budgets based upon cost and usage. Reductions in fuel prices, fleet size and more economical replacement fleet vehicles will see a reduction in charges to service budgets and will help delivery of MTFS savings targets.

5.2 Legal Implications:

The Council has power to procure the supply of liquid fuels under section 111 of the Local Government Act 1972 which enables the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Council may enter into contracts for such services under section 1 of the Local Government (Contracts) Act 1997.

The proposed contract is a contract for supply. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £164,176.00 for supply contracts. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union and with full compliance of the Regulations. The council's Procurement Rules also require contracts over the value of £164,176.00 to be subject to competitive tender.

The proposed procurement strategy is to use the liquid fuels framework agreement (ref RM3801) established by the Crown Commercial Service on behalf of various organisations, including all local authorities. The Crown Commercial Service framework was procured in compliance with the Public Contracts Regulations 2006 and OJEU advertisement. The framework allows contract to be placed from 1st October 2017 to 30th September 2019. It is therefore available for use by the Council as proposed in the report. A contract may be awarded in accordance with the provisions set out in the framework.

On completion of the procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the Council.

4.3 Environmental Implications

The provision of a reliable liquid fuel supply will ensure that our service vehicles will continue to provide environmental services to Islington. Fuel selection will ensure that we use clean fuels for our vehicles from a single supplier, giving more efficient vehicle operation and less harmful emissions.

4.4 Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

It is considered that there are no adverse impacts on residents arising from the proposals in this report.

6. Reasons for the decision:

- 6.1 The contract award will maintain existing arrangements and will support the Council drive to demonstrate value for money through market testing an area of significant commodity spend within the council, which has not been subject to market testing for some time.

7. Record of the decision:

- 7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed by:

Corporate Director of Environment and
Regeneration

Date

Appendices

- Exempt Appendix 1 – Fuels contract award

Background papers:

- None

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