



Report of: Executive Member for Environment and Transport

Meeting of:	Date:	Ward(s):
Executive	11 July 2019	All

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SUBJECT: Procurement Strategy for Automotive Fuel

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Automotive Fuel in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 This procurement strategy covers the supply needs for automotive fuels to operate Islington Council's fleet of vehicles.

2. Recommendations

- 2.1 To approve the procurement strategy for Automotive Fuel as outlined in this report.
- 2.2 To delegate authority to award the supply of automotive fuels contract/s to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Environment and Transport, for a duration of 30 months commencing 1 October 2019 until 31 March 2022.
- 2.3 To note that the Executive be provided with an annual update on the progress being made to move the Council's fleet away from diesels and petrol to electric and renewables.

3. Background

- 3.1 The Council operates a fleet of around 500 vehicles. Diesel and unleaded petrol are purchased in bulk, delivered to the Cottage Road depot by road tankers, and distributed via the pumps

located on the depot fuel island. The fuel is required to provide services across most departments.

The current contracts were procured via a competition using the Crown Commercial Services (CCS) framework and expire on 30 September 2019. The present arrangements of access to the CCS framework for procuring fuel are considered to remain the most efficient and economical procurement route, and it is recommended that this arrangement is continued. This will take advantage of the bulk purchasing discounts.

The new further competition will cover the period 1 October 2019 until 31 March 2022

The price paid in pence per litre for delivered fuel is made up of the commodity price of the fuel, duty, supplier margin and a management charge. As the commodity price is set and dictated by the commodity markets, the tender exercise via the CCS framework will give the Council an opportunity to market test existing supplier margin and management charge.

Awarding the contracts for the supply of automotive fuels for the Council fleet will support delivery of services essential to all residents such as waste collection, street cleaning, and highways maintenance, as well as services to our more vulnerable residents through housing repairs, and community transport.

To support the drive towards greener methods of powering our fleet, fuel usage will start to reduce during the period covered by this strategy as traditionally fuelled vehicles are replaced with electric vehicles. An annual update on the progress being made to move the Council's fleet away from diesels and petrol to electric and renewables will be provided to the Executive.

Efficient fuel usage will be supported through management data that will give the Council the means to monitor fuel consumption and introduce continuous measures to reduce the amount of fuel we use to avoid cost and reduce carbon and other emissions.

- 3.2 The arrangement will be funded from existing revenue budgets, with an estimated annual value of £1,000,000. The estimated value of the procurement is therefore up to approximately £2.5m over 30 months with the volume of automotive fuel consumed will expected to reduce over time as the fleet moves to electric power.
- 3.3 This procurement needs to align with the expiry of the current fuel procurement strategy. The current arrangement through the CCS framework ends on 30 September 2019 and the new contract will run from 1 October 2019 for 30 months.
- 3.4 The option of undertaking our own procurement via OJEU was discounted as there are no tangible benefits in doing this, commercially or financially. Procuring on our own would also mean that we would not benefit from the collaborative buying power and strict terms imposed on the suppliers via an established framework set up by a central purchasing body. Other benefits of continuing to procure through the CCS framework also include clear and transparent pricing, potential benefits through early payment options and comprehensive management information including service levels and key performance indicators.
- 3.5 The London Living Wage will be paid to all delivery and support staff that will be associated with the delivery of automotive fuel for Islington's fleet.

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

- 3.6 Call-offs and further competitions will be carried out in line with the terms of the CCS Liquid Fuels framework agreement. Contracts will be awarded based on 100% cost.

The supply of liquid fuels will be procured by CCS on behalf of the Council against CCS standard terms and conditions of the call-off agreement. The Council will provide details to CCS of our site/supply requirements, this is then sent to all framework providers by CCS for pricing.

The price evaluation is undertaken by CCS and then verified by the Council. Once pricing is agreed CCS will then seek the Council's agreement to award a call-off contract on Islington's behalf to the successful supplier/s.

- 3.7 Risk of fluctuating costs in excess of market rates/caps will be mitigated through greater price certainty on supplier margin and management charge, and by guaranteed pricing on the framework.

By using a pre-existing OJEU compliant framework agreement, the Council is reducing any risk of direct challenge in regards to the procurement process undertaken to deliver the supply.

- 3.8 It is further recommended that Executive delegate authority to award the contracts for the supply of automotive fuels to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Environment and Transport, for a duration of 30 months commencing 1 October 2019 until 31 March 2022.

- 3.9 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

- 3.10 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	Provision of Automotive Fuel for the Council fleet See paragraph 3.1
2 Estimated value	The estimated value is £1million per year The agreement is proposed to run for a period of 30 months, to a total value of up to £2.5million. See paragraph 3.2
3 Timetable	See paragraph 3.3 for details of timelines required to be met.

4 Options appraisal for tender procedure including consideration of collaboration opportunities	See paragraph 3.4 where the preferred option is to continue to procure via the CCS framework
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See Paragraph 3.5 for key considerations included within the report.
6 Award criteria	See Paragraph 3.6 – where it states the method of evaluation and the criteria which is 100% cost.
7 Any business risks associated with entering the contract	See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraph 3.8

4. Implications

4.1 Financial implications:

Council-wide fuel costs for fleet vehicles currently costs around £1million per annum and is paid for from existing budgets from within Street Environment Services and other departments. Changes to the cost and volume of fuel use is likely to change due to market conditions and as the fleet moves to a more electric and more efficient ULEZ compliant vehicles.

4.2 Legal Implications:

The Council has power to purchase automotive fuel for fleet vehicles which are required to enable the Council to carry out its statutory functions and contractual repairing obligations in respect of its housing stock (section 111 of the Local Government Act 1972 together with the relevant statutory functions). Accordingly, the Council may enter into a contract with the successful supplier(s) to secure the provision of automotive fuel for the fleet vehicles (section 1 of the Local Government (Contracts) Act 1997).

The proposed contract is a public supply contract. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £181,302 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 Crown Commercial Service (CCS) national fuel framework for the supply of automotive fuel established by CCS for use by central and local government. The CCS framework was procured in compliance with the Public Contracts Regulations including an OJEU advertisement. The framework is available to all local authorities and therefore may be accessed by the Council for the supply of automotive fuel and a contract(s) may be awarded in accordance with the provisions set out in the framework.

The estimated value of the procurement over 30 months is £2.5m revenue. The Corporate Director's delegated level for contracts funded from revenue is £2m (Procurement Rules para

18.1.1) and therefore delegated authority will be required from the Executive to enable the Corporate Director to award a contract for the supply of automotive fuel via a key decision report.

4.3 Environmental Implications

The purchase and use of diesel and unleaded petrol will result in local emissions of carbon dioxide, NOx and other pollutants, in addition to the impacts caused elsewhere by oil extraction, refinement and transportation. However, the increasing number of electric vehicles in use in the Council's fleet will start to gradually reduce the amount of diesel and petrol fuel purchased over the duration of the contract. The procurement of fuel from the CCS framework also provides the best option for the purchase of conventional diesel and petrol fuel, as it is delivered by reputable suppliers with appropriate handling, delivery and fuel quality methods in place.

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.

An RIA was conducted on this procurement strategy and no adverse impacts were identified. All residents will benefit from the efficient procurement of automotive fuel as it will aid the cost effective delivery of services across all departments

5. Reason for recommendations

- 5.1 Utilising the Crown Commercial Service National Fuels Framework allows the Council access to discounts achieved by combining our requirement with other public sector bodies. The framework is comprehensively managed by CCS with KPIs available.

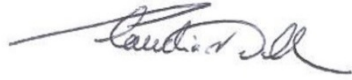
Direct supply arrangements would not provide the same level of discount and would require the Council to manage the supplier(s) directly.

Appendices

- Resident Impact Assessment

Final report clearance:

Signed by:



Councillor Claudia Webbe

Date 3 July 2019

Executive Member for Environment and
Transport

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