



Key Decision Report of the Corporate Director of Environment and Regeneration

Officer Key Decision	Date: 05/09/2019	Ward(s): All
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SUBJECT: Contract Award for Fleet Fuel Purchase

1. Synopsis

- 1.1 This report seeks approval for the contract award for the supply of automotive fuels for the Council's fleet vehicles in accordance with the Procurement Rules.
- 1.2 This contract award under the Governments Crown Commercial Services (CCS) framework covers the supply of automotive fuels for all of Islington Council Fleet requirements, which is currently in excess of 1 million litres per annum but will reduce as zero-emission vehicles become available. The Procurement Strategy for this contract was agreed by the Executive at its meeting on 11/7/2019

2. Recommendation

- 2.1 To approve the contract award for the Supply of Automotive Fuels for the Council's fleet vehicles as outlined below at paragraph 4.6 and for a period of 30 months from 1/10/19 to 31/3/22.

3. Date the decision is to be taken: 5/9/2019

4. Background

- 4.1 Nature of the service:

Procurement of automotive fuel for use in the Council's fleet vehicles

4.2 Estimated Value:

The purchase will be funded from existing revenue budgets. Fuel expenditure is around £1m per year but prices are subject to fluctuation. Significant variance in fuel cost and duty may affect the value of this procurement.

The Council is actively working towards replacing conventionally fuelled vehicles with zero emission electric vehicles and this will reduce the volume of fuel consumed.

4.3 Timetable:

The current contract expires on 30/9/19 and it is intended to implement the new arrangement from 1/10/19 for a period of 30 months until 31/3/22.

4.4 Options appraisal:

The best option for purchasing fuel is to utilise the CCS agreement which combines our volume with other organisations to achieve the best pricing. Direct supply arrangements would not provide the same level of discount and would require the Council to manage the supplier(s) directly.

4.5 Key Considerations – References to social value and impact on staff:

Awarding the contract for the supply of Automotive Fuels for the Council's 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 have not considered 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.

During the period of this procurement and in line with the fleet replacement strategy, current diesel vehicles will be replaced with electric, hybrid and petrol vehicles. This will reduce the total volume of fuel purchased over time and also move toward a reduced diesel / increased unleaded ratio.

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 data required to monitor fuel usage and introduce continuous measures to reduce the amount of fuel we use to deliver greater savings and reduce carbon and other emissions.

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

4.6 Evaluation and award:

A mini-competition was carried out in line with the terms of the CCS Liquid Fuels framework agreement. The contract is awarded based on 100% price. The recommended suppliers of fuel under this contract are Watson Fuels Ltd for Diesel and Certas Ltd for Un-Leaded

4.7 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.

4.8 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.

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

Relevant information	Information/section in report
1 Nature of the service	Bulk supply of Automotive Fuels See paragraph [4.1]
2 Estimated value	The total estimated value of the procurement for the duration of 30 months starting 1 st October 2019 until 31 st March 2022 is £2.5million See paragraph [4.2]
3 Timetable	Proposed contract start date is 1 st October 2019 for a period of 30 months See paragraph [4.3]
4 Options appraisal for tender procedure including consideration of collaboration opportunities	The Crown Commercial Services Framework is considered to provide the Council with best value. See paragraph [4.4]
5 Consideration of: Social benefit clauses;	See paragraph [4.5]

London Living Wage; Best value; TUPE, pensions and other staffing implications	
6 Award criteria	The evaluation criteria is 100% price. See paragraph [4.6]
7 Any business risks associated with entering the contract	Business Risks are described in this report. See paragraph [4.7]
8 Any other relevant financial, legal or other considerations.	See Implications below

5. Implications

5.1 Financial implications

Council-wide fuel costs for fleet vehicles currently costs around £1million per annum and is paid for from existing budgets from within SES 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.

5.2 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 was sought and obtained from the Executive to enable the Corporate Director to award the contract for the supply of automotive fuel via this

key decision report.

5.3 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.

5.4 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.

A Resident Impact Assessment was completed on 12/04/2019 and is appended. All residents will benefit from the efficient procurement of automotive fuel as it will aid the cost effective delivery of services across all departments.

Whilst the use of diesel and petrol fuel does have a negative impact on air quality for all residents, this will be minimised by the Council's replacement of its aged fleet vehicles and transition to electric zero tail pipe emission vehicles, reducing the overall use of automotive fuel over time.

6. Reasons for the decision:

- 6.1 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.

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

- RIA only

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