

EXECUTIVE

15th September 2022

Report Title	Procurement of Fuel for the Council Fleet
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Lead Member	Cllr Graham Lawman, Executive Member for Highways, Travel and Assets

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	

List of Appendices

None

1. Purpose of Report

- 1.1. The purpose of this report is to seek approval from the Executive to procure a new contract for the supply of fuel for the bulk tanks in the depots at Kettering and Wellingborough.

2. Executive Summary

- 2.1. The current contractual arrangement for purchasing bulk fuel expires at the end of September, 2022. Contractual arrangements are also required for the Wellingborough depot that transferred back to the Council earlier this year.
- 2.2. The report recommends undertaking a procurement to ensure the Council purchases bulk diesel and petrol at the most favourable rates available within contract procedure rules.

- 2.3. This procurement is for fuel requirements for Kettering and Wellingborough and the contract value has been estimated based on recent usage data.

3. Recommendations

- 3.1. It is recommended that the Executive:
- a) Confirm the preferred procurement route of using an established framework agreement as set out paragraph 5.3 of the report;
 - b) Delegate authority to procure and sign the necessary contracts to secure the fuel contract to the Executive Member for Highways, Travel and Assets, in consultation with the Executive Director for Place and Economy.
- 3.2. Reasons for Recommendation
- The recommendation provides a cost-effective solution for the purchase of essential fuels and ensures the authority is compliant with its obligations under the Public Contracts Regulations 2015 and the Council's contract standing orders.
 - The proposed option will provide a reliable fuel supply, providing reliable services for North Northamptonshire residents.
 - The proposed framework route will allow flexibility to secure preferential fuel rates, including access to low carbon fuels should the Council choose to do so.
- 3.3. Alternative Options Considered: The only other realistic option would be to procure bulk orders via suppliers or rely on forecourt supplies. Neither of these options provide the cost benefits or greater security of supply presented via the recommended option.

4. Report Background

- 4.1. The authority has three bulk fuel tanks: one at the Robinson Way depot in Kettering (diesel) and two at the Trafalgar House depot in Wellingborough (one diesel, one petrol). Each diesel tank holds circa. 43,000 litres and the petrol tank circa. 3,000 litres. These tanks hold fuel for the vehicles and equipment used by many of our frontline services, including Waste Collection, Street Cleansing, Grounds Maintenance, Housing Maintenance and Warden Services. Services which would not be able to operate without it. To draw fuel from these tanks the driver requires a 'fob' which is either programmed to the driver or the vehicle. Fuel cannot be drawn from a tank unless a fob is inserted. All fuel drawn is recorded and monitored.
- 4.2. At present the purchasing of bulk fuel for these tanks is via an existing purchasing arrangement which was in place prior to the formation of North

Northamptonshire Council. The legacy contract will expire at the end of September 2022, with further orders made based on the best price available from suppliers.

- 4.3. Additionally, as part of bringing local services in Wellingborough in house, the Council needs to have in place appropriate contractual arrangements for fuel purchase for that fleet too.
- 4.4. Typically orders of around 30,000/35,0000 litres for diesel and 1,000 litres for petrol are placed as required, although this is dependent on the stability of the market. Fuel prices fluctuate daily, so officers identify the best price per litre at the point of order and secure that price for that delivery.
- 4.5. An appropriately procured fuel contract is required, therefore, to ensure the best value and that reliable fuel supplies are obtained.

5. Issues and Choices

- 5.1. The Council has the following options for progressing the procurement exercise:
 - **Option 1: Market testing fuel suppliers through a bespoke procurement exercise:** plan and undertake a dedicated procurement exercise to appoint a single supplier.
 - **Option 2: Developing, launching, and operating a new framework agreement:** plan and let the Council framework agreement through which several qualifying fuel companies can supply fuel to the Council.
 - **Option 3: Accessing suppliers through an established framework agreement:** use an already established framework agreement (which complies with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules) to access one or more fuel supply companies.
- 5.2. Following due consideration of the above options, the preferred option is Option 3, to procure fuel via an established framework agreement. This provides the following benefits:
 - National frameworks offer access to multiple fuel supplies, including alternative lower emission fuels, as detailed further in the report below.
 - Use of an established framework is less demanding (for the Council) and for already 'qualifying' providers to participate in (increasing market interest and subsequent competitive benefits). It also removes delays and can reduce procurement and management costs associated with setting up something new.

- Frameworks offer access to multiple suppliers and the opportunity to test market rates within the framework, or switch supplier if one is unable to fulfil orders.
- Frameworks offer discounted rates on early payment options, along with regional pricing available on a weekly basis.
- Supply resilience is improved, by spreading access to fuel supplies across several qualifying providers available through the framework (in the event that any primary supplier is unable to respond).
- Whilst accessing a framework typically involves an administrative cost, the benefit of being able to secure a regular cost-effective supply reduces officer time in managing a supply contract.

5.3. Assuming a framework option is progressed, the proposed route would be to access the Crown Commercial Services National Fuels 2 RM6177 framework which offers a suitable framework whose terms and conditions would form the basis of any contract between the Council and the successful Supplier. This framework runs until January 2025.

6. Next Steps

6.1. Subject to approval, officers will engage the Procurement Team and Legal Services to ensure the best value compliant procurement process is undertaken in accordance with the Public Contracts Regulations 2015 and internal governance considerations as defined by the Contract Procedure Rules.

7. Implications (including financial implications)

7.1. Resources, Financial and Transformation

7.1.1. There is a provision for fuel purchase within existing Fleet Service revenue budgets. This has been under pressure this financial year as cost of fuel has increased significantly over recent months and this cost also fluctuates daily. There may be further price related budget pressures that will need to be managed through the council's budget monitoring and financial reporting system. Bulk purchasing through a framework will help achieve more favourable rates and guarantee a compliant means of purchase.

7.1.2. There will be further financial considerations should the council decide to purchase non-fossil fuel products such as Hydrotreated Vegetable Oil Fuel (HVO), to help address its carbon reduction aims. The unit cost of HVO is currently around 40% higher than regular diesel.

7.2. Legal and Governance

7.2.1. In addition to complying with all relevant UK legislation, the local Government Act 1972 requires the Council to regulate how it enters into contracts. Every contract must comply with the Council's Contract Procedure Rules and the Council's Financial Regulations.

7.3. Relevant Policies and Plans

7.3.1. Approval to conduct a procurement process for the purchase of fuel will help the Council achieve its commitment to Modern Public Services within the Corporate Plan: It will help delivery of good quality essential services for residents and customers across North Northamptonshire whilst ensuring the most effective use of resources.

7.3.2. Switching to alternative low carbon fuels will also support the Council's climate change action plan.

7.4. Risk

7.4.1. Purchasing fuel outside of a compliant procurement process could result in higher prices and put the council in breach of procurement regulations.

7.4.2. Failure to have robust contractual arrangements for the supply of sufficient fuel will result in reputational damage to the Council as it would seriously impact essential frontline services to customers across North Northamptonshire, such as waste collection, housing and street cleaning.

7.4.3. The proposed framework options provide the ability to switch to low carbon fuel supplies, however there is greater risk in relation to a reliable supply chain, and there would be a financial impact on budget availability.

7.5. Consultation

7.5.1. External consultation is not required as part of the procurement approval process.

7.6. Consideration by Executive Advisory Panel

7.6.1. This paper may be selected for consideration by the Executive Advisory Panel, as part of their workplan.

7.7. Consideration by Scrutiny

7.7.1. This paper may be selected for consideration by Scrutiny Commission as part of their workplan.

7.8. Equality Implications

7.8.1. An Equalities Screening Assessment has been prepared, which has not identified any adverse impact on individuals with protected characteristics.

7.9. Climate and Environment Impact

7.9.1. The cost, availability, practicality, and performance of purchasing alternatives to fossil fuel such as Hydrotreated Vegetable Oil Fuel (HVO) and/or low sulphur diesel (LSD), ultra-low sulphur diesel (ULSD) and blends of biodiesel with petroleum diesel and emulsified diesel, will be evaluated as part of the procurement exercise as a means of helping the council meet its target of becoming carbon neutral by 2030.

7.10. Community Impact

7.10.1. There are no Community Impact issues arising directly from this report.

7.11. Crime and Disorder Impact

7.11.1. There are no Crime and Disorder issues arising directly from this report.

8. Background Papers

8.1. None