

REPORT TO	DATE OF MEETING
Cabinet	6 April 2016

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Procurement of Fuel Contract	Neighbourhoods and Streetscene	Roger Ashcroft	8

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report requests approval to award a contract for the supply of fuel for the Council's vehicles, plant and equipment. Fuel is also supplied to the Council's waste partner FCC.

The proposals in the report link directly to all of the Council's corporate priorities but especially Clean, Green and Safe.

RECOMMENDATIONS

That Cabinet agree:

1. The evaluation criteria set out in the report.
2. To accept the tender from Company C in Table 1.

DETAILS AND REASONING

1. Background

The Council purchases diesel fuel and gas oil for the operation of its fleet of vehicles, plant and equipment. Fuel is also supplied to FCC the Council's waste partner.

There are many benefits from the Council operating its own fuel tanks at Moss Side Depot including operating efficiencies compared to using local filling stations. Vehicles are fuelled at the Depot and do not incur waiting time as would be the case at local filling stations. There are also benefits in times of fuel shortages as the Council is able to have the comfort of being able to maintain service delivery for a period of time due to holding its own fuel supplies.

The Council has for a number of years purchased its fuel in the same way as many other councils by carrying out a mini competition through the Chest procurement system every time the fuel tanks have required to be filled. However, some councils are now moving towards the use of framework agreements for the purchase of their fuel – this practice is considered more in keeping with the EU procurement regulations.

Following the appointment of our new waste partner FCC, a commitment has been obtained from them to purchase their fuel from the Council. FCC are by far the greater user compared to the Council and have agreed to pay a 5% administration and handling fee. Now that this commitment is in place it is considered appropriate to enter into a framework agreement.

2. Procurement Process

The Yorkshire Purchasing Organisation (YPO) is one of the key providers of framework agreements for local authority fuel procurement. A purchasing organisation framework is a professionally procured public sector agreement which complies with EU Public Procurement Directives and the Council's Standing Orders and Contract Procedure Rules. This opens up a further mini competition to suppliers included in the framework.

YPO has carried out a further competition through its framework agreement for a contract for the supply of liquid fuels to meet the Council's requirements.

The indicative annual volume is predicted to be 368,000 litres per annum split between 2 fuel types with the framework contract being for 24 months. After 24 months the council will have the option to extend the contract for a further 24 month period, subject to satisfactory performance.

3. Evaluation Criteria

The following evaluation criteria is included in the framework agreement and invitation to tender documentation and is 80% Cost and 20% Quality (Quality weightings: Delivery and Ordering 7%, Account Management 7%, Quality Assurance 4% and Environmental and Ethical 2%).

4. Details of the Further Mini Competition and Tender Recommended for Acceptance

YPO have carried out the tender evaluation using the criteria outlined above. Five bids were submitted and are detailed in Table A below. A full MEAT (Most Economically Advantageous Tender) evaluation of the bids has been undertaken and the tenders have been ranked based on overall scores.

The table below summarise the results of the tendering exercise and shows the evaluation scores.

Table A

	Company A	Company B	Company C	Company D	Company E
WEIGHTED SCORE - PRICE	45.86	76.87	75.03	70.68	80.00
QUALITY SCORE C/F	13.42	12.14	15.32	16.22	9.49
TOTAL	59.28	89.01	90.35	86.90	89.49

It is therefore recommended that the tender from Company C in Table A is accepted.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

<p>FINANCIAL</p>	<p>The current budget forecast for fuel in 2016/17 is £344,827 split as shown below. The costs for the new fuel contract are expected to be contained within this provision</p> <ul style="list-style-type: none"> • Diesel £331,602 • Gas Oil £13,225 <p>The costs of diesel use for the waste contract is recharged to the waste contractor (FCC). This income budget is currently forecast at £250,000 per annum plus a 5% admin charge of £12,500 to cover the cost of administering fuel from Moss Side Depot. Therefore any reduction in diesel costs will be matched by a corresponding reduction in the income from FCC and therefore the net impact on the Council's budget is neutral.</p>
<p>LEGAL</p>	<p>The use of framework agreements is expressly permitted by the Council's Contract Procurement rules.</p> <p>The use of the YPO framework agreement is fully compliant with EU requirements.</p> <p>The YPO contract documentation covers all the procurement arrangements.</p> <p>The Council will be bound by the terms and conditions of any contractual documentation entered into with the supplier of the fuel.</p>
<p>RISK</p>	<p>The Council needs a supply of fuel to operate its vehicles, plant and equipment. This framework agreement will ensure a continuous and reliable supply chain.</p>
<p>THE IMPACT ON EQUALITY</p>	<p>There are no impacts on equality from the proposals in this report.</p>

<p>OTHER (see below)</p>			
<p><i>Asset Management</i></p>	<p><i>Corporate Plans and Policies</i></p>	<p><i>Crime and Disorder</i></p>	<p><i>Efficiency Savings/Value for Money</i></p>
<p><i>Equality, Diversity and Community Cohesion</i></p>	<p><i>Freedom of Information/ Data Protection</i></p>	<p><i>Health and Safety</i></p>	<p><i>Health Inequalities</i></p>
<p><i>Human Rights Act 1998</i></p>	<p><i>Implementing Electronic Government</i></p>	<p><i>Staffing, Training and Development</i></p>	<p><i>Sustainability</i></p>

BACKGROUND DOCUMENTS

Financial Strategy, Budget and Council Tax 2016/17