

REPORT TO	ON
CABINET	13 November 2019



TITLE	PORTFOLIO	REPORT OF
Procurement of Fuel Contract	Cabinet Member (Environment)	Director of Neighbourhoods and Development

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

PURPOSE OF THE REPORT

1. This report requests that Cabinet approve the use of Yorkshire Purchasing Organisation Framework for tender of the contract for fuel oil procurement and that authority is delegated to the Director of Neighbourhoods and Development in conjunction with the portfolio holder for The Environment to award the successful bid.

PORTFOLIO RECOMMENDATIONS

2. That Cabinet approve the use of the Yorkshire Purchasing Organisation (YPO) framework to tender the contract for the supply of fuel oil to enable continued operation of the Council's fleet of vehicles and those of our waste partner FCC Environmental.
3. That Cabinet provide delegated authority to the Director of Neighbourhoods & Development in consultation with the Portfolio Holder for The Environment to award the contract for the supply of fuel oil obtained through a framework agreement.

REASONS FOR THE DECISION

4. To enable the Council to procure fuel for the operation of its vehicles and plant and those of its waste partner FCC Environmental in an efficient and effective manner offering the best value for money.

CORPORATE OUTCOMES

5. The report relates to the following corporate priorities: (tick all those applicable):

Excellence, Investment and Financial Sustainability	X
Health, Wellbeing and Safety	X
Place, Homes and Environment	

Projects relating to People in the Corporate Plan:

Our People and Communities	
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BACKGROUND TO THE REPORT

6. The Council purchases diesel fuel and gas oil for the operation of its fleet of vehicles, plant and equipment; in addition fuel is also supplied to our waste partner FCC Environmental to facilitate their contracts with both South Ribble Borough Council and Chorley Borough Council.
7. There are a number of benefits from the Council operating its own fuel tanks at Moss Side Depot - these include operating efficiencies compared to using local filling stations, and reduced downtime. Access to our own fuel tanks also means that the Council is better equipped to deal with any potential fuel supply issues. Currently the supply maintained is sufficient to allow 10 – 12 working days supply, it is intended to double this in the near future.
8. Fuel is supplied to FCC Environmental at cost plus an administration charge of up to 6%, this realises an income of approximately £23,000 per annum.

PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

9. 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 within suppliers included in the framework.
10. In April 2016 Cabinet approved the use of the YPO Framework for the purchase of fuel, the agreement is due to expire at the end of November 2019 and is currently being retendered with a contract start date of the 22nd November 2019.
11. The indicative annual volume is predicted to be 530,000 litres of fuel per annum, which is split between the two fuel types as follows:

Diesel	500,000
Gas Oil	30,000

The initial contract period is for 2 years direct award with an option to extend for a further 2 years on a further competition basis year on year.

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

12. No consultation has been carried out with regard to the contents of this report.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

13. Previously the Council has conducted a mini competition through the Chest procurement system, this can prove labour intensive and the price realised are not as competitive as those realised via the Yorkshire Purchasing Organisation due to combined volumes purchased.

FINANCIAL IMPLICATIONS

14. The current budget forecast for fuel in 2019 / 20 is £511,000 split as shown below. The costs of the new fuel contract are expected to be contained within this provision.

Diesel	£492,000
Gas Oil	£ 19,000

The costs of fuel usage for the waste contract is recharged to our waste contractor (FCC Environmental), this arrangement is replicated for the fuel used to facilitate the Chorley Waste Contract by FCC Environmental. This income budget is £420,000, split equally across the two contracts plus an admin charge of £23,100 to cover the cost of administering fuel from Moss Side Depot. Therefore any variation in diesel costs will be matched by a corresponding variation in the income from FCC Environmental and therefore the net income on the Council's budget is neutral.

LEGAL IMPLICATIONS

15. The use of framework agreements is expressly permitted by the Council's Contract Procurement Rules. The use of the Yorkshire Purchasing Organisation (YPO) Framework Agreement is fully compliant with EU requirements and covers all procurement arrangements

The Council will be bound by the terms and conditions of any contractual documentation entered into with the supplier of the fuel.

AIR QUALITY IMPLICATIONS

16. The Council will move to cleaner fuels as and when they become available.

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

17. None

ICT/TECHNOLOGY IMPLICATIONS

18. None

PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

19. None

RISK MANAGEMENT

20. The Council needs a supply of fuel to operate its vehicles, plant and equipment. This framework will ensure a continuous and reliable supply chain.

EQUALITY AND DIVERSITY IMPACT

21. None

RELEVANT DIRECTORS RECOMMENDATIONS

22. That Cabinet approve the use of the Yorkshire Purchasing Organisation (YPO) framework to tender the contract for the supply of fuel oil to enable continued operation of the Council's fleet of vehicles and those of our waste partner FCC Environmental.

23. That Cabinet provide delegated authority to the Director of Neighbourhoods & Development in consultation with the Portfolio Holder for The Environment to award the contract for the supply of fuel oil obtained through a framework agreement.

COMMENTS OF THE STATUTORY FINANCE OFFICER

24. The use of a Purchasing Organisation Framework for this tender ensures that the council ensures value for money through a competitive process. There are no budgetary implications.

COMMENTS OF THE MONITORING OFFICER

25. As is stated elsewhere the use of Framework agreements is permitted by our Contract Procedure Rules. It is a common practice for all councils. It is a relatively straightforward way to ensure that we get good value for money. Clearly moving forward we will need to see what we can do to make greater use of "cleaner" fuels.

There are no background papers to this report

There are no appendices to this report

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