

Cabinet – 21 July 2021

Liquid fuel supply contract

Portfolio: Councillor Oliver Butler, Clean and Green

Related portfolios: None

Service: Clean and Green Services

Wards: All

Key decision: Yes

Forward plan: Yes

1. Aim

- 1.1 The Council requires fuel to deliver a number of frontline services, including waste collections, street cleaning, highway maintenance and school transport. The Council's vehicle fuel and heating oil contract ends on 30 September 2021. To prevent service disruption and minimise costs a new contract is required.

2. Summary

- 2.1 Currently, fuel is supplied by Certas Energy UK Ltd, via a contract for heating oils and road fuels, which was procured by Sandwell Council on behalf of the Black Country Purchasing Consortium, which also includes Walsall, Dudley and Wolverhampton Councils.
- 2.2 Sandwell are not planning to repeat this process when the contract expires, as they intend to use an existing framework.
- 2.3 This is a key decision because the cost of renewing this contract exceeds the threshold for significant expenditure and it will have an affect across all Council wards.
- 2.4 The alternatives for reprocurring this contract have been evaluated and the most favourable option is recommended for approval.

3. Recommendations

Note: Following consideration of the confidential information in the private session of the agenda, Cabinet is recommended to:

- 3.1 Approve the award of the contract to supply vehicle fuel and heating oil to Certas Energy UK Ltd through the Yorkshire Purchasing Organisation Liquid Fuel 981 framework for an initial period of 24 months commencing 1 October 2021 with the option to extend the contract for a further 24 months (2 x 12 month extensions).
- 3.2 Delegate authority to the Executive Director of Economy, Environment & Communities to authorise the award of the contract to Certas for the initial 24 months and the two subsequent 12 month extensions.

4. Report detail – know

Procurement Process

- 4.1 The Council's contract rules state that existing Council contracts, EU rules and UK compliant purchasing consortium arrangements or framework agreements shall be used whenever available.
- 4.2 Eastern Shires Purchasing Organisation (ESPO) and Yorkshire Purchasing Organisation (YPO) are two major frameworks for fuel supply and charge a management fee through the supplying company to cover their costs. ESPO charge 0.30p per litre and YPO charge 0.25p per litre.
- 4.3 YPO ran a mini competition on behalf of Walsall Council for an initial period of 24 months commencing 1 October 2021 with the option to extend the contract for a further 24 months (2 x 12 month extensions) with the following companies who had already been 'pre-qualified' as to their general suitability to supply fuel in the West Midlands area:
 - Certas Energy UK Ltd
 - Crown Oil Ltd
 - Rix Petroleum (Hull) Ltd
 - Standard Fuel Oils Ltd

Certas Energy UK Ltd and Rix Petroleum Ltd replied with completed submissions
- 4.4 The two companies that replied to the mini competition were evaluated by:
 - Senior Operations Manager – Fleet Services
 - Procurement Manager – Fleet Procurement
- 4.5 Further competition award criteria:

| FURTHER COMPETITION AWARD CRITERIA | |
|--|----------------------|
| CRITERION | PERCENTAGE WEIGHTING |
| Cost | 80% |
| Quality, Delivery, Customer Service & Account Management | 20%. |

4.6 Cost:

4.7 YPO stipulates that the price evaluation will be conducted using the Chartered Institute of Public Finance and Accountancy (CIPFA) tender submission and scoring methodology.

4.8 The weekly price margin is considered commercially sensitive and could prejudice the commercial interests of the suppliers involved if the information were to be made publicly available. The information, which is included in the accompanying private session report is only to be used to determine a best value solution for Walsall Council.

4.9 Quality, Delivery, Customer Service & Account Management:

4.10 The tender response includes the customer's technical mandatory requirements (MR Tech) relating to this mini competition, which are all pass/fail criteria. Both Certas and Rix received the maximum (20%) quality score.

4.11 Final Evaluation Result:

4.12 Certas achieved the highest score in the evaluation, taking account of the Council's forecast use of each type of fuel.

4.13 ***Council Corporate Plan priorities***

4.14 Most, if not all of the Council priorities as set out in the 2018-2021 Corporate Plan rely on transportation in one form or another and requires a reliable supply of vehicle fuel.

4.15 ***Risk management***

4.16 As part of the qualification process for the YPO framework the suppliers have been assessed for their financial stability, track record, experience and contract management capability.

4.17 Using the framework will assist with business continuity planning and help to minimise the risk of disruption to fuel supplies. In the event of any supply issues, YPO would intervene on our behalf. If necessary, the Council would be able to switch to a different supplier on the same framework, without the need to run a tender process or paying retail pump prices, which are considerably higher than the prices available through the framework.

4.18 ***Financial implications***

4.19 There are no financial implications with this report. Certas is the current supplier and there are no significant changes to their margin. There may be financial implications as a result of fluctuations in the global price of oil. These will be mitigated against through the measures being taken to minimise consumption.

4.20 ***Legal implications***

4.21 Walsall Council will enter into the contract on the predefined terms and conditions provided by the framework, which are suitable for local authority use.

4.22 ***Procurement Implications/Social Value***

4.23 Based on last year's spend of £740,571 for vehicle and heating fuel, the total contract value for the 4 year period of the contract and extensions would be approximately £2,962,284. This is a strategic contract, which needs to be tendered for or, purchased via a framework and awarded by Cabinet or delegated authority to comply with contract rules.

4.24 ***Property implications***

4.25 There are no property implications with this report.

4.26 ***Health and wellbeing implications***

4.27 The health and wellbeing of Walsall residents relies on the services supplied by the Council, such as waste collection, maintenance of parks, schools and leisure centres including grassed areas for dog walking, mobile library etc. All of which all rely on vehicles and mowers which depend on a reliable source of fuel to create and develop healthy and sustainable places and communities.

4.28 ***Staffing implications***

4.29 There are no staffing implications.

4.30 ***Reducing Inequalities***

4.31 A consultation and equalities officer from resilient communities has agreed that an equality impact assessment is not required for this proposal.

4.32 **Consultation**

4.33 No external consultation was required for this proposal.

4.34 **Climate Change Implications**

4.35 In October 2020 Cabinet approved a 5 year action plan with the objective of being a net zero council by 2050. The plan includes a range of initiatives related to transport and fuel management, such as a requirement to reduce unnecessary miles and trips by optimising routes and maximising the performance of vehicles.

4.36 All staff who drive council vehicles must comply with Council's requirements on driving to optimise fuel economy, as set out in the driver's handbook. This is tested in the mandatory annual driver training.

4.37 The Clean & Green transport manager reviews fuel usage across the fleet, and where poor performance is identified, will undertake additional driver assessments that includes a session on fuel efficient driving.

4.38 The action plan also includes longer term objectives to review the council's car pool scheme and to deliver an electric fleet. These initiatives will further reduce the number of trips, the demand for fossil fuels and costs.

5. Decide

5.1 Choosing Certas to supply vehicle and heating fuel through YPO Liquid Fuel 981 framework is recommended as the most advantageous combination of cost and quality to meet the Council's requirements.

6. Respond

6.1 If approved YPO will issue the award decision documentation (acceptance and rejection letters) via YPO's e-portal on Walsall's behalf and implement an advised optional 10-day standstill period.

6.2 YPO will also publish a contract award notice within 30 days of the award on Walsall's behalf.

7. Review

7.1 The contract will be monitored on a day to day basis and reviewed before the end of the initial two year period for the first of the two twelve month extensions.

7.2 YPO will also monitor the progress and performance of the arrangements throughout the framework term to ensure Walsall's needs are being met.

Background papers

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12 July 2021