

	<p><b>Policy and Resources Committee</b></p> <p><b>14 October 2015</b></p>
<p style="text-align: center;"><b>Title</b></p>	<p><b>Crown Commercial Services (CCS) Liquid Fuel framework RM 1013 call-off for diesel fuel the period 1 October 2015 to 30 September 2017</b></p>
<p style="text-align: center;"><b>Report of</b></p>	<p>Chief Operating Officer</p>
<p style="text-align: center;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: center;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: center;"><b>Urgent</b></p>	<p>Yes</p>
<p style="text-align: center;"><b>Key</b></p>	<p>Yes</p>
<p style="text-align: center;"><b>Enclosures</b></p>	<p>None</p>
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## Summary

This report relates to the current call-off from the Crown Commercial Services (CCS) Liquid Fuel Framework Contract RM1013 and continued use following the Liquid Fuel Team's eAuction market refresh for the period 1 October 2015 to 30 September 2017.

This report highlights the requirement to proceed with further call off for a period of 2 year to commence 1st October 2015 to 30<sup>th</sup> September 2017 and to use identified supplier Harvest Energy Ltd for transport diesel.

The report is urgent with regard to confirmation to supplier enabling continuity of transport diesel for fleet vehicles. The consequences of absence of confirmation would mean the supply of transport diesel would cease under this framework arrangement leaving the transport fleet unable to operate. This requirement has been highlighted and concurred by the Chief Executive and Chair of the Policy and Resources Committee.

## **Recommendations**

**That the committee approve a 2 year requirement to proceed with a further call –off for CCS Liquid Fuel Framework for provision of transport diesel with Harvest Energy Ltd**

### **1. WHY THIS REPORT IS NEEDED**

The London Borough of Barnet is currently signed up to a 2 year call-off contract which is due to expire on the 30 September 2015. CCS have conducted e-Auctions during the summer period 2015 for all framework customers to conduct a market refresh and cover the new Call-Off contracts for the period between the 1 October 2015 to 30 September 2017 . The purpose of this was to have a co-terminus end date for both the call offs and the framework.

### **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The Liquid Fuel Team Crown Commercial Service undertook a procurement exercise in 2013 for the supply of transport diesel in which London Borough of Barnet provided consumption details for inclusion in tender process. The procurement was compliant with EU legislation and a number of suppliers were invited to tender. Harvest Energy Ltd was awarded the contract with effect from 1 October 2013 to 30 September 2015 on the grounds of is most economical advantageous tender.
- 2.2 CCS conducted an OJEU tender to establish a call-off framework for participating public sector bodies including London Borough of Barnet. A reverse auction was undertaken to establish savings across the framework which averaged at 25%. It was determined for this framework that a flat rate per litre would be applied for all customers using the framework. The invoiced costs will comprise commodity cost of fuel including duty, supplier margin, CCS Management charge and VAT. The commodity cost is a variable charge and referenced against market indices, the current rates for each fuel type will be issued by CCS on the first working day of each week.
- 2.3 CCS has completed its eAuction and identified Harvest Energy Ltd] as the nominated transport diesel supplier for the contract term 1 October 2015 to 30 September 2017. CCS has noted that the process has achieved a 23% savings on supplier margins on supplier margins across the framework agreement compared to the suppliers opening bids. London Borough of Barnet as an existing participant of the liquid fuel oil contract provided consumption requirements for inclusion as a participant under the new contract arrangements.
- 2.4 The council continues to purchases transport diesel via the CCS RM 1013 framework agreement Continued purchase will deliver economies of scale due to the volumes accessed through the framework agreement which could not be achieved by an individual authority.

2.5 Transport diesel annual usage figures are circa 1,245,458 litres, which averages 23,951 litres per week with capacity for up to 40,000 litre weekly deliveries. The annual spend for 2014/15 for transport diesel was £1,254,695. Based upon forecasted consumption a saving of 42.77% c£8,840 over the previous supplier margins is anticipated for the contract period 2015-17 [

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

3.1 As the London Borough of Barnet is changing how services are being delivered and due to time constraints alternative options have not been considered, and as the framework was let on a 2 year +1 +1, the London Borough of Barnet can exercise that option. To not proceed with confirmation of continued use of the framework would risk the provision of transport diesel and have serious impact on the operation of the fleet vehicles. Alternative options will be considered when the framework agreement ends in 2017 and in line with London Borough of Barnet Estate, Objectives and Priorities.

### **4. POST DECISION IMPLEMENTATION**

4.1 Presentation of this report to the Policy & Resources Committee authorises the Chief Operating Officer to continue with the Framework agreement RM1013 and to award the call of contract for the period October 2015 to September 2017 to Harvest Energy Ltd.

4.2 Upon receipt of approval of the recommendation to proceed with the extension the new call-off contract will be completed.

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

5.1.1 The Council's Corporate Plan 2015-20 states that the council working with local, regional and national partners will strive to ensure that Barnet is a place:

- of opportunity, where people can further their quality of life
- where people are helped to help themselves, recognising that prevention is better than cure
- where responsibility is shared, fairly
- where services are delivered efficiently to get value for money for the taxpayer.

5.1.2 This report and the delivery of transport diesel through a supplier from the Crown Commercial Services (CCS) framework supports the Corporate Plan by ensuring that services are delivered efficiently to get value for money for the taxpayer.

#### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 Contract Procedure Rules Appendix I, Table A identify that a procurement of this value including extension and variation is to be presented to committee.

5.2.2 The total annual diesel fuel contract usage for 2014/15 was 1,245,458 litres , costing, £1,254,695 at an average cost of £1.07 per litre. This expenditure is met by council fleet service users and external partners in this period.

5.2.3 The forecast volume of diesel fuel purchase for 2015/16 is estimated to remain relatively static at 1,300,000 litres, based on 2014/15 fuel usage, If the price does not fluctuate significantly in 2015/16 the diesel fuel cost will be **approximately** £1,309,642 **averaged** at £1.07 per litre, equating to £2,619,284 over the contract period 2015-17

### ***Transport Diesel Fuel Schedule***

<b>MILL HILL DEPOT TRANSPORT DIESEL</b>		
<b>Site Name</b>	<b>Fuel Type</b>	<b>Estimated Annual Consumption - litres</b>
Mill Hill Depot, Bittacy Hill, NW7 1BL*	Diesel	1,300,000

\* Depot re-provision in December 2016 will include fuel bunkering which provides continuation of requirement for the duration of call-off from the framework

5.2.4 The purchasing of diesel fuel for the fleet through the CCS procurement contract provides the council with value for money and ensures sustainability within the changing oil market.

### **5.3 Social Value**

5.3.1 In accordance with the provision of the Public Services (Social Value) Act 2013 consideration has been given for this service provision to secure benefits for the community, environment and value for money for the London Borough of Barnet.

### **5.4 Legal and Constitutional References**

5.4.1 The council's Constitution - Appendix A - Responsibilities for Functions, states that Policy and Resources Committee:

- To be is responsible for the overall strategic direction of the Council including Corporate Procurement (including agreement of the Procurement Forward Plan and agreeing exceptions to CPRs)
- To authorise procurement activity within the remit of the Committee and any acceptance of variations or extensions if within budget in accordance with the responsibilities and thresholds set out in Contract Procedure Rules

5.4.2 Under Contract Procedure Rule 8.6 where the Council accesses an existing Framework Agreement, the Framework Agreement terms and conditions of contract must be used, amended as appropriate as permitted by the Framework Agreement.

5.4.3 This report seeks authorisation in accordance with Contract Procedure Rules 7.2 and Appendix 1 Table A which requires acceptance by the Policy and

## Resources Committee

5.4.4 HB Public Law has been consulted in this matter and will support the completion of the new call off contract between the Council and Harvest Energy Ltd.

### 5.5 Risk Management

5.5.1 The CCS RM1013 Liquid Fuel contract offers means for the Authority to access the liquid fuel market through a collaborative procurement that delivers volume of scale for those participating.

5.5.2 The liquid fuel market is subject to fluctuation to support contract monitoring and management CCS provide a monthly update on the variable charge of commodity cost which is referenced against market indices

### 5.6 Equalities and Diversity

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010 advance equality of opportunity between people from different groups foster good relations between people from different groups. These have been considered with regard to the recommendation for authorisation to procure services and it is not considered that an Equalities Impact is required for this procurement.

### 5.7 Consultation and Engagement

5.7.1 Authorisation to proceed with procurement will enable communication with CCS Framework Team and Harvest Energy Ltd for transport diesel

### 5.8 Insight

5.8.1 Insight data as detail in section 2 has informed the review and will be taken forward to support preparation for a new procurement

## 6. BACKGROUND PAPERS

6.1 Cabinet Resources Committee 4 November 2013 Agenda Item 14 Contract Procurement Plan Appendix 1 Procurement Activity by Service Area  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MID=7460>.