

	<p>Policy and Resources Committee</p> <p>14 October 2015</p>
<p>Title</p>	<p>CCS Liquid Fuel framework RM 1013 for Heating Oil Call-off for the period 1 October 2015 to 30 September 2017</p>
<p>Report of</p>	<p>Chief Operating Officer</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>Yes</p>
<p>Key</p>	<p>Yes</p>
<p>Enclosures</p>	<p>None</p>
<p>Officer Contact Details</p>	<p>Amanda Allen, Procurement Manager Corporate and Street Scene amanda.allen@barnet.gov.uk</p> <p>Nigel Bell, Energy Resource Manager nigel.bell@barnet.gov.uk</p>

<p>Summary</p>
<p>This report relates to the current call-off from the Crown Commercial Services (CCS) Liquid Fuel Framework Contract RM1013 and the continued use following the Liquid Fuel Team’s eAuction market refresh for the period 1 October 2015 to 30 September 2017</p> <p>This report highlights the requirement to authorise proceeding with further call off for a period of 2 year to commence 1 October 2015 to 30 September 2017 confirmed supplier for heating oil diesel with Certas Energy UK Ltd</p> <p>The report is urgent with regard to confirmation to supplier enabling continuity of heating oil to sites. The consequences of absence of confirmation would mean the supply of heating oil would cease under this framework arrangement leaving the schools and council sites which utilise heating oil unable to remain open and operate. This requirement has been highlighted and concurred by the Chief Executive and Chair of the Policy and Resources Committee.</p>

Recommendations

That the committee approve a 2 year requirement to proceed with a further call –off for CCS Liquid Fuel Framework for provision of heating oil with Certas Energy UK Ltd.

1. WHY THIS REPORT IS NEEDED

- 1.1 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 a further Call-Off contract for the period between the 1 October 2015 - 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 heating oil 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. Birlem Ltd was awarded the contract with effect from 1 October 2013 to 30 September 2015 on the grounds of its most economical advantageous tender.
- 2.2 CCS conducted an OJEU tender to establish a Framework Agreement 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 Certas Energy UK Ltd as the nominated heating oil diesel supplier for the contract term 1 October 2015 to 30 September 2017. CCS has noted that process has achieved a 23% saving 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 purchase heating oil (red diesel) via the CCS RM 1013 framework agreement. The total annual heating fuel contract usage for 2015/16 is forecasted based on previous consumption to be 222,330 litres. The total annual heating fuel contract usage for 2015/16 is forecasted based on previous consumption to be 222,330 litres. The estimated annual cost is

£115,256 based on an average unit cost of 51.84p per litre for 2014/15, which equates to £230,512 over the contract period 2015-17

- 2.5 Based upon forecasted consumption a saving of 12.23% c£1,022 over the previous supplier margins is anticipated for the contract period 2015-17.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 A review of approach to procurement of both heating and diesel fuel oil was proposed during the duration of the framework agreement was considered however, due to time constraints and the potential changes involving the new depot facilities provision alternative options have not as yet been considered and as the framework was let on a 2 year +1 +1, the London Borough of Barnet can exercise that option. Alternative options will be considered when the framework agreement ends in 2017.

4. POST DECISION IMPLEMENTATION

- 4.1 Presentation of this report to the Policy & Resources Committee authorises the Chief Operating Officer to award the call –off contract from the CCS Framework agreement RM1013, to Certas Energy UK Ltd
- 4.2 Upon receipt of approval of the recommendation to proceed with the award of, 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 heating oil 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 The financial implication based on the estimated annual cost is £115,256 with an average unit cost of 51.84p per litre for 2014/15, equates to £230,512 over the remaining contract period 2015-17. This is identified within the budget.

5.2.2 The recommendation to authorise continued usage of framework RM1013 as this does not place an additional resource demand on the Council, delivers value for money, heating oil purchased through these services also provides economies of scale as it reduces the cost across stakeholders.

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 Report authorisation will enable entry into two year call off contract with Certas Energy UL Ltd and the extended use of the Crown Commercial Service (CCS) Liquid Fuel framework for the period 1 October 2015 to 30 September 2017. Preparation of the agreement will be supported by HB Public Law.

5.4.2 The council's Constitution - Appendix A to Responsibilities for Functions, states that Policy and Resources Committee is responsible for the overall strategic direction of the Council including Corporate Procurement, specifically 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.

5.4.3 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.

5.4.4 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

5.4.5 HB Public Law has been consulted in this matter and will support in the completion of the Call off contract between the Council and Certas Energy UK Limited.

5.5 Risk Management

5.5.1 There are no known risks associated with this request.

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

5.6.2 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 Liquid Fuel Team overseeing the Framework RM1013, Certas Energy UK Ltd for heating oil diesel and site managers of identified sites to ensure continued provision.

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>