



Report of: Head of Fleet Services

Report to: Chief Officer Civic Enterprise Leeds

Date: 6th November 2015

Subject: Request to access and award to the suppliers on the YPO (Yorkshire Purchasing Organisation) Framework Agreement for the supply of liquified fuel

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Fleet Services has the responsibility of ensuring that Leeds City Councils Fleet of vehicles has a secure supply of fuel to maintain directorate departments contracted and required service delivery. In order to secure and maintain this supply Fleet Services has for the last three years utilised the Eastern Shires Purchasing Organisation (ESPO) framework agreement.
2. This framework contract was for three years and started on 1st October 2011 with an expiry date 11th November 2015. The successful supplier from the framework was Hall Fuels who have provided the required supplies of diesel, gas oil, petrol and kerosene to Fleet Service's six storage and distribution sites across the city. This contract also provides the petrol requirements of Environment and Housing, Parks and Country Side services.
3. The Eastern Shires Purchasing Organisation (ESPO) framework is currently being re-tendered and their programme to award is yet unknown. In order to secure the council's required fuel supplies, PPPU have identified a suitable Yorkshire Purchasing Organisation (YPO) framework contract that fits LCC requirements. This framework contract for liquefied fuel will be in place by 16th November 15 and will be for a two year period with the option to extend for a further 2 x 12 month periods.
4. This report is to request approval to utilise the new YPO framework contract and to utilise the companies who have been identified as the most competitive with the lowest marginal cost in supplying fuel categories required by Leeds City Council.

5. The new framework contract award comes into effect on 16th November 2015 and is a two year agreement until 15th November 2017 with the option to extend for a further 2 x12 month periods. The value of the contract is in the region of £4million per year.

Recommendations

The Chief Officer, Property & Fleet is recommended to approve the use of the YPO contract for the supply of Liquefied Fuel for a two year period from 16th November 2015 until 15th November 2017 with an option to extend for a further 2 x12 month periods.

Due to the expected spends of £8m for the duration of the two year contract this will be a Key Decision and therefore subject to 'call in'.

1. Purpose of this report

- 1.1 The purpose of this report is to seek approval to utilise the YPO framework and award the contracts for the supply of Liquefied Fuel from 16th November 2015 to 15th November 2017 with an option to extend for a further 2 x12 month periods as part of the framework agreement.

2. Background information

- 2.1 Fleet Services has utilised the Eastern Shires Purchasing Organisation (ESPO) framework agreement for the supply of Liquefied Fuel since 1st October 2011. This framework contract was a three year period and expires on 11th November 2015.
- 2.2 Over the contract period Fleet Services have used Hall Fuels as the most competitive supplier from the ESPO contract. Hall Fuels have provided the required supplies of diesel, gas oil, petrol and kerosene to Fleet Service's six storage and distribution sites across the city. They have also provided the petrol requirements of Environment and Housing, Parks and Country Side services.
- 2.3 ESPO is currently procuring a new contract and their programme to award is yet unknown. As a result of this uncertainty and in order to secure the council's required fuel supplies, PPPU have identified a suitable Yorkshire Purchasing Organisation (YPO) framework contract that fits LCC requirements.
- 2.4 This framework contract for liquefied fuel will be in place by 16th November 25 and will be for a two year period with the option to extend for a further 2 x 12 month periods.

3. Main issues

- 3.1 Fleet Services require a supplier for the supply of Liquefied Fuel from the 16th November 2015 due to the ESPO contract expiring on the 11th November 2015. ESPO's will not have a suitable contract in place prior to the expiry date and therefore Fleet Services needed to source a new contract.
- 3.2 PPPU identified a suitable framework contract that YPO are procuring with an award date of the 16th November 2015.
- 3.3 YPO are a central purchasing buyer for local authorities who are procuring a framework contract for Liquefied Fuels that includes, Bio-diesel and Gas oil, Petrol and Kerosene. They will offer a framework contract, which comprises of a standing list of approved firms who deliver in the Yorkshire & Humber region.
- 3.4 The framework contract has been tendered via an open tender process. The framework contract comprises of a standing list of approved firms from which

the most appropriate supplier can be selected based on margins. The suppliers on the framework are required to conform to all Government Buying Standards.

- 3.5 Fleet Services have identified suppliers from the framework with the lowest marginal cost for each category of fuel based on LCC's usage. To take advantage of the savings offered Fleet Services will utilise the following companies from the framework who have shown to be the most competitive on price for that particular category of fuel.
- i. Rix Petroleum for the supply of diesel
 - ii. Certas for the supply of gas oil
 - iii. Hall Fuels for the supply of petrol and kerosene
- 3.6 These companies will be contracted to deliver to Fleet Service's six storage and distribution sites across the city, ensuring that the required level of fuel supply is maintained to keep LCC fleet running.
- 3.7 The YPO contract will commence on 16th November 2015 and will be for a two year period until 15th November 2017 with the option to extend a further 2 x 12 month periods.
- 3.8 Fleet Service have purchased and stored extra supplies of fuel to cover the period between the expiry date of the ESPO contract and the start date of the YPO contract. This will ensure that adequate supplies of fuel will be available between the ending of the old contract and the mobilisation of the new contract. It will also eliminate the possibility of any 'off contract' spend.

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Advice on the use of the YPO framework agreement has been sought from the PPPU and legal.
- 4.1.2 Environment and Housings, Parks and Countryside have been consulted regarding their requirements for petrol fuel and they are satisfied that the YPO framework contract fully meets their needs.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An Equality Screening Assessment has been carried out and found not to be relevant to this contract.

4.3 Council policies and City Priorities

- 4.3.1 The framework contract meets the Council's priorities to spend money wisely.

4.4 Resources and value for money

- 4.4.1 The value of the contract award for two years would be in the region of £8m based on previous year's spend and it is anticipated that this contract will provide further savings from the previous contract due to individual competitive marginal costs for each fuel type provided by the different suppliers on the framework.
- 4.4.2. Utilising the YPO contract removes the need to conduct a full tender exercise or lengthy supplier selection and evaluation, saving both the time and cost associated with procurement exercises. Furthermore this would generate departmental efficiencies.
- 4.4.3 Further benefits of using the YPO framework contract will be realised through refunds and incentives offered through the total LCC's aggregated spend on the entire YPO contracts used throughout all its directorates.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The framework contract conforms to all Government Buying Standards.
- 4.5.2 The legal team within procurement are content that it is an approved framework.

4.6 Risk Management

- 4.6.1 Use of the YPO contract will reduce some of the contract management risks as YPO will closely monitoring the arrangements throughout the duration of the contract to ensure that LCC and Fleets Services needs are being adequately met.

5. Conclusions

- 5.1 The current contract with ESPO for the supply of liquefied fuel expires on 11th November 2015. ESPO were unable to satisfied LCC that a new contract would be in place prior to the expiry of the old contract.
- 5.2 A new contract needed to be put in place to secure the Liquefied fuel requirements of the council and the YPO framework contract for Liquefied Fuel fully met LCC requirements.

6. Recommendations

The Chief Officer Property & Fleet is recommended to approve the use of the YPO framework contract and for Fleet Services to award individual contracts from the framework to:-

- i. Rix Petroleum for the supply of diesel
- ii. Certas for the supply of gas oil
- iii. Hall Fuels for the supply of petrol and kerosene

The contract award will be for two years starting on the 16th November 2015 to 15th November 2017 with the option to extend a further 2 x12 month periods.

The value of the contract will be in the region of £4 million per year.

7. Background documents

None.