

Report of: Head of Service, Fleet Services

Report to: Director of Resources and Housing

Date: 3rd November 2017

Subject: Authority to utilise the YPO framework extension for the supply of liquefied 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: 10.4 (3)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Appendix 1 to this report will not be published as it contains exempt details under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial affairs of the authority which, if disclosed to the public would, or would be likely to prejudice the commercial interests of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption

Summary of main issues

1. Since 2015 Leeds City Council have utilised the YPO (Yorkshire Purchasing Organisation) contract 618 for the supply of liquefied fuel and the suppliers are currently Rix Petroleum for Diesel and Petrol, Certas Energy for Gas Oil (please see Appendix 1 for sites and annual volumes).
2. Fleet Services are the main user due to the volume of diesel purchased from the framework but Parks and Countryside and other small departments also use the contract for bunkered fuel.
3. The primary contract ends on the 30th November 2017 but there are 2 x 12 month extensions available.
4. YPO have carried out a re-pricing exercise as part of the extension process and using the Leeds historical usage figures and load volumes and Rix Petroleum provided the most economically advantageous bid, taking into account the latest submitted prices, combined with the quality scores which were carried forwards from the original tender for the supply of Diesel, Petrol and Gas Oil and are to be awarded the contract for the next two years.

5. Although the usage figures have been used to determine the most economically advantageous bid the levels are only an estimate of predicted spend based on previous years, and these may reduce as more alternate fuelled vehicles are added to LCC fleet as part of the replacement programme.
6. The contract will be awarded to Rix Petroleum for the supply of Diesel, Petrol and Gas Oil.
7. The expected spend will be around £3,750,000 per annum.

Recommendations

The Director of Resources and Housing, is recommended to approve the request to utilise the YPO contract 618 for the supply of liquefied fuel and award the contract for the supply of Diesel, Petrol and Gas Oil to Rix Petroleum for a further 2 years using the extension available from the 1st December 2017 to 30th November 2019.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to use utilise the YPO contract 618 for the supply of liquefied fuel and award the contract for the supply of Diesel, Petrol and Gas Oil to Rix Petroleum for a further 2 years using the extension available from the 1st December 2017 to 30th November 2019.

2 Background information

- 2.1 Since 2015 Leeds City Council have utilised the YPO contract 618 for the supply of liquefied fuel from Rix Petroleum for Diesel and Petrol, Certas Energy for Gas Oil.
- 2.2 The contract primary period ends on the 30th November 2017 and has available 2 x 12 month extensions available.
- 2.3 YPO are currently awarding the contract extension and suppliers have re-submitted prices using Leeds historical usage figures and delivery load volumes which has determined the successful bidders for the products used.
- 2.4 Our current suppliers off the YPO contract are Rix Petroleum for the supply of Diesel and Petrol, Certas Energy for the supply of Gas Oil.
- 2.5 The YPO have evaluated the re-pricing bids using the Leeds historical usage figures and the evaluation by YPO concludes to use one supplier which is Rix Petroleum.
- 2.6 Although the usage figures have been used to determine the most economically advantageous bid the levels are only an estimate of predicted spend based on previous years, and these may reduce as more alternate fuelled vehicles are added to LCC fleet as part of the replacement programme.
- 2.7 Rix Petroleum is currently the supplier of Diesel which is our main and largest product use and we have had no issues on supply, delivery and invoicing over the last two tears of the contract. Fleet Services being the main procurer of fuel currently manages the contract on behalf of Leeds City Council.

3 Main issues

- 3.1 The contract for the supply of liquefied fuel is essential for supplying bunkered fuel to the six fuel sites operated by Fleet Services located around the Leeds district and also by Parks and Countryside for their own sites and workshop (See Appendix 1). The fuel is used by all the major service users and is essential for the operation of fleet vehicles and machinery to carry out front line services such as refuse collection and passenger transport.
- 3.2 Currently Leeds have two suppliers under contract, Rix Petroleum for the supply of Diesel and Petrol, Certas Energy for the supply of Gas Oil.

- 3.3 The current spend is around £3,750,000 per annum.
- 3.4 The original YPO contract 618 primary period ends on the 30th November 2017 and has provision to extend a further 2 years.
- 3.5 The YPO have carried out a re-pricing exercise as per the original contract provision with all the current suppliers from the YPO 618 supply of liquid fuels contract using the original quality scores from the initial tender submission and Leeds historical fuel usage figures to identify the preferred bidder.
- 3.6 Although the usage figures have been used to determine the most economically advantageous bid the levels are only an estimate of predicted spend based on previous years, and these may reduce as more alternate fuelled vehicles are added to LCC fleet as part of the replacement programme.
- 3.7 The original tender documents when the contract was first awarded stated that it was the intention to award all the fuel for each individual customer group to a single supplier.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The decision to extend the contract has been discussed with Parks and Countryside and Procurement in conjunction with YPO and there are no issues.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An equality, diversity and cohesion screening document has been undertaken and it is not considered that the content of this report or the recommendations made will have any impact on any specific group or individuals.

4.3 Council policies and City Priorities

- 4.3.1 The services provided under this report will contribute to the Councils business plan through spending money wisely.

4.4 Resources and value for money

- 4.4.1 The contract is to be extended and YPO have requested new fuel prices from current suppliers to ensure best value is achieved.
- 4.4.2 Using Leeds historical usage figures and load volumes Rix Petroleum have ranked no. 1 in the re-pricing tender evaluation.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Given the value of the contract this decision is open to call in.

4.6 Risk Management

- 4.6.1 Not carrying out a contract renewal would leave the Council with no fuel supplier and at risk of major front line service failure.

5 Conclusions

- 5.1 Since 2015 Fleet Services have utilised the YPO (Yorkshire Purchasing Organisation) contract 618 for the supply of liquefied fuel and the suppliers are currently Rix Petroleum for Diesel and Petrol, Certas Energy for Gas Oil.
- 5.2 The contract is now due renewal as the 2 year primary contract periods ends on the 30th November 2017.
- 5.3 Approval is sought from the Director of Resources and Housing, for Fleet Services to utilise the YPO contract 618 for the supply of liquefied fuel and award the contract for the supply of Diesel, Petrol and Gas Oil to Rix Petroleum for a further 2 years using the extension available from the 1st December 2017 to 30th November 2019.

6 Recommendations

The Director of Resources and Housing, is recommended to approve the request to utilise the YPO contract 618 for the supply of liquefied fuel and award the contract for the supply of Diesel, Petrol and Gas Oil to Rix Petroleum for a further 2 years using the extension available from the 1st December 2017 to 30th November 2019.

7 Background documents¹

- 7.1 Appendix 1 – YPO Liquid Fuel Extension 618 – Not attached

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.