

Contract award for the Supply of Liquid Fuel to Certas Energy UK Limited DN449248

Date: 19 October 2021

Report of: Head of Service, Catering & Fleet

Report to: Chief Officer, Civic Enterprise Leeds

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- Awarding this contract enables continuity for the Council's fleet of vehicles to be fuelled and operational to support the delivery of Best City Priorities. Specifically, through the continued operation of Refuse Collection Vehicles (clean and well cared for spaces), Child Friendly by supporting educational attainment through keeping passenger transport vehicles moving so that children can be taken to school and Age Friendly (through transporting our older generation to day centres).
- Recent mini-competition by Yorkshire Purchasing Organisation (YPO) has indicated this framework still offers very good value for money.

Recommendations

The Chief Officer, Civic Enterprise Leeds is recommended to approve the request to award the contract for the supply of Liquid fuel to Certas Energy UK Limited via the YPO framework with an estimated value of £4,000,000 per year. This will utilise the organisation who have been identified as the most competitive with the lowest marginal cost in supplying fuel categories required by Leeds City Council for the supply of liquefied fuel (this covers diesel, gas oil and petrol and kerosene). The extension will be for 2 years from 1st December 2021 to the 30th November 2023.

Why is the proposal being put forward?

- 1 The current framework is operating well, and benchmarking, suggests good value continues to be received.
- 2 The current contract was initially for two years, from 01 December 2019 to 30 November 2021, with options to award for up to a further 2 x 12 months, up to 30 November 2023. The total estimated value of the award is £8,000,000.
- 3 The supply of liquid fuel contract has provided a high-quality supply to various locations assisting in the provision of successful service delivery.
- 4 Not to award the contract risks higher prices, interruption in supply and potential continuity of service delivery.

What impact will this proposal have?

Wards affected:

Have ward members been consulted? Yes No

- 5 Since 2015 Leeds City Council (LCC) have utilised the YPO framework for the supply of liquid fuels.
- 6 YPO are a central purchasing buyer for local authorities, who have procured a framework contract for liquid fuels that includes, Bio-Diesel and Gas, Oil, Petrol and Kerosene.
- 7 The contract for the supply of liquid fuels is essential for supplying bunkered fuel to the eight fuel sites located around the Leeds District. The fuel is used by all the major service users and is essential for the operation of Fleet vehicles to carry out front line services such as refuse collection and passenger transport
- 8 YPO have awarded a compliant framework that is accessible by LCC.
- 9 The current supplier Rix Petroleum has performed well, but after framework re-pricing, have not been deemed the best value for Leeds.
- 10 YPO have run further call for competition on behalf of LCC to determine the most economically advantageous offer for Leeds.
- 11 The supplier from the framework that offers the best deal for LCC is Certas Energy UK Limited.
- 12 Costs are based on the margin included by each supplier on top of the commodity cost which is variable dependant upon current market prices.
- 13 Based on the margin costs submitted at re-pricing stage by utilising Certas Energy UK Limited it is estimated that a saving of £8,700 can be realised from the previous supplier, over the 2 years.

What consultation and engagement has taken place?

- 14 Civic Enterprise Leeds are happy with the current framework, as it continues to provide a value for money and excellent service.

What are the resource implications?

15 There is no additional resource implication for awarding the current contract.

What are the legal implications?

16 PACS have advised there are no legal implications to award this contract. The award is allowed within the original framework terms and conditions.

What are the key risks and how are they being managed?

- 17 i) This a relatively low risk contract. Prices will be regularly monitored against market prices.
- ii) The supplier has agreed to the award.

Does this proposal support the council's three Key Pillars?

- Inclusive Growth Health and Wellbeing Climate Emergency

18 The supplier offers an excellent service in providing supplies to enable service delivery for LCC.

Options, timescales and measuring success

What other options were considered?

19 A full tender exercise was considered, but benchmarking, indicates we are still receiving good value for money

How will success be measured?

20 Success will be measured by regularly checking prices against market prices.

What is the timetable for implementation?

21 Contract award needs to be in place for 01 December 2021.

Appendices

22 None.

Background papers

23 None