

The supply of bulk gas and bottled gas cylinders

Date: 10th January 2022

Report of: Parks Technical Officer

Report to: Chief Officer Parks & Countryside

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

- Our current contract for the supply of bulk gas and bottled gas cylinders is due to expire on 31st January 2022.
- The contract was awarded to Flogas Britain Ltd against an ESPO Framework which has now expired. A new ESPO Framework is in place from October 2021.
- ESPO have provided the latest pricing and the figures show the best value supplier to be Calor Gas. However Flogas have confirmed that there would be an uplift cost of £250 per tank for removal if we were to move supplier. With a total of six tanks across the services this would mean we would be charged £1,500 to switch providers.
- Based on our usage of bulk gas over a 12 month period, the savings would equate to £25 per year. However taking the above charges into account it would take 60 years to recoup the cost of switching based on bulk gas alone.
- Calor Gas are however almost 50% cheaper on the 'cost to serve' for the supply of cylinder gas.
- Therefore our proposal is to create a new contract with Flogas for the bulk supply to limit the disruption of removing the tanks, the uplift costs and the potential further costs of any health and safety issues an incoming provider may flag and to create a separate contract for the supply of cylinder gas with Calor Gas as this is the straight forward supply of gas canisters.
- This report draws attention to co-ordinated working that demonstrates a contribution towards the following priorities contained with the Best Council Plan;
 - The Best Council Plan sets out as one of its objectives, spending money wisely thereby becoming a more efficient and enterprising council. Maximising income and trading, reducing costs and increasing value for money comes as part of this objective.

Recommendations

For the Chief Officer Parks and Countryside to approve the following;

- a) To award a contract for 4 years from 1st February 2022 to Flogas Britain Limited for the supply of bulk gas for a value of up to £15,000 per annum.
- b) To award a contract for 4 years from 1st February 2022 to Calor Gas Limited for the supply of gas cylinders for a value of up to £2,000 per annum.

Why is the proposal being put forward?

- 1 To seek approval to enter into a new contract for the supply of bulk gas with Flogas Britain Ltd and for the supply of gas cylinders with Calor Gas Ltd. Our current contract is due to expire on 31st January 2022.
- 2 Within the directorate of Communities, Housing & Environment the Parks and Countryside service are the main users for bulk gas with an estimated annual expenditure in the region of £15k. The service has 4 tanks (3 at Lotherton Hall and 1 for Parks Area East), there is also 1 at Herd Farm Activity Centre and 1 at Leeds Sailing Centre. Our invoices have been reviewed since January 2021 and including Herd Farm Activity Centre and Leeds Sailing Centre we have used around 28,000 litres putting us in the top usage bracket of over 20,000 litres.
- 3 The supply of bulk gas is required for heating council premises which are in locations that are not linked to the national gas network. Bottled gases are required for a variety of uses including welding and to power forklifts.
- 4 ESPO have provided the latest pricing and the figures show the best value supplier to be Calor Gas. However Flogas have confirmed that there would be an uplift cost of £250 per tank for removal if we were to move supplier. With a total of six tanks across the service this would mean we would be charged £1,500 to switch providers.
- 5 Based on our usage of bulk gas over a 12 month period, the savings would equate to £25 per year. However taking the above charges into account it would take 60 years to recoup the cost of switching based on bulk gas alone. Calor Gas are however almost 50% cheaper on the 'cost to serve' for the supply of cylinder gas. Along with the known uplift fee, any incoming provider would undertake H&S checks on all of the tank locations and providers generally tend to find something that will incur a charge to set right.
- 6 Therefore our proposal is to create a new contract with Flogas for the bulk supply to limit the disruption of removing the tanks, the uplift costs and the potential further costs of any health and safety issues and to create a separate contract for the supply of cylinder gas with Calor Gas as this is the straight forward supply of gas canisters.

What impact will this proposal have?

Wards Affected:

Have ward members been consulted? Yes No

- 7 It is not considered that the content of this report or the recommendations made will have a significant impact on any particular ward or community.

What consultation and engagement has taken place?

- 8 The Procurement and Commercial Services team have contacted officers across the council who are involved in the use and ordering of bulk gas and gas cylinders and sought advice on their use of these gases.

What are the resource implications?

- 9 The contracts entered into as a result of the procurement exercise will be regularly reviewed by monitoring the terms of the contract to ensure continuing value for money. Entering into two new contracts with our existing supplier Flogas Britain Ltd for bulk gas and Calor Gas Ltd for gas cylinders, is considered to be the most efficient and cost effective option.

The costs of bulk gas and gas cylinders are met through existing revenue budgets.

What are the legal implications?

- 10 This is a significant operational decision which is not subject to call in.
- 11 The Chief Officer of Parks Countryside should be satisfied that the approved course of action represents best value for the council.

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

- 12 The risk of failing to supply bulk gas and gas canisters through a framework will lead to the council paying higher costs.
- 13 If the council chose to not use the framework and go out to tender this would involve significant staff time and would not attract such a competitive price as using the existing framework due to smaller purchasing power.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 14 This report draws attention to co-ordinated working that demonstrates a contribution towards the following priorities contained with the Best Council Plan.
- 15 The Best Council Plan sets out as one of its objectives, 'spending money wisely' thereby becoming a more efficient and enterprising council. Maximising income and trading, reducing costs and increasing value for money comes as part of this objective.
- 16 In March 2019, the Council made a commitment to make Leeds carbon neutral by 2030. Over the last few years the Council has significantly reduced the need for bulk gas with a long term vision to seek more energy efficient methods of heating older buildings.
- 17 The Council is also committed to offsetting its carbon footprint by providing good quality green spaces which improves the resilience of the cities infrastructure and the natural environment as it responds to climate change needs.

Options, timescales and measuring success

a) What other options were considered?

18 We considered entering into a new contract with Calor Gas for the supply of bulk gas as ESPO's latest pricing and figures show them to be the best value supplier. However Flogas have confirmed that there would be an uplift cost of £250 per tank for removal if we were to move supplier. With a total of six tanks across the service this would mean we would be charged £1,500 to switch. Based on our usage of bulk gas over a 12 month period, the savings would equate to £25 per year. However taking the above charges into account it would take 60 years to recoup the cost of switching based on bulk gas alone. Along with the known uplift fee, any incoming provider would undertake H&S checks on all of the tank locations and providers generally tend to find something that will incur a charge to set right.

b) How will success be measured?

19 The contracts entered into as a result of the procurement exercise will be regularly reviewed by monitoring the terms of the contract to ensure continuing value for money.

c) What is the timetable for implementation?

20 The new contracts will commence from 1st February 2022.

Appendices

21 None

Background papers

22 None