

14 October 2020

Report of	Assistant Director of Environment	Author	Tracy Allen
Title	Contract Award for Liquid Fuels		□ 2256
Wards affected	Not applicable		

1. Executive Summary

- 1.1 To award a contract for the supply of liquid fuels (diesel, gas, oil and 'adblue' diesel) to be supplied to Shrub End Depot for use by the range of vehicles that make up the Council's fleet, across a range of services, for the period 1 November 2020 – 31 October 2023.

2. Recommended Decision

- 2.1 It is proposed to award the contract for the supply of liquid fuels at the Shrub End Depot for use by the Council's fleet vehicles for the period 1 November 2020 – 31 October 2023, to Certas under the National ESPO Liquid Fuels Framework (Ref: 301-20).

3. Reason for Recommended Decision

- 3.1 The current contract for the supply of fuel to the Shrub End Depot for use by the Council's fleet vehicles is due to expire on 1 November 2020 and therefore a new contractual arrangement needs to be put in place. The supply of fuel is critical to the day to day operation of the Council Services in particular, frontline services.

4. Alternative Options

- 4.1 The Council could issue a tender via the Official Journal of the European Union (OJEU) to achieve a compliant contract if this framework agreement is not utilised, however based on volumes this option would likely be more expensive.

5. Background Information

- 5.1 The requirement for liquid fuels over a 3-year term (1 November 2020 to 31 October 2023) has an estimated value in the region of £2 million. Current annual spend is approximately £630,000 per year, however this can fluctuate along with global oil prices. Therefore, any contracts to be awarded by the Council must comply with the appropriate legislation.
- 5.2 The contract will be awarded under the ESPO Liquid Fuels Framework (ref: 301-20) which the Council is entitled to use as a Local Government Authority and is compliant under the Public Contract Regulations. This framework provides the Council with the best value and necessary flexibility to meet its requirements.
- 5.3 Within the framework, there is a single supplier for this region which allows for direct award without the need for any further competition.
- 5.4 The framework agreement has pre-agreed terms and conditions of contract with established clear quality standards and pricing competitiveness.

6. Procurement

- 6.1 The National ESPO Liquid Fuels Framework (Ref: 301-20) will be used for the fuel procurement, due to the expertise and knowledge provided by the team and this will also ensure compliance with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.

7. Equality, Diversity and Human Rights implications

- 7.1 The relevant Equality Impact Assessment for the Council's Procurement Strategy can be found [HERE](#)
- 7.2 Through the Council's procurement strategy, staff ensure that all future procurement and purchasing documentation recognises, understands and supports the Council's policies with regards to equal opportunities, diversity and human rights.

9. Strategic Plan References

- 9.1 Fleet operations are key element of the way the Council delivers its services to residents and businesses and therefore underpins much of the activity that will deliver against the strategic priorities. Fleet operations within the context of climate challenge and sustainability are considered within section 16 of this report.

10. Consultation

- 10.1 There are no further direct consultation requirements over and above the process of publishing procurement awards.

11. Publicity Considerations

- 11.1 The decision will be communicated through an OJEU-compliant (Official Journal of the European Union) contract award notice that will be published in accordance with the Public Contract Regulations 2015. In addition, relevant details will be included within the Council's Contracts Register that is published through Datashare.

12. Financial implications

- 12.1 The fuel budget for 2020/21 is £630,000 for all services across the Council. The fuel budget will remain as is and there should be no further increase unless global oil prices were to fluctuate. This will be carefully monitored.
- 12.2 The current cost per litre is 92p. Fuel prices could increase by approximately 4% before the fuel budget would be exceeded.

13. Health, Wellbeing and Community Safety Implications

- 13.1 There are no health, wellbeing or community safety implications.

14. Health and Safety Implications

- 14.1 The Council has a corporate responsibility to ensure that all fleet and transport operations comply with national standards.

15. Risk Management Implications

- 15.1 With regards to Brexit and to mitigate the risk of a 'no deal' exit impacting on the availability of fuel and the impact of this on service delivery, an additional 9,500 litre fuel tank was purchased for the Shrub End Depot in 2019/20 which provides an additional 7-8 working days' resilience.
- 15.2 There could be budget pressure resulting from the impact of EU transition on oil prices and supply chain interruption, this would result in fuel price increases. The price of fuel will be carefully monitored.
- 15.3 The Council will seek to mitigate against any potential risks by following the compliant procurement process and ensure contingency plans are in place for any failure of vehicles or fuelling issues that may impact on core services.

16. Environmental and Sustainability Implications

- 16.1 Alternative fuels such as renewable fuels have been considered, however currently these fuels are at least 5% more expensive than diesel, rising to nearly 20% for some fuels. This would result in an annual budget pressure of up to £126,000 at a time when the Council's budget is under exceptional pressure already due to Covid-19 additional costs and reduced income.
- 16.2 The Council is working with the Carbon Trust to develop a detailed Carbon Management Plan to 2030. This includes a strategy to transition to a fully Electric Vehicle (EV) Fleet and the Council is working with experts at the Energy Savings Trust to develop this programme.
- 16.3 The first phase of this transition will include the procurement of light fleet EVs later this year with a separate report to be presented to Cabinet.
- 16.4 Having considered the Energy Savings Trust recommendations, a large investment in an alternative fuel contract is not considered to be the most effective option from a budget and sustainability perspective, particularly as the Council is committed to a primary option to reduce fleet-related carbon emissions through a transition to electric vehicles, with zero 'tailpipe' emissions, as technology and options in this market develop.

- 16.5 Whilst the producers of alternative fuels may claim significant reductions in CO₂ compared to standard diesel, such fuels still create pollutants which reduce air quality when used. Furthermore, these fuels have not been extensively tried and tested, and their sources are uncertain. Gas to liquid fuel (GTL) is a fossil fuel, for example. Hydrotreated Vegetable Oil (HVO) often includes palm oil as a key ingredient and the Carbon Trust has reported that biofuels can cause knock-on impacts and increased emissions due to land use changes (that may also conflict with the Council's commitment to improving biodiversity). There are further limitations in the extent to which any claimed carbon reduction would be net-additional in the UK context and therefore contribute the Council's target.
- 16.6 The Energy Savings Trust have independently recommended an investment in alternative actions that will bring confirmed and affordable carbon reductions. Those that are already being progressed include:
- Driver training for fuel efficiency
 - Better use of fleet telematics to improve driving efficiencies (e.g. reducing idling)
 - Focussing on changing small fleet to EVs – including preparing Rowan House for electric charge points for small fleet – continued work with UK Power Networks
 - Preparing the depot for electrification of heavy fleet (such as RCVs) in future – getting cabling and other necessary trunking set up
 - Ecargo bikes and how these could be used – Considering wider emissions savings in borough by helping businesses to reduce emissions and not just the Council
 - Infrastructure – looking into developing solar canopies/roofs to charge the EVs to bring further reductions in emissions beyond those from the Grid greening.
 - Plan efficient route to reduce emissions from fleet
- 16.7 All options, including alternative fuels, will be kept under review and as the market develops, including the emergence of further, independently verifiable, evidence to support viability assessments, this will be incorporated into the Council's fleet transition strategy. A report detailing the proposed conversion of the Council's fleet to electric, and the development of a transition strategy based on a review commissioned by the Energy Savings Trust, is due to be presented to the Council's Environment and Sustainability Panel in December 2020.
- 16.8 The Council will continue to investigate and identify alternative options to improve the environmental impacts of the Council's fleet and will continue to identify and action any opportunities to trial new technology in line with the net-zero Carbon target.