



**Author/Lead Officer of Report: Michael Hague,
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Report of: Nathan Rodgers, Head of Facilities Management
Report to: Laraine Manley, Executive Director, Place
Date of Decision: 7th December 2020
Subject: The Supply of Liquid Fuels

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Terry Fox		
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? N/A		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

Purpose of the Report:

- i) To outline the suggested route to market for purchasing fuel as described within this report; and
- ii) advise that further to the review of the Council's retendering strategy, a call off is made under the Yorkshire Purchasing Organisation's Liquid Fuel Framework for 12 months (extendable by 24 months); and

ii) to advise that YPO tendered SCC's basket as a standalone lot which included the Council's estimated annual requirements based on previous years. As outlined in the benchmarking papers attached to the report, this is going to provide the Council with the best value for money.

Recommendations:

That the Executive Director approves:

a) a call off under the Yorkshire Purchasing Organisation's Liquid Fuel Framework to procure the Council's Liquid Fuel initially for a 12 month period; and

b) delegation of the decision regarding whether or not to extend that call off for a further 24 months to the Director of City Centre Development following the 12 month benchmarking review by the YPO.

Background Papers:



Benchmarking and Tendering Exercise Fu

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: Kerry Darlow
	Legal: David Cutting
	Equalities: Annemarie Johnston
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission: Laraine Manley
3	Cabinet Member consulted: Terry Fox
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	Lead Officer Name: Michael Hague
	Job Title: Assistant Transport Manager

1. PROPOSAL

Sheffield City Council has a requirement to purchase 'Liquid Fuels' (Diesel, Gasoil and Unleaded Petrol) to assist with the continuation of its daily activities. Over the previous four years this requirement has been met by calling-off from the Yorkshire Purchasing Organisation (YPO) Liquid Fuels Framework; however, the previous framework agreement expired in November 2019 and there is currently no compliant arrangement in place.

- 1.1 A new framework has now been procured by Yorkshire Purchasing Organisation (YPO) in line with the Public Procurement Regulations, which allowed call offs. This framework has been in place since November 2019 initially for a 2-year period up to November 2021 with the option to extend for a further 24-month period. This framework was competitively tendered on the open market to ensure best-value for customers wishing to call-off from.
- 1.2 YPO tendered an additional lot for Sheffield City Council which included our estimated annual requirements based on previous years. There will be no contractual penalties or price increases if we use less than the tendered basket. However, the small load premiums would be slightly higher.
- 1.3 The recommendation is for Sheffield City Council to award the contract to Certas Fuels for initially a 12-month period with the option to extend for a further 24 months. After the initial 12-month period YPO will complete a benchmarking exercise to ensure they are still receiving competitive prices. At this time the council will also approach the market to ensure that we are still receiving best value for money.

2. HOW DOES THIS DECISION CONTRIBUTE?

The decision moves the purchasing of liquid fuels to a compliant arrangement and ensures that the council will continue to get best value on these purchases.

- 2.1 There are several KPIs that YPO will monitor as part of this framework agreement to ensure a quality service is delivered. They are as follows:
 - 16.1.1 Spend
 - 16.1.2 Savings
 - 16.1.3 Customer satisfaction
 - 16.1.4 Operational performance
 - 16.1.5 Timely provision of management information
 - 16.1.6 Timely payment of invoices

3. HAS THERE BEEN ANY CONSULTATION?

The evaluation that YPO completed included a 80/20 Price/ Quality split. This ensures that they retained a focus on price whilst ensuring the council still receive a quality and on time service.

EVALUATION CRITERIA FOR TENDER	
CRITERION	PERCENTAGE WEIGHTINGS
Cost	80%
Delivery and Ordering	7%
Account Management	7%
Quality Assurance	4%
Environmental and Ethical Matters	2%

- 3.1 As the YPO Framework has already fulfilled the council's requirements on our behalf there has been no opportunity to add a social value element, however there are significant savings to be made by using this framework. It is also important to make the arrangement compliant as soon as possible to reduce the risk of any more missed or late deliveries affecting the fulfilment of Transport Service daily duties.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 There are no equalities impacts, positive or negative, identified from this proposal

4.2 Financial and Commercial Implications

- 4.2.1 The framework will give stability and reliability to fuel procurement whilst monitoring value for money at regular intervals.

4.3 Legal Implications

- 4.3.1 The Localism Act 2011 provides local authorities with a "general power of competence" which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. The Council also has a specific power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions (s111(1) Local Government Act 1972).

- 4.3.2 Having access to a secure liquid fuel supply will assist Council officers who provide statutory and other essential services to the citizens of Sheffield. Consequently, the need to procure a liquid fuel supply is incidental to the Council's statutory functions. There are also

requirements under Emergency Planning requirements to have well stocked fuel tanks at Staniforth Road and Claywheels Lane.

- 4.3.3 In setting up the framework YPO carried out an open tender process compliant with the EU and Public Procurement Regulations and the use of such a framework is consistent with the requirements of Contract Standing Orders.
- 4.3.4 There are no TUPE implications arising from the YPO Framework changes.
- 4.3.5 The supplier is responsible for obtaining all licences, authorisations, consents or permits required in relation to the performance of the framework requirements and ensuring the products delivered are in line with statutory requirements.

4.4 Other Implications

- 4.4.1 There are no other known implications arising from this report.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Independent benchmarking of the framework undertaken by the Council has concluded that the YPO framework offers the simplest and best value route to market and that the recommended supplier for Sheffield is competitive. Further research into other frameworks were carried out which included ESPO and re-contacting the suppliers on the YPO Framework. We had three responses and the suppliers were on both frameworks and offered the same rate on both. Certas Fuels were still the cheapest supplier on all Frameworks and overall best value for money.
Suppliers confirmed that the rates they offered on the framework are considerable cheaper than rates they would be able to offer to individual businesses that tendered their own requirements for fuel. This is due to the massive amount of fuel that YPO purchase and the discount this provides. After comparing the frameworks that were researched, the YPO Framework came out cheapest to call off from as they offer a rebate on fuel purchased (0.0025p per litre).

6. REASONS FOR RECOMMENDATIONS

The course of action recommended will give the council a compliant arrangement for the supply of liquid fuels. The framework will also deliver best value in this area