

## **Wiltshire Council**

### **Cabinet**

**13 June 2023**

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**Subject: Contract Award – Vehicle Fuel**

**Cabinet Member: Cllr Caroline Thomas – Cabinet Member for Transport, Street Scene and Flooding**

**Key Decision: Key**

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#### **Executive Summary**

The council's current fuel contract is with Certas Energy under Crown Commercial Services (CCS) Framework. The contract expires on 31st March 2024.

A Framework agreement has been found to be a good fit for the council's requirements and allows the flexibility to access a variety of liquid fuels.

Use of a Framework contract allows the Council to take advantage of low prices generated through economies of scale.

The Council spends approximately £1.2 million annually on diesel fuelling at its bunkered tank sites.

The current annual budget for fuel is £1.2 million and is projected to be sufficient to cover the proposed new tender outcome.

The duration of the new arrangement will run from 1st April 2024 to 31<sup>st</sup> March 2028.

#### **Proposal(s)**

Cabinet is requested to:

- a) Approve a mini-competition for liquid fuel through the YPO Framework for supply of fuels and associated products and services.
- b) Delegate authority to the Director of Highways and Transport, in consultation with the Cabinet Member for Transport, Street Scene and Flooding to deal with all ancillary matters pertaining to the competition and the award of the User Agreement with the Provider selected (most economically advantageous provider) and placing orders under the contract.

**Reason for Proposal(s)**

To comply with The Public Contracts Regulations 2015 (as amended).

To ensure the best value provision of liquid fuels is achieved.

**Terence Herbert**  
**Chief Executive**

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### **Purpose of Report**

To seek cabinet approval to run a mini competition for liquid fuel through the YPO Framework for supply of fuels and associated products and services.

To delegate authority to the Director of Highways and Transport, in consultation with the Cabinet Member for Transport, Street Scene and Flooding to deal with all ancillary matters pertaining to the competition and the award of the User Agreement with the Provider selected (most economically advantageous provider) and placing orders under the contract.

### **Relevance to the Council's Business Plan**

The provision of fuel and its costs impacts upon the delivery of all services within the Council and the delivery of the Business Plan.

### **Background**

The council's current fuel contract with Certas Energy under Crown Commercial Services (CCS) expires on 31st March 2024.

The Council spends approximately £1.2 million annually on diesel, fuelling at its bunkered tank sites.

The Council's budget for fuel is £1.2 million after adjustments.

The forecasted annual spend on a new tender is £1.2 million, at today's rate.

A Framework has been found to be a good fit for the council's requirements based on contract terms.

Use of a Framework contract will allow the Council to take advantage of low prices generated through economies of scale and to access to a range of fuels, including alternative fuels as required.

### **Main Considerations for the Council**

This tender will be for the bulk provision of liquid fuels to all the council's depots and salt stores.

The council will undertake a mini competition through YPO Framework.

This ensures that that margin paid above weekly Platts price (Platts price benchmarks are a respected price reference in the energy markets. They reflect the latest market values and give you an up-to-date reference for pricing commodities) for fuel is the most competitive one for the authority.

The council will include numerous additional requirements in the tender, including using new technologies to allow automatic refilling and minimal trigger levels to ensure resilience in the fuel supply system.

Having an all-liquid fuels contract, rather than one stated fuel type, allows the council to the change to alternative fuels, should this be a future requirement or to a move to non-liquid fuels should alternative technologies become available.

The contract is set commence on 1<sup>st</sup> April 2024 and expire on 31<sup>st</sup> March 2028, which will allow future planning pre the council's 2030 carbon neutrality pledge.

## **Overview and Scrutiny Engagement**

The Chairman and Vice-Chairman of the Environment Select Committee have been briefed on this report

## **Safeguarding Implications**

None

## **Public Health Implications**

Burning fossil fuels is changing our climate with regards to health, including by increasing temperatures, the likelihood of droughts and air pollution.

The emerging Fleet Strategy is to move to carbon neutral outcomes, and the new contract will allow the council the flexibility to move to more sustainable fuels through the term of the contract.

With the new contract/ framework period expires in 2028, the next provision will be able to be built on the opportunities at that time and deliver carbon neutral outcomes before 2030.

## **Procurement Implications**

This procurement process will be carried out by YPO with a further competition under its own framework. The procurement team will be involved further where appropriate.

## **Equalities Impact of the Proposal**

None

## **Environmental and Climate Change Considerations**

Burning fossil fuels is changing our climate with regards to health, including by increasing temperatures, the likelihood of droughts and air pollution.

We are committed to becoming carbon neutral as an organisation by 2030 and we therefore need to address the carbon emissions from our fleet. In 2021/22, these amounted to 1236 tonnes CO<sub>2</sub>.

The emerging Fleet Strategy is to move to carbon neutral outcomes, and the new contract will allow the council the flexibility to move to more sustainable fuels through the term of the contract.

With the new contract/ framework period expires in 2028, the next provision will be able to be built on the opportunities at that time and deliver carbon neutral outcomes before 2030.

## **Workforce Implications**

There are no TUPE implications for the Council.

## **Risks that may arise if the proposed decision and related work is not taken**

The council would not be able to achieve the economies of scale delivered by a Framework agreement.

## **Risks that may arise if the proposed decision is taken and the actions that will be taken to manage these risks**

Poor supplier performance including unacceptable delivery times. This will be mitigated by ensuring the contractor delivers services in line with Key Performance Indicators within the Framework.

Poor Quality Products. The supplier is required to deliver fuel that conforms to industry mandated specifications. Failure to deliver products that meet the required standard will be dealt with within the mechanisms contained within the contract. Ultimately, the contract contains the mechanism to terminate the contract for poor supplier performance.

## **Financial Implications**

The fuel budget is currently £1.2 million after adjustments. It is estimated that this will be sufficient to cover the outcomes of the tendering exercise.

## **Legal Implications**

The report recommends that approval is given to commence a procurement off an existing framework.

Any Call off contract must be carried out in accordance with the Call Off Process set out in the Framework Agreement.

Legal Services are instructed and will provide advice to ensure that that the tender process and the evaluation criteria proposed will accord with the Framework Agreement and call off process. It should be noted that the terms and conditions will be those as set down by the Framework Agreement and the client department should satisfy themselves as to whether they are suitable for their requirements.

## **Options Considered**

The alternative options considered were:

1. Spot Purchase.

Rejected.

Liquid fuel is essential in delivering front line operations. To comply with the Contracts Regulations (as amended) Wiltshire Council, needs to enter into a procurement contract to avoid any spend breaches.

2. Let a bespoke council contract.

Rejected.

The Council's spend on liquid fuel is in scope of Procurement Regulations which would require a full compliant tendering exercise with significant officer resource needed.

The Council's fuel use, although significant cannot compete with economies of scale that existing framework contracts offer. The bespoke approach does not deliver best value to the Council. Using an existing framework will save officer resources and deliver greater value for money.

3. Reconfigure service to use a Commercial Fuel Card system.

Rejected.

A Fuel Card system does not offer the Council adequate resilience in the event of fuel shortages. Bunkered fuel stores allow Wiltshire Council to purchase additional stocks when prices are low, fuel cards would not offer the same opportunity. In addition, fuel cards would be tied to local petrol stations.

## **Conclusions**

The council's current fuel contract with Certas Energy under Crown Commercial Services (CCS) Framework expires on 31st March 2024.

A Framework agreement has been found to be a good fit for the council's requirements and allows the flexibility to access a variety of liquid fuels.

Use of a Framework contract allows the Council to take advantage of low prices generated through economies of scale.

The Council spend approximately £1.2 million annually on diesel fuelling at its bunkered tank sites.

The current budget for fuel is £1,2 million and is projected to be sufficient to cover the proposed new tender outcome.

The duration of the new arrangement will run from 1st April 2024 to 31<sup>st</sup> March 2028.

Lead Director -  
Samantha Howell Director of Highways and Transport

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**Appendices**

None

**Background Papers**

None