

Brighton & Hove City Council

City Environment, South Downs & The Sea Committee

Agenda Item 42

Subject: Procurement of Liquid Fuel

Date of meeting: 23 January 2024

Report of: Executive Director Economy, Environment & Culture

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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 The purpose of this report is to ask Committee to approve the procuring and awarding of contract(s) for the supply of diesel and Adblue (required fuel additive), based on the most competitive rates for supply.
- 1.2 The current contract for supply of diesel has expired and therefore it is necessary to undertake an exercise to obtain diesel and Adblue at the most competitive quantity break prices balanced against dependability of supply.

2. Recommendations

That the Committee:

- 2.1 Approve the procurement for the supply of diesel and AdBlue, based on the most competitive rates for the next 3 years + 0.5 year extension period.
- 2.2 Grants delegated authority to the Executive Director for Economy, Environment and Culture to carry out the procurement and award of the contract referred to in 2.1 above.

3. Context and background information

- 3.1 The Council operates a fleet of vehicles to deliver front line services, such as waste collection, street cleansing, city parks services, housing maintenance service and homecare services.
- 3.2 The council has a Fleet Strategy 2020-2030 which is working towards ending the use of fossil fuel for all council fleet by 2030. This is progressing well but there is still a requirement to operate some fossil fuel vehicles as the council transitions to non fossil fuel types over the life time of the

strategy. In order to ensure that the council makes best use of our limited resources and is in a position to take advantage of new technologies, the policy requires replacement of fleet with non fossil fuel types as vehicles come to end of life and if a suitable non fossil fuel type is available. The council will only purchase a new fossil fuel vehicle in exceptional circumstances, where there are not suitable alternatives.

- 3.3 The council now has 59 fully electric cars and vans out of a fleet of 532 and 4 Electric Refuse Collection Vehicles, which will rise to 11 in 2024.
- 3.4 The council purchases diesel and Adblue in bulk to achieve the best prices and for the efficiency of the Cityclean and Cityparks Services. Hollingdean Depot fuel tanks hold up to 50,000 litres of diesel.
- 3.5 Other fleet users in the council are encouraged to use the services at Hollingdean Depot to reduce cost to their service and to the council. The services already have budget provision to cover fuel costs that are recharged to them by Fleet Management.
- 3.6 The depot is also an important source of emergency fuel for the council fleet and other public service organisations, such as buses.
- 3.7 To achieve best value, a mini competition will be conducted using the nationally recognised CCS Framework. The Framework includes 9 major national fuel suppliers who will be bidding for the supply contract which will ensure best value for the Council. The process should take around 3 months to complete.
- 3.8 The annual cost to the council of purchasing diesel exceeds £1m. It is therefore necessary to undertake an exercise to obtain diesel at the most competitive rate balanced against the dependability of supply.

4. Analysis and consideration of alternative options

- 4.1 The Council could purchase diesel at a higher unit price and incur greater costs by using forecourt services.
- 4.2 Not only would this be more costly (currently approximately 20% more per litre) but it would decrease efficiency and incur additional costs for the Cityclean service in particular by incurring additional journeys and time delays whilst visiting commercial garage forecourts.
- 4.3 It is necessary to undertake a procurement to enter into a new contract for the provision of diesel and adblue given the overall value of the spend and the fact that the existing contract has expired.

5. Community engagement and consultation

- 5.1 No community engagement has taken place for the procurement of liquid fuel, as this is a resource for internal council use.

6. Conclusion

- 6.1 The initiation of procurement exercise for diesel and adblue is the recommended course of action as there is a need to award a bulk diesel supply contract to meet contract standing orders and procurement regulations.
- 6.2 To obtain diesel at the most competitive price with the dependability of supply, through a nationally recognised framework agreement will cost less than using fuel cards on retail forecourts.

7. Financial implications

- 7.1 Fuel is purchased through the fleet service and charged to each service user for the fuel used. It is anticipated that the estimated contract costs will be contained within the existing revenue budgets of each service. As well as the transition to electric and other energy efficient vehicles to reduce fuel spend, services across the council are encouraged to make use of the fuel at the depot as it is cheaper than alternatives. Any significant variation to budget will be reported as part of the council's monthly Targeted Budget Monitoring process.

Name of finance officer consulted: John Lack Date consulted: 03/01/2024

8. Legal implications

- 8.1 The Council is required to comply with the Public Contracts Regulations 2015 [PCR 2015] in relation to procurement and award of contracts above the relevant financial threshold for services, supplies and works. The value of a contract for the supply of diesel and Adblue over a 3 or 3.5 year period at a cost of over £1m per year exceeds the PCR 2015 financial threshold. Using a Framework is a compliant route to market. The Council's Contract Standing Orders (CSOs) will also apply to this procurement exercise.

Name of lawyer consulted: Eleanor Richards Date consulted 02/012024:

9. Equalities implications

- 9.1 There are no equalities issues with the procurement of Liquid Fuel.

10. Sustainability implications

- 10.1 Diesel is still the most economic fuel available for our fleet, while we as a Council work towards our goal of being Carbon Neutral by 2030. The Council have been procuring non fossil fuel vehicles which have less impact on the environment.
- 10.2 Although diesel emits Hydrocarbons (HC), NOx and Particulate Matter (PM) it is one of the most efficient dense fuels available. It contains more usable energy than petrol and delivers better fuel economy. Diesel engine technology is regulated in the European Union. The latest standard is Euro 6, which significantly reduces the emissions – HC, NOx and PMs. HGVs and vans are the largest users of diesel fuel for the Council. Currently 53% of Council vehicles are at Euro 6 standard, 27% at Euro 5 and the remaining fleet is a combination of Petrol, Hybrid and fully electric.

- 10.3 Diesel produces less CO2 than a petrol engine as it produces more energy. However, any new vehicle purchased will be Euro 7 (fully electric).
- 10.4 To demonstrate the commitment to sustainability the council has installed a full EV charging infrastructure at Hollingdean Depot and is currently installing work vehicle charge points in other council locations. Some examples are Stanmer Park offices and East Brighton Park.

11. Other Implications

Social Value and procurement implications

- 11.1 When RM6177 was awarded, Social values didn't have to be evaluated and embedded like it does now. Which is why our next framework RM6305 National Fuels 3 will have social value embedded in it, with questions to award on the framework covering two of the social value topics and KPI's to measure it on a regular basis. We have decided on the topics and at a minimum it will have a weighted scoring of 10%.

Appendices - None