

**PROCUREMENT OF LIQUID FUELS**

**CLIMATE CHANGE (COUNCILLOR CARO WILD)**

**AGENDA ITEM: 4**

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**Reason for this Report**

1. To seek the approval of Cabinet:
  - (i) that the council procure its contract for liquid fuel via a mini-competition through the Welsh Government Commercial Delivery (WGCD) Framework for supply of fuels and associated products and services WGCD -FT-0122-23 and approve the evaluation criteria set out in the report. The duration of the arrangement will run from the date of award (this is anticipated to be from the 1<sup>st</sup> of February 2024) to the 12<sup>th</sup> of April 2027. The estimated contracted value of this procurement will be £8.2m.
  - (ii) delegate the authority to determine and generally deal with all aspects of the procurement process and ancillary matters up to and including the awarding of the contract to the Corporate Director, Resources in consultation with the Cabinet Member for Finance, Modernisation and Performance, the Cabinet Member for Climate Change and the Director of Governance and Legal Services.

**Background**

2. The previous arrangement for the supply of the council's liquid fuel had expired during the Covid Pandemic, and we have an interim arrangement in place which expires on the 1<sup>st</sup> of February 2024. We therefore need to run a mini competition using the Welsh Government framework prior to the 1<sup>st</sup> of February 2024 in order to secure a competitive price and compliant route to market which will take us up until the expiry of the framework in April 2027.
3. The current provider for the supply of fuel is Certas Energy UK, and the Council currently spends approximately £2.6 million annually on diesel for its four main bunkered sites at Coleridge Road, Lamby Way and Bessemer Close.
4. This tender will be for the bulk provision at these respective sites. The WGCD have recently awarded a new framework which runs from the

13th of April 2023 until 12<sup>th</sup> of April 2027, and we would look to undertake a mini competition off Lot 1 (all fuels) for the supply of diesel.

5. There are five suppliers listed on Lot 1 which would form part of a mini competition process, and this would be under the terms of daily pricing. The purpose of this mini competition would be to ensure that the margin paid above the weekly Platts price for fuel is the most competitive for the Council.
6. Total spend over the contract, based on last year, will be in the region of £8.2 million which will take us up to 12<sup>th</sup> April 2027. However, we are expecting this to reduce year on year as we transition over to low carbon fleet vehicles.
7. Central Transport Services (CTS) are committed to a low carbon future and the Council's One Planet Strategy and intend to cease the procurement of fossil fuelled vehicles by 2025 with a commitment to a fully low carbon fleet by 2030.
8. Commissioning & Procurement will be supporting CTS and running any mini competition in line with the guidelines stated in the WGCD documentation to ensure full compliance with processes.
9. The award criteria used to evaluate supplier bids will be based as follows:

<b>Criteria</b>	<b>Score</b>
<b>Price:</b> Price will be based on the outcome of a mini competition exercise to the 5 named suppliers on the framework and will be based on the most competitive price offering best value to the authority. The pricing exercise will be based on Zone 3 of the framework, Lot 1 for daily pricing.	75%
<b>Quality:</b> will be based on the following: Account management & Structure Performance & Operational Delivery Quality Management Supply Chain Management & Resilience Business Continuity Delivery requirements Lead times	20%
<b>Social Value:</b> Social Value based on the National TOMs for Wales (Themes, Outcomes and Measures) developed by the Welsh Social Value Taskforce and Social Value Portal.	5%

## **Issues**

10. The estimated contract value exceeds £5,000,000 over the contract period and in order to comply with Financial Procedure Rules and Contract Standing Orders and Procurement Rules, Cabinet approval to proceed with the tender process and to agree the evaluation criteria is required.

## **Reason for Recommendations**

11. To approve the approach and procurement of liquid fuels for the Councils Fleet Vehicles.

## **Financial Implications**

12. The financial implications set out below relate to the issue of procurement of liquid fuels only and are not intended to provide financial implications in respect of any linked matters mentioned within the report (e.g., transition to EV fleet).
13. Whilst the Council continues to transition to a Low Carbon (EV) fleet, it is recognised that conventional fossil fuelled vehicles and plant still make up the vast majority of the current fleet. As such, there is a need to continue to procure fuel in the most practical and cost-effective way possible. The report proposes that this is best achieved in respect of diesel fuels by awarding a supply contract via mini competition for ongoing bulk provision at the existing bunkered sites.
14. It is intended that this contract would run from 1<sup>st</sup> February 2024 until 12<sup>th</sup> April 2027 in line with the current Welsh Government Commercial Delivery (WGCD) Framework. It is not possible to pre-empt the value of bids from potential suppliers. Whilst the indicative contract value is estimated to be in the region of £8.2 million based on 2022/23 usage and prices, the actual contract value may differ significantly, given fuel price volatility and the potential for slippage in start date of contract (assuming the end date would remain the same in line with the framework). The report also states that usage is anticipated to start reducing year-on-year, [through transition to EV]. Any associated reduction in costs would need to be considered in the context of the costs of alternative fuel supply and increased costs of fleet, however.
15. The mini competition process to be undertaken will see bids evaluated on price (75%), quality (20%), and Social Value (5%), which differs from previous fuel supply competitions which have been based 100% on price. This change has been made to ensure quality of service and operational delivery is given due consideration in awarding the new contract.
16. Whilst fuel price inflation is considered alongside other specific inflationary pressures in the budget process each year, it should be noted that the intention would be that the award of the contract itself should not incur a budget pressure, with the assumption that any change in costs due to contract renewal, rather than inflation, be borne by existing

budgets, which are held by individual directorates with costs being apportioned via recharges.

### **Legal Implications**

17. The report recommends that approval to commence a procurement off a framework.
18. Any procurement via a framework must be carried out in accordance with the process set out in the framework Agreement. Legal services have not reviewed the framework. Before placing reliance on a framework and awarding a contract, in summary, the client department should satisfy itself that the Council was identified in the contract notice (advertising the framework opportunity) as a party entitled to use the framework for the intended procurement/contract and the framework process is followed. The client department should also satisfy itself as to the T&C's and as to whether they are suitable for their requirements and complete all necessary information in those T&C's before commencing the procurement process.
19. The report recommends approval of the evaluation criteria and weightings. The evaluation is of high importance, as it will determine who will be appointed. Therefore, the decision maker needs to be satisfied as to the same and the weightings proposed.
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22. The report recommends approval of the evaluation criteria and weightings. The evaluation is of high importance, as it will determine who will be appointed. Therefore, the decision maker needs to be satisfied as to the same and the weightings proposed.

### **Equality Duty.**

23. In considering this matter, the Council must have regard to its public sector equality duties under the Equality Act 2010 (including specific Welsh public sector duties). This means the Council must give due regard to the need to (1) eliminate unlawful discrimination, (2) advance

equality of opportunity and (3) foster good relations on the basis of protected characteristics. The protected characteristics are age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

24. Well Being of Future Generations (Wales) Act 2015 - Standard legal imp  
The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
25. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2023-26. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
26. The wellbeing duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
  - Look to the long term.
  - Focus on prevention by understanding the root causes of problems.
  - Deliver an integrated approach to achieving the 7 national well-being goals.
  - Work in collaboration with others to find shared sustainable solutions.
  - Involve people from all sections of the community in the decisions which affect them.
27. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below:  
<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

#### General

28. The decision maker should be satisfied that the decision is in accordance within the financial and budgetary policy and represents value for money for the council.

29. The decision maker should also have regard to, when making its decision, to the Council’s wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.”

**HR Implications**

30. There are no HR implications for this report.

**Property Implications**

31. There are no property implications for this report.

**RECOMMENDATIONS**

Cabinet is recommended to:

- 1) Approve the procurement process via mini competition for the supply of liquid fuels for the Councils fleet via the National Procurement Services framework WGCD -FT-0122-23 for a period up to the 12<sup>th</sup> of April 2027.
- 2) Approve the high-level evaluation criteria set out in this report.
- 3) Delegate the authority to determine and generally deal with all aspects of the procurement process and ancillary matters up to and including the awarding of the contract to the Corporate Director, Resources in consultation with the Cabinet Member for Finance, Modernisation and Performance, the Cabinet Member for Climate Change and the Director of Governance and Legal Services.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>Chris Lee</b> <b>Corporate Director Resources &amp; Section 151 Officer</b>
	13 October 2023