

Classification: Open	Decision Type: Key
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Report to:	Cabinet	Date: 13 December 2023
Subject:	Contract renewal for the supply and delivery of various liquid fuels	
Report of	Cabinet Member for Environment, Climate Change and Operations	

1. Summary

The purpose of this report is to seek formal approval to use the Yorkshire Purchasing Organisation (YPO 1173 Liquid Fuels framework for the period 16 October 2023 to 15 October 2025 with two options to extend for an additional 12 months. The maximum Framework period will therefore be 4 years, from 16 October 2023 to 15 October 2027 (subject to annual review, incorporating price negotiations and KPI performance).

The various liquid fuels listed are available for use by all Council owned vehicles which equates to 22 separate service users including waste and recycling, highways, grounds maintenance, security and response services, adult and children’s transport and Six Town Housing. Bury Council is an associate member of YPO, a Public Buying Organisation established in 1974 to maximise the value from consolidating demand and procuring collaborative supply contracts on behalf of its members and associates.

2. Recommendation(s)

Cabinet is asked to:

- Approve the decision to use the new YPO Framework 1173 for 2 years with the option to extend for a further two twelve-month periods subject to satisfactory performance.
- Approve the use of YPO’s sole appointed framework supplier, Standard Fuels, for the supply of various fuels (diesel, gas oil and AdBlue) through the framework duration.
- Approve the use of the YPO utility Framework Agreement to administer the purchase and supply and delivery of various liquid fuels for the period 16 October 2023 to 15 October 2027.
- Provide delegated authority to the Executive Director of Operations and Executive Director of Finance, in consultation with the portfolio lead for Environment, Climate Change and Operations to award the contract and facilitate the execution, implementation, and operation of the contract.

3. Reasons for recommendation(s)

The proposed arrangements will ensure that the Council has a compliant various liquid fuels contract in place.

4. Alternative options considered and rejected

Procure our own various liquid fuels by direct tender

This option is possible, but it would involve a standalone Public Contract Regulations (PCR) compliant tender to secure contracts directly with the selected utility provider(s) (or via a broker). This approach is unlikely to produce the best results due to the relatively small scale of the portfolio compared to that of most large purchasing organisations. In contrast, a Public Sector Buying Organisation such as YPO, can obtain more favourable wholesale prices through aggregating the demand of a large number of public sector organisations. In addition, a direct tender would require the Council to engage additional resources (skilled utility traders and additional staff for contract management) and provide greater risk of exposure to utility price fluctuations. It was therefore determined as unviable.

Procure through a Private Sector based provider.

The Council would be required to invite tenders for a private sector Third Party Intermediary (TPI) to procure various fuel supply, but it would need to be sure that it would be getting best value through a truly aggregated contract. Full price transparency of all costs, including TPI fees and any commission paid by suppliers to the TPI would be needed. By aggregating the Council's volumes, the TPI could access various fuels market on our behalf, but we may only receive prices based on the supplier's view of the market. A full Public Contract Regulations compliant tender process would be required to engage with such a provider with all the associated resource and time implications this would entail. TPIs may have issues regarding business continuity in the present economic climate and are unlikely to be able to aggregate the council's volume with other customers in a PCR compliant manner or to the same level or offer the same additional and social value as the YPO contract. Due to this level of complexity and lack of in-house resources to deliver this, this option was dismissed.

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6. Background

Bury Council along with other AGMA Councils use the YPO framework agreement for the supply of various liquid fuels used by the Council's Transport Fleet including:

- Diesel
- Gas Oil
- Ad Blue

The use of the YPO framework is considered to be the best procurement option for the Council as it allows us to take advantage of the considerable volumes and number of participants to obtain a better price for the above items and avoids the cost of undertaking our own procurement process under which we would not achieve the prices obtained through the framework.

Other Councils in Greater Manchester use this framework after it was identified by the former AGMA procurement hub as the one offering best value once their own previous contract arrangements had expired. It is therefore recommended that the Council should continue participating in the framework arrangement and as recommended use Standard Fuels as our supplier.

As their current contract expired on 21st November 2023 the YPO recently undertook a new procurement process to tender for liquid fuels for a 4-year contract on the basis of a two-year contract with the option to extend for a further two twelve-month periods. The new arrangement commenced on the 16th October 2023.

The various liquid fuels listed are available for use by all Council owned vehicles which equates to 22 separate service users including waste and recycling, highways, grounds maintenance, security and response services, adult and children's transport and Six Town Housing.

It is recommended that the Council participate in the new YPO framework 1173 subject to satisfactory performance of the Supplier.

7. Links with the Corporate Priorities:

The Let's Do It Strategy sets out the Council's corporate priorities:

Financial Sustainability

By procuring a compliant contract in line with Public Contract Regulations, the Council can be certain that economies of scale and budget certainty can be achieved, the contract will have a dedicated team looking at consumption efficiencies which will provide a reduction in cost and provide financial sustainability.

8. Equality Impact and Considerations:

The proposal does not bring about any changes that would impact on one protected characteristic over and above another, it doesn't result in increased/decrease access to services or provision for any particular group of the population or cause any disadvantage to a community of interest. The approach is to ensure value for money in water supply for the council and thus strive to mitigate Council costs, which would benefit all residents.

9. Environmental Impact and Considerations:

The Council are currently in the process of replacing all council's vehicles with more fuel-efficient vehicles, including electric, euro 6 diesel engines lowering CO2 emissions across the borough of Bury.

10. Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
No contract in place resulting in inflated utility prices	December Cabinet approval will enable the Council to confirm to YPO that we wish to be part of the various fuel contract. This will provide the opportunity for Bury Council to secure more favourable prices through greater volumes of demand.

11. Legal Implications:

The procurement route followed here using the YPO framework is compliant with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules. Both apply due to the high value of the proposed contract.

12. Financial Implications:

There is sufficient budget to fund this contract.

13. Appendices:

Appendix 1 – YPO framework 1173 – Supply and Delivery of various fuels

14. Background papers:

None.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
YPO	Yorkshire Purchasing Organisation
AGMA	Public Sector Buying Organisation
PCR	Public Contract Regulations 2015
GMCA	GMCA Greater Manchester Combined Authority
TPI	Third Party Intermediary