



**Oldham**  
Council

**Report to CABINET**

## **Approval to Award the Liquid Fuel Contract**

**Portfolio Holder:** Cllr B Brownridge, Cabinet Member for Neighbourhoods

**Officer Contact:** Helen Lockwood, Deputy Chief Executive – People & Place

**Report Author:** Dave Durham, Fleet & Workshop Manager  
**Ext.** 1563

**22<sup>nd</sup> February 2021 (Cabinet)**

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### **Reason for Decision**

The Fleet Management service requires authorization to utilize the YPO framework Supply of Liquid Fuels (00981) for the supply of liquid fuel for use in the Council's fleet.

### **Executive Summary**

The Council requires the supply of liquid fuel on site to ensure the vehicle fleet are fully operational. YPO (Yorkshire Purchasing Organization) ran a mini competition on behalf of AGMA (Association of Greater Manchester Authorities) obtaining continuity of supply and value for money.

### **Recommendations**

To purchase liquid fuels using the YPO framework for the Supply of Liquid Fuels. The Council will contract with the rank 1 supplier as per the outcome from the mini competition process.

# Approval to Award the Liquid Fuel Contract

## 1 Background

- 1.1 The AGMA authorities combined buying power and consumption/volumes to purchase liquid fuels with the outcome of savings being achieved. The current contract is supplied by Certas Energy. The procurement for this contract whilst driven by AGMA was undertaken by YPO (Yorkshire Purchasing Organisation) using a framework of their own establishment.
- 1.2 Liquid Fuel is primarily used by the departments located at Moorhey St with use also by other departments and some schools. Fleet Management stores bunkered fuels on site at Moorhey Street, (Max levels: Diesel – 60,000 litres, Petrol – 13,000 litres and red diesel – 8,000 litres). Fuel is dispensed by onsite pumps which drivers can withdraw by use of a driver and vehicle key fob.

Oldham Council also has an agreement in place with Morrisons in case of emergencies.

## 2 Current Position

- 2.1 The YPO Liquid Fuel framework has now ceased however a re-procurement was undertaken to re-establish and as before an exercise has been carried out for the AGMA authorities. This framework commenced on 22<sup>nd</sup> November 2019 for 2 years with an optional additional 2-year extension; the intention is that the Council will contract with the rank 1 supplier throughout the duration of the framework agreement. Standard Oil Fuels Ltd are currently rank 1 supplier and the AGMA authorities made a decision to appoint the recommended supplier with the intention that each authority must now complete individual call off agreements.

The call off agreement with Standard Oil Fuels Ltd is in place until 21<sup>st</sup> November 2021 after which YPO will run a further mini competition for a call off period of 2 years (ending 21<sup>st</sup> November 2023) which may change the rank 1 supplier.

## 3 Options/Alternatives

- 3.1 Option 1:
- To approve the use of the YPO framework to purchase liquid fuels from the rank 1 supplier as a result of the mini competitions.
  - Complete call off contract with the current rank 1 supplier Standard Fuel Oils Ltd and take advantage of the buying power and savings detailed in this report.
  - Following the second mini competition for the call off period 22<sup>nd</sup> November 2021 until 21<sup>st</sup> November 2023 contract with the rank 1 supplier.

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Option 2:

- To not approve the use of the YPO framework and the purchase of fuels from the rank 1 supplier in both this call off and the second thus not taking advantage of the buying power and savings. Also due to the spend associated an alternative procurement process would need to be completed which would not guarantee any savings. .

#### 4 **Preferred Option**

4.1 Option 1:

- To approve the use of the YPO framework to purchase liquid fuels from the rank 1 supplier as a result of the mini competitions.
- Complete call off contract with the current rank 1 supplier Standard Fuel Oils Ltd and take advantage of the buying power and savings detailed in this report.
- Following the second mini competition for the call off period 22<sup>nd</sup> November 2021 until 21<sup>st</sup> November 2023 contract with the rank 1 supplier.

#### 5 **Consultation**

5.1 All AGMA authorities were consulted throughout the process.

#### 6 **Financial Implications**

6.1 This report contains a proposal to purchase fuel (Diesel, Red Diesel and Unleaded Petrol) from an AGMA appointed supplier for a four year period commencing on 1<sup>st</sup> April 2020.

6.2 The fuel used under this agreement will be used to satisfy the demands of the Council's vehicle/plant fleet along with a small number of external customers such as schools. Under existing practice, fuel is purchased initially by the Fleet Management Service and then recovered from services and external customers on a monthly basis.

6.3 The value of this contract is estimated at approximately £2.85m. This figure equates to the value of fuel purchased by the Council over the last four financial years. During that time, prices have fluctuated both upwards and downwards but have, in general, remained fairly stable. This position may or may not continue into the future and will be affected by global supply and demand as well as uncertain future events.

6.4 In financial terms, the new arrangement is marginally more beneficial pricewise than previously. Any savings that may arise, however, are not considered significant, being less than £1.5k p.a. The main benefit is the continuance of arrangements to receive commodities that are vital to the day to day running of the Council.

6.5 The Council has adequate resource within the Medium Term Financial Strategy to meet the cost of this contract.

(Nigel Howard)

#### 7 **Legal Services Comments**

7.1 The Council has followed Rule 4.1 of the Council's Contract Procurement Rules using an existing YPO framework agreement to procure a contractor to deliver liquid fuel to the

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authority. The Council as an AGMA authority will be a named contracting authority on the tender documents for the original contract notice and as such can call off a contract under the framework agreement. (Elizabeth Cunningham Doyle)

8. **Co-operative Agenda**

8.1 N/A

9 **Human Resources Comments**

9.1 N/A

10 **Risk Assessments**

10.1 N/A

11 **IT Implications**

11.1 None

12 **Property Implications**

12.1 None

13 **Procurement Implications**

13.1 The Commercial Procurement Unit supports the recommendations outlined in this report. The use of the compliant framework complies with the Council's Contract Procedure Rules as it states if a framework agreement is available that meets needs and offers value for money it should be used (rule 4.1).

Emily Molden

14 **Environmental and Health & Safety Implications**

14.1 N/A

15 **Equality, community cohesion and crime implications**

15.1 None

16 **Equality Impact Assessment Completed?**

16.1 No

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 NC-10-20

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not

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include documents which would disclose exempt or confidential information as defined by the Act :

Name of File : AGMA/YPO Liquid Fuels

Records held in The Commercial Procurement Unit - Level 11, Civic Centre, West St, OL1 1UH

Officer Name : Emily Molden

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20      **Appendices**

20.1    N/A