



LONDON FIRE BRIGADE

Decision title

Procurement for the Supply of Diesel for Strategic Reserve Storage Tanks

Decision by
London Fire Commissioner

Decision Number
LFC-0234-D

Protective marking: **OFFICIAL - Sensitive**
Publication status: Published with redactions

Summary

The attached report seeks to award the contract for Supply of Diesel for Strategic Reserve Storage Tanks to [REDACTED]. This follows a collaborative procurement led by Crown Commercial Service (CCS) who aggregated public sector requirements and undertook a further competition via an eAuction calling-off the CCS National Fuels Framework Agreement RM3801.

[REDACTED]

Decision

That the London Fire Commissioner :

- Approves the award of a the contract starting on 1 October 2019 for the Supply of Diesel for Strategic Reserve Storage Tanks to [REDACTED] for 2 years for [REDACTED] which includes a 10% uplift to account for fluctuations in price or use.

Andy Roe
London Fire Commissioner

Date 28/01/20

Access to Information – Contact Officer

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LONDON FIRE BRIGADE

Report title

Procurement for the Supply of Diesel for Strategic Reserve Storage Tanks

Report to

Corporate Services DB
Commissioner's Board
Fire and Resilience Board

Date

20 Aug 2019
28-Aug-2019
17 Sep 2019

Report by

Assistant Director, Technical and Commercial

Report number

LFC-0234

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Summary

This paper seeks to award the contract for Supply of Diesel for Strategic Reserve Storage Tanks to [REDACTED]. This follows a collaborative procurement led by Crown Commercial Service (CCS) who aggregated public sector requirements and undertook a further competition via an eAuction calling-off the CCS National Fuels Framework Agreement RM3801.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Recommended decision

That the London Fire Commissioner :

- Approves the award of a the contract starting on 1 October 2019 for the Supply of Diesel for Strategic Reserve Storage Tanks to [REDACTED] for 2 years for [REDACTED] which includes a 10% uplift to account for fluctuations in price or use.

Background

1. In 2005, the replacement of 39 above ground diesel tanks took place. All tanks had a capacity of 5000 litres, apart from Croydon (20000L) and Kensington(1500L). In January 2014, following the closure of Kingsland Road and Southwark fire stations, 2 diesel tanks were removed.
2. The strategic capacity of the remaining 37 diesel tanks provide an adequate stock of diesel for 6 weeks (based on average consumption) to enable the LFC to function, if there is any reason that deliveries cannot be made to them. These tanks are used for day to day refuelling by the stations they are attached to, ensuring that the life of the diesel is maintained.

3. Delivery of diesel to the 37 strategic reserve storage tanks located at fire stations allows operational staff easy access to fuel if accessing petrol station forecourts is problematic e.g. due to bad weather or if there is an issue with supply at petrol stations.
4. The previous procurement was undertaken by Crown Commercial Services on our behalf following a national aggregation of Public Sector requirements and a mini competition between framework suppliers
5. The previous total spend over 2 years was £717k (01/07/17 to 30/06/19) with Hall Fuels. The price of fuel fluctuated throughout the contract and was updated on a weekly basis by the Purchasing Unit following an update from CCS by email. This price comprised of the commodity cost of diesel, the fixed supplier margin and CCS fixed fee for managing the framework.

Procurement process

6. CCS set up the National Fuels Framework in July 2017. Suppliers were measured on quality and price when tendering for a place on the framework.
7. Every two years CCS collates public sector data for the national aggregation to hold a further competition. The Brigade supplied this specification data on tank location, storage and delivery requirements in March 2019 and CCS conducted the procurement exercise on the Brigade's behalf.
8. As part of the invitation to tender a standard questionnaire (detailed in Appendix 1- Evaluation Criteria) was issued to suppliers on the framework and providing they have passed the Pass/Fail questions they were then asked to take part in the eAuction stage which was evaluated 100% on price.
9. An electronic auction (eAuction) is a procurement tool that uses web-based software to allow potential suppliers to compete online, in real time, to provide prices for the goods/services under auction. For this procurement, potential suppliers competed with each other by reducing their margin (in pence) that is charged to the customer for every litre of diesel delivered.
10. CCS concluded the eAuctions on 27th June 2019 and contacting customers to provide the results week commencing 5 August 2019.
11. The following suppliers competed in the eAuction:

Position	Suppliers
1st	[REDACTED]
2nd	[REDACTED]
3rd	[REDACTED]
4th	[REDACTED]

12. [REDACTED] won with a bid with a supplier margin of [REDACTED] pence per litre (ppl).

Contract expenditure

13. The total cost of diesel per litre includes three elements:
 - a. The supplier's margin, charged at [REDACTED] pence per litre delivered,
 - b. CCS Fee which is fixed and charged at 0.20 pence per litre delivered,
 - c. The variable commodity cost (determined on the global commodity market) (inc Duty), which this week (12/08/19) is 99.82ppl (inc Duty).
14. This gives a total pence per litre (exc. Vat) of [REDACTED] (Total Inc. Vat: [REDACTED]) compared to the current pump price of 132.03ppl. The framework therefore saves the Brigade [REDACTED] pence per litre (based on this weeks commodity cost).
15. The actual expenditure on this contract is ultimately determined not only on the price of fuel as a commodity but also should there be a requirement for increased use of the 37 diesel tanks as a contingency measure to provide resilience for front line operations. This could be due to extreme weather preventing access to fuel courts or UK fuel shortages as seen in 2000.
16. Because of these variables, a 10% contingency has been added to the contract value which was calculated based on [REDACTED] litres of diesel used in 2 years (30/06/2017 to 30/06/2019) multiplied by the winning eAuction bid of [REDACTED] ppl (exc. Vat). This gives an estimated spend of [REDACTED], with an uplift of 10% ([REDACTED]) giving a sum of [REDACTED], however this only represents a snap shot in time as it is based on the current commodity cost.

Conclusion

17. CCS has identified the best value supplier through a mini competition with a nationally aggregated requirement. As such, this contract attracted interest from the pre qualified framework suppliers and achieved a good level of competition. It is therefore recommended the contract be awarded to [REDACTED] with the estimated expenditure of [REDACTED] taking into account the variables affecting spend.

Finance comments

18. This report recommends that delegated authority is approved for contract expenditure of [REDACTED] over two years. The report notes that expenditure of [REDACTED] was incurred over the preceding two years, which compares against a forecast expenditure of [REDACTED] under the new contract, when excluding the 10% contingency. This would represent an annual increase of [REDACTED] on current costs which will be considered as part of the budget process for future years.

Workforce comments

19. No workforce implications or any for consultation with representative bodies other than for information purposes.

Legal comments

20. Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.

21. By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor").
22. Paragraph (b) of Part 2 of the said direction requires the Commissioner to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...".
23. The Deputy Mayor's approval is accordingly required for the Commissioner to purchase Diesel for Strategic Reserve Storage Tanks at a cost of [REDACTED].
24. The General Counsel has reviewed this report and notes that the arrangement proposed is consistent with the Commissioner's power under section 5A of the Fire and Rescue Services Act 2004 to do anything it considers appropriate for the purposes of the carrying-out of any of its functions.
25. Furthermore, under section 7 (2)(a) of the aforementioned legislation, the Commissioner has the power to secure the provision of personnel, services and equipment necessary to efficiently meet all normal requirements for firefighting.
26. The General Counsel also notes that the proposed procurement is in compliance with the Public Contracts Regulations 2015. The Crown Commercial Service have conducted a compliant OJEU procurement in accordance with section 33 of the Public Contracts Regulations 2015 to set up CCS National Fuels Framework Agreement RM3801. In addition CCS have aggregated public sector requirements and undertaken a further competition, from which the Commissioner is able to make a compliant call off.

Sustainability implications

27. The recent Sustainable Development Annual Report 2018/19 (LFC 0046) identified a 20% increase in diesel use thought to be primarily the result of the new Euro 6 appliances that are still being rolled out. Suggesting further increases in fuel consumption may be possible. The period reviewed for the consideration of the uplift includes the impact identified with the annual report.

Equalities implications

28. The Public Sector Equality Duty applies to the London Fire Brigade when it makes decisions. The duty requires us to have regard to the need to:
 - a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
 - b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
29. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

30. A screening Equality Impact Assessment has been undertaken which finds neutral impacts on equality groups arising from this decision.

List of Appendices

Appendix	Title	Protective Marking
1.	eAuction Evaluation Criteria	Not protectively marked

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1. EVALUATION CRITERIA

- 1.1 A summary of all the questions contained within the e-Sourcing event, along with their respective marking scheme are provided below.
- 1.2 Questionnaires 1 and 2 contain 'Pass/Fail' questions and act as a doorway for progression to the following stages of the evaluation. Potential Providers are strongly advised to read and understand the specific guidance provided before responding to these questionnaires.
- 1.3 Questionnaire 3 is for information only. Although this questionnaire does not form part of the evaluation process, Potential Providers are advised to complete it in full as any omissions could affect the award process.
- 1.4 The Authority and its Agent reserve the right to challenge any information provided in response to Questionnaire 3 and request further information in support of any statements made therein.

QUESTIONNAIRE 1 – KEY PARTICIPATION REQUIREMENTS			
GUIDANCE	The following questions are 'Pass/Fail' questions. If Potential Providers are unwilling or unable to answer "Yes", their submission will be deemed non-compliant and shall be rejected. Potential Providers should confirm their answer by selecting the appropriate option from the drop down menu.		
Question Number	Question	Max Score	Weighting (%)
[1.1]	Have you read, understood and agree with Appendix A, Terms of Participation? By answering "Yes", you are confirming your 'Declaration of Compliance' at Annex 1 of Appendix A - Terms of Participation.	Pass/Fail	N/A
[1.2]	Have you read, understood and accepted the Invitation to Tender and all associated appendices, specifically Appendix B – Site Addition Template?	Pass/Fail	N/A
[1.3]	Do you agree, without caveats or limitations, that in the event that you are successful the Crown Commercial Service's Terms and Conditions within Appendix C - Call-Off Contract and the terms and Conditions of RM3801 National Fuels Framework will govern the provision of this contract?	Pass/Fail	N/A



[1.4]	In the event that you are appointed the winning Supplier/Bidder, please confirm that you will deliver the Goods and/or Services in accordance with Appendix C - Call Off Contract terms and conditions and that you will unreservedly without caveats or limitations sign the resulting Call Off Contract.	Pass/Fail	N/A
[1.5]	Do you confirm there shall be no penalty charges applied on reduction or removal of the Authority's Sites; and no setup charges will be applied to any new Authority Sites that are added to the Appendix C - Call Off Contract.	Pass/Fail	N/A
[1.6]	Do you confirm your Organisation's e-Sourcing suite profile is complete and accurate at the time of Tendering and that any amendments made following acceptance of this event will be notified to the buyer in writing.	Pass/Fail	N/A
[1.7]	Valid Insurance and Cyber Essentials Certificates are required to bid for Government Contracts. In accordance with your signed National Fuels Framework RM3801, Do you confirm that your organisation currently holds valid certificates?	Pass/Fail	N/A
[1.8]	The Potential Provider is required to confirm they have read and understood the pricing mechanism in the signed framework agreement. N.B. All pricing mechanisms are fixed and are not subject to change unless there is change introduced via Regulatory or Legislation amendments.	Pass/Fail	N/A
[1.9]	By selecting yes, you are confirming that your submitted margins do not exceed your maximum framework margin. Any margins exceeding the maximum framework margin will be excluded.	Pass/Fail	N/A
QUESTIONNAIRE 2 – CONFLICTS OF INTEREST			
GUIDANCE	<p>Question 2.1 is a 'Yes/No' question and will dictate whether or not question 2.2 needs to be answered.</p> <p>Question 2.2 is a Pass / Fail question. Potential Providers are required to provide details of how the identified conflict will be mitigated. The Contracting Authority will review the mitigation in line with the perceived conflict of interest, to determine what level of risk this poses to them. Therefore if Potential Providers cannot or are unwilling to suitably demonstrate that they have suitable safeguards to mitigate any risk then their Tender will be deemed non-compliant and will be</p>		



	rejected.		
Question Number	Question	Max Score	Weighting (%)
[2.1]	Please confirm whether you have any potential, actual or perceived conflicts of interest that may be relevant to this requirement.	None	N/A
[2.2]	We require that any potential, actual or perceived conflicts of interest in respect of this ITT are identified in writing and that companies outline what safeguards would be put in place to mitigate the risk of actual or perceived conflicts arising during the delivery of these services.	Pass/Fail	N/A
QUESTIONNAIRE 3 – INFORMATION ONLY			
GUIDANCE	Information provided in response to these questions may be used in preparation of any Contract Award and any omissions may delay completion of this Tender exercise.		
Question Number	Question	Max Score	Weighting (%)
[3.1]	Please provide the name, office address, telephone number and email address for your organisations Tender point of contract. Please note, A minimum of two participants for each Potential Provider must be registered to operate the eSourcing Suite. Therefore, a minimum two email addresses is required) Please ensure that in addition to any personal email address, a mailbox address is also provided	None	N/A
[3.2]	Please confirm whether your organisation is an SME as defined within EU recommendation 2003/361	None	N/A
[3.3]	Please provide details of any sub-contractors you propose to use in order to meet your obligations should you be awarded a Contract. Your response must include their; <ul style="list-style-type: none"> ● Trading Name(s) ● Registered Address(es) and contact details ● Goods/Services to be provided 	None	N/A



[3.4]	<p>If you are the Lead contact for a Group of Economic Operators, please provide details of all the members of the Group. Your response must include their;</p> <ul style="list-style-type: none"> • Trading Names(s) • Registered address(es) • Duns Number(s) • Role/responsibility within the Group 	None	N/A
QUESTIONNAIRE 4 – PRICE		Weighting – 100 %	
GUIDANCE	If required, the opening bids should be submitted on a pence per litre (GBP) basis to 2 decimal points, e.g. one and a half pence would be submitted as 1.50. The margin must be exclusive of VAT.		
Question Number	Question	Max Score	
[7.1]	<p>Please confirm, by selecting ‘YES’ that you have:</p> <ul style="list-style-type: none"> • Please confirm, by selecting ‘YES’ that if successful, your final supplier margin submitted during the eAuction event is inclusive of any expenses, exclusive of VAT and firm for a period of 90 working days following the eAuction evaluation. • Uploaded (attached) your up to date Cyber Essentials Certificate • Uploaded (attached) your up to date Insurance Certificates – These must include Employers, Public and Products liability 	100	