

SCOTTISH POLICE
AUTHORITY

Meeting	Public SPA Board Meeting
Date	25 August 2016
Location	Stirling Court Hotel, Stirling
Title of Paper:	Award of Framework Contract for the Supply & Delivery of Direct Fuel
Item Number	12.3
Presented By	Colette Sherry, Head of Commercial Services, Police Scotland
Recommendation to Members	For Approval
Appendix Attached:	No

PURPOSE

This paper is submitted to the SPA Board following approval by the Finance & Investment Committee on 9 August 2016.

To invite members to;

1. Approve the participation in the Scottish Government Framework Call-Off Contract for Liquid Fuels, Ref SP-15-005, for the period 1 September 2016 – 13 October 2017 with the option to extend for an additional two, one (1) year periods, making a potential total of three years and taking the final expiry date to 13 October 2019 with an estimated total contract value of £4.2m (ex VAT).

This paper is presented in accordance with the Police Scotland Standing Orders Relating to Contracts, and is submitted for approval and further transmission to the Full SPA Board.

1. BACKGROUND

1.1 The Fleet and Estates departments of Police Scotland have a requirement for the provision of liquid fuels. Fleet require automotive fuel, both petrol and diesel, which are supplied to fuel bunkers at Police Scotland premises and Estates have a requirement for heating oil for a number of Police premises across Scotland.

2. FURTHER DETAIL ON TOPIC

2.1 Crown Commercial Services (CCS), have awarded a Framework Agreement for liquid fuels that runs from 14 October 2015 to 13 October 2017 with the option to extend for an additional two, one (1) year periods, taking the final expiry date to 13 October 2019. The Framework is split in to 4 lots as follows:

- i. Lot 1 - Heating Oil
- ii. Lot 2 - Automotive Fuel
- iii. Lot 3 - Marine Fuel
- iv. Lot 4 - One stop shop lot for all fuel types including aviation fuel

2.2 Scottish Procurement has conducted a further competition under the CCS Framework Agreement on behalf of all Scottish public sector organisations. This recommendation is for authorisation for Police Scotland to sign up to this Call off arrangement with Certas Energy UK Ltd trading as Scottish Fuels Limited.

2.3 The benefits to joining the framework include:

- i. It is a low risk solution which meets all Police Scotland service requirements and removes the possible risks and cost involved in carrying out an EU tender process.
- ii. The framework would allow Police Scotland to access services quickly if approval is given.
- iii. It provides an agreed national standard of service and a competitive supplier cost to serve/margin pricing mechanism.
- iv. The availability of product and regional lots ensures the market meets organisations requirements and locations.

- v. All Suppliers on the contract are experienced contractors who have provided these services to Police Forces across the UK for a number of years.
- vi. All pricing is fixed for the duration of the framework and significant savings have been identified against current service costs.
- vii. All Contractors provide minimum contract review requirements for all framework participants. All contract management and monitoring is included within the framework costs and information can be tailored to suit individual Force requirements.
- viii. The Call off Contract provides standardised terms and conditions, information reporting etc.

3. FINANCIAL IMPLICATIONS

- 3.1 The price paid pence per litre for delivered fuel under this framework is made up of:
- i. Commodity price of the fuel
 - ii. Duty
 - iii. Supplier margin
 - iv. Management charge

Under the framework the commodity element of the price of the fuel purchased is calculated by reference to the Platts Index data and which can change on a daily basis. Platt's is the leading publisher of price assessments for the physical commodities markets including oil using transactional and other widely available data.

This methodology provides access to additional savings by access to this flexible pricing rather than having a fixed price for the commodity element of the price.

- 3.2 Given that Police Scotland's spend is in the region of £1.4m per annum (based on our average spend per annum over the last three years) for this requirement (£250k Estates spend and £1.1m Fleet spend) it is possible to show the financial benefits that could be gained from joining Framework.
- 3.3 No predictions of future savings are appropriate as the future strategy for fuel (bunkered / fuel cards) for fleet is under review and a long term strategy to be developed. The final outcome of an options appraisal for this will determine whether the fleet spend for this requirement will increase or decrease over time. However it is possible to show potential savings using volume data from 14/15.

3.4 There are two levels of savings available from the use of this call off contract the first being the retail price of fuel and the second the current framework price for fuel.

3.5 **Fleet Department**

A comparison of the call off pricing against the retail (standard pump prices) price shows a saving of in the region of £143,318 per annum. Over the initial two year term of the call off contract is equates to an overall saving of £286,636 and if the additional years extensions are taken up to the maximum of four years in total the savings would rise to £573,272.

3.6 **Estates Department**

A comparison of the call off pricing against the retail price shows a saving of in the region of £30,362 per annum. Over the initial term of the call off contract is equates to an overall saving of £60,724 and if the additional years extensions are taken up to the maximum of four years in total the savings would escalate to £121,448.

3.7 Police Scotland Fleet and Estate departments already receive the discounted pricing available on this framework from Certas Energy UK Ltd. As a result, Fleet and Estate budgets are based on the call off prices and are already benefiting from the associated savings detailed within this paper. All spend outlined within this paper is already included within departmental budgets.

3.8 The total contract value as been estimated based on our estimated expenditure of £1.4m per annum, for the three year contract duration is therefore calculated to £4.2m (ex VAT).

4. **PERSONNEL IMPLICATIONS**

4.1 There is no personnel implication as a result of signing up to this call off contract.

5. **LEGAL IMPLICATIONS**

5.1 This procurement was performed in compliance with The Public Contracts (Scotland) Regulations 2012 and the Police and Fire Reform (Scotland) Act 2012.

6. **REPUTATIONAL IMPLICATIONS**

6.1 The use of this call off contract will provide assurances that Police Scotland's supplier for this requirement fulfils all legislative requirements and suitable levels of insurance for supplying, transporting and delivering liquid fuels.

7. SOCIAL IMPLICATIONS

7.1 Suppliers were marked on their ability to provide community benefits under the contract within the requirements. Currently, suppliers provide a mix of environmental (recycling of oil/e-invoicing) and social benefits such as school and community group engagement, financial support for community groups and charities, apprenticeships and recruitment from the community.

8. COMMUNITY IMPACT

8.1 As described at 7.1.

9. EQUALITIES IMPLICATIONS

9.1 The Call off terms state that any supplier shall not unlawfully discriminate within the meaning and scope of any law relating to discrimination of any kind.

10. ENVIRONMENTAL IMPLICATIONS

10.1 All suppliers under this contract strategically plan deliveries to ensure they are made in the most environmental friendly fashion. This includes calculating the most fuel efficient routes and combining deliveries where possible.

RECOMMENDATIONS

Members are invited to:

- (i) Approve the participation in the Scottish Government Call-Off Contract for Liquid Fuels, Ref SP-15-005, for the period 1 September 2016 – 13 October 2019 with a total contract value of £4.2m (ex VAT).
- (ii) Subject to approval from SPA, and as part of service provision to the Authority by police staff permitted under section 83 (2) of the Police and Fire Reform (Scotland) Act 2012, to instruct Procurement staff within Police Scotland to prepare contract documentation for the contract period, to present this documentation for review and signature by the Accountable Officer and subsequently issue on behalf of the Authority.