

REQUEST FOR DEPUTY MAYOR FOR FIRE DECISION – DMFD238

Procurement for the supply of diesel and biofuel for strategic reserve storage tanks

Executive summary:

This report requests the approval of the Deputy Mayor for Fire (the Deputy Mayor) to authorise the London Fire Commissioner (LFC) to commit revenue expenditure, as set out in Part 2 of the report, to procure a two-year contract for the provision of both diesel and hydrotreated vegetable oils biodiesel to the strategic fuel tanks. The contract will be let by identifying a bidder through the Crown Commercial Service Framework to ensure the most competitive rates are provided.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the LFC 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”.

Decision:

That the Deputy Mayor for Fire authorises the London Fire Commissioner to commit revenue expenditure, as set out in Part 2 of the report, to procure a two-year contract for the supply of both diesel and hydrotreated vegetable oils biodiesel to the strategic fuel tanks.

Deputy Mayor for Fire

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:



Date:

24/05/2024

PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 Report LFC-24-043 to the London Fire Commissioner (LFC) explains that in 2005, 39 above-ground diesel tanks were replaced. Each had a capacity of 5,000 litres, apart from Croydon (20,000L) and Kensington (1,500L). In January 2014, following the closure of Kingsland Road and Southwark fire stations, two diesel tanks were removed.
- 1.2 The strategic capacity of the remaining 37 diesel tanks provides adequate diesel stock for six weeks (based on average consumption), enabling London Fire Brigade (LFB) to support frontline service delivery if, for any reason, deliveries cannot be made to them. These tanks are used for day-to-day refuelling by the stations to which they are attached, to ensure frontline services are maintained.
- 1.3 Delivery of diesel to the 37 strategic reserve storage tanks located at fire stations allows operational staff easy access to fuel, if accessing fuel from petrol stations is problematic. This may be due to, for example, bad weather or a supply issue at petrol stations.
- 1.4 The previous procurement was undertaken using the Crown Commercial Service (CCS) Framework following a national aggregation of public sector requirements and a further competition between framework suppliers.
- 1.5 Taking account of the current context around worldwide increases in fuel, and the uncertainty this creates, the estimated value is provided in Part 2 of the report. It reflects potential increases in fuel prices, to mitigate the impact of price volatility over the contract term.
- 1.6 LFB has committed to supporting the Mayor's plan to deliver carbon net-zero (CNZ). To assist in delivering this, LFB has held a pilot scheme to establish if biodiesel can be used as a 'drop in' substitute for regular diesel for the fire appliances. This is considered a stepping-stone in LFB's CNZ strategy for fire appliances whilst it investigates and develops the option for electric fire appliances.
- 1.7 The biodiesel (hydrotreated vegetable oils (HVO)) pilot scheme was successful. It confirmed that the biodiesel can be added to the fire appliance engines without any impact on the engines' performance or maintenance regime.
- 1.8 The requirement to source biodiesel to support the roll-out into more fire appliances has been included into this procurement.
- 1.9 The commodity price for HVO biodiesel is higher than standard diesel. CCS has advised that the current average price for HVO is approximately 53 pence more than mineral diesel per litre.

2. Objectives and expected outcomes

- 2.1 The contract will support the delivery of LFB frontline services. The bulk storage provision is required to ensure resilience is maximised where obtaining fuel might be difficult, for a range of reasons. The risks associated with having reduced fuel supplies cannot be underestimated. Therefore, this contract will ensure that the risks associated with fuel shortages are mitigated, as far as reasonably possible, by maximising the quantity of fuel held by the bulk fuel storage arrangements.

3. Equality comments

- 3.1 The LFC and the Deputy Mayor for Fire and Resilience (the Deputy Mayor) are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other prohibited conduct
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice
 - promote understanding.
- 3.8 An Equality Impact Assessment has not been undertaken for this requirement as the purchase of diesel and HVO biodiesel does not impact on the protected characteristics as described under the Public Sector Equality Duty (section 149 of the Equality Act 2010).

4. Other considerations

Workforce comments

- 4.1 There are no workforce implications and consultation has not been undertaken with representative bodies other than for information purposes.

Sustainability comments

- 4.2 The new contract will have the option of moving to HVO and away from mineral diesel. HVO is a paraffinic, synthetic diesel, and a drop-in replacement for conventional mineral diesel. It has the potential to save carbon emissions. The plant feedstock used to produce HVO absorbs carbon dioxide as it grows, meaning the 'well to wheel' emissions are substantially lower than conventional mineral diesel, which releases trapped carbon. HVO's chemical structure is nearly identical to that of mineral diesel; this means it can be used as a drop-in alternative with no modifications or changes necessary to the existing fleet, making it a complete replacement for diesel. HVO is currently estimated to cost circa 10 per cent more than diesel fuel. The balance between HVO and mineral diesel should consider both the environment and value for money.
- 4.3 LFB has engaged with its fire appliance suppliers, Scania and Mercedes, who have confirmed that using HVO instead of, or alongside, standard diesel in the LFB's fire appliances carries no adverse impact on performance, servicing, or warranties. A pilot scheme has been carried out with Babcock (LFB's vehicle provider) to test a fire appliance under 'blue light' conditions. Babcock also carried out a tailpipe emissions test.
- 4.4 The outcome of this pilot scheme confirmed that the emissions will be zero for HVO fuel; and that there was no adverse impact on the fire appliance's performance or maintenance regime.

Procurement comments

- 4.5 The route to market used is the CCS compliant framework, which is accessible to LFB. A further competition will be completed to ensure the contract is tendered in accordance with the Public Contract Regulations 2015. This framework was identified as the preferred option as it is used by numerous public bodies, and the suppliers within the Framework are recognised providers in the market. There is an expectation that LFB will secure good rates due to economies of scale, given the size of the client's pool and the total volume of fuel involved.
- 4.6 The procurement for the supply of fuels is managed by CCS. The CCS framework allows for a procedure called a further competition to identify the preferred bidder. A further competition will be carried out by LFB using this CCS framework and templates. The successful bidder will be notified to LFB following this competition as achieving the best overall value for money.
- 4.7 This report seeks to request authority to commit expenditure for the LFC to award the call-off contract to the preferred bidder. The new contract will last two years.
- 4.8 The approach to the procurement is compliant with LFB's Standing Orders for Contracts and Tenders (Part 3).

Conflicts of interest

- 4.9 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1 The estimated contract value is based on recent purchasing history, and represents a continuation of current activity levels, alongside the further rollout of HVO biodiesel. Further

financial information is provided in Part 2 of the report.

6. Legal comments

- 6.1 Under section 9 of the Policing and Crime Act 2017, the LFC 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 LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 6.2 By direction dated 1 April 2018, the Mayor set out those matters, for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor.
- 6.3 Paragraph (b) of Part 2 of the said direction requires the LFC 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”.
- 6.4 The Deputy Mayor's approval is accordingly required for the LFC to purchase fuel for Strategic Reserve Storage Tanks which has an estimated cost exceeding £150,000 and is set out in full in Part 2 of the report.
- 6.5 The arrangements proposed is consistent with the LFC's duty under section 7 (2)(a) of the Fire and Rescue Services Act 2004 (2004 Act) to secure the provision of personnel, services, and equipment necessary to efficiently meet all normal requirements for firefighting and under section 5A of the 2004 Act to do anything it considers appropriate for the purposes of the carrying out of any of its functions.
- 6.6 The LFC has confirmed that the proposed procurement will be conducted via the CCS framework which is compliant with the Public Contracts Regulations 2015 and the LFC's standing orders on procurement. CCS has conducted a compliant procurement in accordance with regulation 33 of the Public Contracts Regulations 2015 to set up CCS National Fuels Framework Agreement RM6177. 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 award of contract.
- 6.7 These comments have been adopted from those provided by the LFC's General Counsel Department in report LFC-24-043 to the LFC.

Appendices and supporting papers:

Appendix 1 – Report LFC-24-043 – Procurement for the Supply of Diesel and Biofuel for Strategic Reserve Storage Tanks

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will be published either within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer

Soeli Dayus has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service

Luke Bruce has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

✓

Advice

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 20 May 2024.

✓

INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:



Date:

20/05/2024