

## REQUEST FOR DMPC DECISION – PCD 215

**Title: Provision of Bulk Fuels**

### Executive Summary:

This paper seeks approval to initiate procurement action to proceed with a call-off contract for the ongoing requirement of Bulk Fuels. The Crown Commercial Services (CCS) framework for the Supply of Liquid Fuel will be utilised to compete this requirement. The duration of the call off contract will be 2 years with two optional yearly extensions (2+1+1) to commence from 1st April 2018.

### Recommendation:

The DMPC is asked to

1. Approve the initiation of procurement action for the supply of Bulk Fuels to fulfil requirements within the MPS with a contract value of £3,250,000 per annum (£13m over a four year period; 2+1+1) to commence from April 1<sup>st</sup> 2018.

### Deputy Mayor for Policing And Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

**Signature** *Spence Henderson*

**Date** *20/6/17*

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The provision of bulk fuel plays a key role in support of the day to day operation of the MPS fleet and also contributes to the contingency plans for all London's emergency services during any fuel shortages or disruption to the fuel supply chain. In the event of an industrial action affecting the fuel supply MPS is required to provide a critical fuel reserve to ensure continuation of operational policing for a minimum of 10 days, before the national emergency plan for fuel is invoked by the Department of Energy and Climate Change.

#### **2. Issues for consideration**

- 2.1. See the Part 2 for details.

#### **3. Financial Comments**

- 3.1. The MPS requires funding of £13m over the four year contract period and this can be contained within the budget.

#### **4. Legal Comments**

- 4.1. There are no legal implications arising from this report. Call off from a current Framework Agreement that is accessible to the MPS is a compliant route to market in accordance with the Public Contracts Regulations 2015.

#### **5. Equality Comments**

- 5.1. There are no direct equality or diversity implications arising from this report

#### **6. Background/supporting papers**

- 6.1. Report.

**Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

**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 as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rational for non-publication.

Is there a **part 2** form – Yes

If yes, for what reason: EXEMPT under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011.

**ORIGINATING OFFICER DECLARATION:**

<b>Head of Unit:</b> The Chief Financial Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.		✓
<b>Legal Advice:</b> The MPS legal team has been consulted on the proposal.		✓
<b>Financial Advice:</b> The Chief Financial Officer has been consulted on this proposal.		✓
<b>Equalities Advice:</b> No Equality and Diversity issues identified.		✓

**OFFICER APPROVAL****Chief Executive Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

R. Lawrence

Date

15/06/17



## INVESTMENT & ADVISORY BOARD (IAB)

9<sup>th</sup> June 2017

### Provision of Bulk Fuels – SS3/17/53

#### **EXECUTIVE SUMMARY**

This Business Justification paper seeks approval to initiate procurement action to proceed with a call-off contract for the on-going requirement of Bulk Fuels. The Crown Commercial Services (CCS) framework for the Supply of Liquid Fuel will be utilised to compete this requirement. The duration of the call off contract will be 2 years with two optional yearly extensions (2+1+1) to commence from 1<sup>st</sup> April 2018.

#### **A. RECOMMENDATIONS - That**

1. Approval is sought to initiate procurement action for the supply of Bulk Fuels to fulfil the requirements of the MPS, with a contract value of £3,250,000 per annum (£13m over a four year period, 2+1+1) to commence from 1<sup>st</sup> April 2018.

#### **B. SUPPORTING INFORMATION**

1. The provision of bulk fuel plays a key role in support of the day to day operation of the MPS fleet and also contributes to the contingency plans for all London's emergency services during any fuel shortages or disruption to the fuel supply chain. In the event of an industrial action affecting the fuel supply MPS is required to provide a critical fuel reserve to ensure continuation of operational policing for a minimum of 10 days, before the national emergency plan for fuel is invoked by the Department of Energy and Climate Change.
2. Marine fuel is fundamental in supporting the operation of the MPS Marine Policing Unit (MPU) which is responsible for policing the 47 miles of River Thames within the MPS area (Dartford to Hampton Court) as well as providing specialist response capability to over 250 miles of canals and waterways, lakes and reservoirs and other bodies of water in London.
3. Fuel for the MPS Vehicle Fleet is supplied to six bulk fuel sites geographically spread across London at locations where there are concentrations of sufficient fleet vehicles to necessitate resilience measures. Fuel drawn from these sites provides approximately 15% of the total MPS routine usage.
4. Bulk fuel for MPS buildings provides heating and back-up generation in the event of disruption to energy supply at local, regional or national level. The primary requirement is to support back-up generation.
5. Historically, the CCS Framework covered an annual combined consumption of 350 million litres and serves over 3,400 customers with a combined total of over 6,000 sites taking liquid fuel deliveries. MPS consumption previously represented between 1% and 2% of volume covered by the Framework.

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**Part 1**

6. Approval to initiate procurement action for a call-off contract for the Provision of Liquid Fuels. The contract value is £13m over a 4 year term. The contract commencement is 1st April 2018.
7. The current contracts with Certas Energy Ltd and Harvest Energy Ltd will expire on the 31<sup>st</sup> March 2018
8. The CCS Framework offers the MPS the best value for money as it combines the fuel requirements of over 200 Public Sector bodies and aligns with other GLA member's procurement strategies.
9. CCS are in the process of re-tendering the Supply of Liquid Fuel Framework and details are expected to be made available in July 2017 so that competitions via CCS can take place in August 2017.

## **C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS**

### **Equality and Diversity Impact (mandatory)**

1. There are considered to be no adverse equality and diversity implications arising from this procurement process.

### **Financial Implications / Value for Money (mandatory)**

1. Finance has approved a budget of £3,250,000 per annum (£13m over a 4 year period).

### **Legal Implications (mandatory)**

1. There are no direct legal implications arising from the recommendations set out in the report. Call-offs from a current Framework Agreement that is accessible to the MPS is a compliant route to market in accordance with the Public Contracts Regulations 2015.

### **Environmental Implications**

1. There are environmental implications associated with the use of fuel oil across the MPS fleet and potential pollution risk associated with its storage. Fleet Services will continue to monitor usage and support carbon reduction initiatives (such as replacing vehicles with reduced CO<sub>2</sub>g/km emissions per vehicle) in line with the Mayoral commitment to reduce CO<sub>2</sub>g/km emissions. In addition, Fleet Services will soon publish the Fleet Services Air Quality Strategy 2017/2020 which supports the move away from diesel fuel vehicles and towards a hybrid and electric vehicle fleet. Over the next four years Fleet Services expects a significant shift toward petrol or hybrid fuel vehicles and will therefore review the bulk fuel critical reserves to reflect the fuel usage across the fleet. There will also be an ongoing requirement to comply with the Oil Storage Regulations to prevent pollution.
2. Fleet Services are working with industry fuel partners to evaluate the potential use of Gas to Liquid (GTL) to replace diesel fuel usage, which will include Marine Fuel and Heating Oil. GTL potentially can offer significant reductions in atmospheric pollutants especially oxides of nitrogen and particulate matter. Fleet Services will be evaluating this new fuel

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Part 1**

technology in the near future along with understanding potential costs and if successful we will include this in the new technical specification.

**Risk (including Health and Safety) Implications (mandatory)**

1. The current contracts with Certas Energy Ltd and Harvest Energy Ltd will expire on the 31<sup>st</sup> March 2018
2. The Provision of Bulk Fuels is an essential requirement for MPS in order to meet its operational capability. Therefore, if a solution for the supply is not implemented following the current arrangements, the MPS operational effectiveness and ability to supply contingent fuel would be compromised.
3. The current CCS Framework expires on the 11th August 2017; thereafter no further call-off action can take place.

**Exemptions**

1. The Business Justification paper has been included in Part 2 (separate attachment) and has areas that are considered commercially sensitive and therefore are exempt from publication for the following reasons:
  - Part 2 is exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011.
  - The FOIA that would exempt this information from disclosure is:  
Section 3 - Economic Case – Option 4: **(Section 43: Commercial Interests)**.  
Section 4 – Management Case Paragraph 2: **(Section 43: Commercial Interests)**.
2. Part 2 will cease to remain confidential until 7 years from the end date of the contract award date: 31<sup>st</sup> March 2029.

**Report author:** (Selina Patel, Compliance & Audit Control Team Member and 0207 161 1467 & Kim Alliband, Fuel Manager, 0207 161 1423)

