

**REQUEST FOR DEPUTY MAYOR FOR FIRE AND RESILIENCE DECISION – DMFD168**

**Title: Procurement for the Supply of Diesel and Hydrotreated Vegetable Oil for Strategic Reserve Storage Tanks**

**Executive summary:**

This report requests the approval of the Deputy Mayor for Fire and Resilience to authorise the London Fire Commissioner (LFC) to commit revenue expenditure to enter a contract for the supply of diesel and hydrotreated vegetable oil (HVO) for strategic reserves, for the value set out in part 2 of the report, following a procurement exercise. London Fire Brigade has 37 strategic storage tanks located at fire stations, which provide an adequate stock of diesel for six weeks (based on average consumption) to enable the LFC to support the frontline service delivery. These tanks are used for day-to-day refuelling by the stations they are attached to, and ensure frontline services are maintained.

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 and Resilience authorises the LFC to commit revenue expenditure to enter a contract for the supply of diesel for strategic reserves, for the value set out in part 2 of the report following a procurement exercise.

**Deputy Mayor for Fire and Resilience**

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

The above request has my approval.

**Signature:**



**Date:**

**15/6/22**

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR**

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

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

- 1.1 Report LFC-0683x to the London Fire Commissioner (LFC) sets out the background to the request to give approval for the LFC to commit revenue expenditure to enter a contract for the supply of diesel for strategic reserves, for the value set out in part 2 of the report, following a procurement exercise.
- 1.2 In 2005, London Fire Brigade (LFB) replaced 39 above-ground diesel tanks. All tanks had a capacity of 5,000 litres, apart from those at Croydon (20,000 litres) and Kensington (1,500 litres). In January 2014, following the closure of Kingsland Road and Southwark fire stations, two diesel tanks were removed.
- 1.3 The strategic capacity of the remaining 37 diesel tanks provides an adequate stock of diesel for six weeks (based on average consumption) to enable the LFC to support the frontline service delivery, if there is 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.
- 1.4 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. This may be, for example, due to bad weather or if there is an issue with supply at petrol stations.
- 1.5 The previous procurement was undertaken using the Crown Commercial Services (CCS) Framework, following a national aggregation of public-sector requirements and a further competition between framework suppliers.
- 1.6 The previous total spend over 2019-20 and 2020-21, with Certas Energy, was £814,000. 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 the commodity cost of diesel; the fixed supplier margin; and the CCS fixed fee for managing the framework.
- 1.7 Given 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 term of the contract.

#### **2. Objectives and expected outcomes**

- 2.1 This contract will support the delivery of LFB frontline services. The bulk storage provision is required to ensure resilience is maximised where difficulties in obtaining fuel might be experienced, 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 is reasonably possible by maximising the quantity of fuel held by the bulk fuel-storage arrangements.
- 2.2 The route to market used is the CCS-compliant framework, which is accessible to the LFC. A further competition has been 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 client pool and the total volume of fuel involved.

- 2.3 The CCS Framework allows for a procedure, called a further competition, to identify the preferred bidder; this was finalised in January 2022. The further competition was carried out by CCS, with the suppliers, on the framework. Following this competition, the preferred bidder was notified to the LFC as achieving the best overall value for money. This report requests authority for the LFC to commit expenditure to award the call-off contract to the preferred bidder.
- 2.4 The table set out below shows the fuel purchased at stations during the past two years. An instruction was issued by the Assistant Commissioner, Fire Stations, in March 2020 to request that appliances should be refuelled at local petrol stations, and that the reserve fuel tanks should not be used. This request was rescinded in June 2020. Additionally, it should be noted that the LFC's fuel-card supplier (BP) determined that fuel could be obtained from its fuel service station without charge. This resulted in less fuel being obtained from the bulk tanks, and reduced the fuel expenditure.

<b>Financial Year</b>	<b>Fuel expenditure</b>
2021/22	£390,000 (estimated)
2020/21	£258,000

- 2.5 The framework provider (CCS) has confirmed that, should LFB wish to move in whole or in part to using hydrotreated vegetable oil (HVO), this can be arranged with the winning supplier. At the present time, HVO is estimated to cost about 10 per cent more than diesel fuel. It is anticipated that the fuel provided under the proposed contract will primarily be diesel, with LFB aiming to move toward greater use of HVO, notwithstanding other initiatives such as the development of new types of fire appliances using other fuel sources. The estimated contract value set out in part 2 of the report incorporates the potential financial impact of greater use of HVO under this contract. Further considerations regarding the use of HVO are set in paragraphs 4.2-4.3.

### **3. Equality comments**

- 3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to consider 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 been undertaken, which found that there is neither a positive nor negative impact on individuals within any of the protected characteristics groups; and that there are no further opportunities to advance equality between people who share a protected characteristic, nor to foster good relations in the community.

#### **4. Other considerations**

##### Workforce comments

- 4.1 There are no workforce implications, nor any for consultation with representative bodies other than for information purposes.

##### Sustainability comments

- 4.2 It is suggested that, within the new contract, the option of moving to HVO and away from mineral diesel is considered. HVO is a paraffinic, synthetic diesel and a drop-in replacement for conventional mineral diesel; and it has the potential to save carbon emissions. The plant feedstock used to produce HVO absorbs CO<sub>2</sub> as it grows, meaning the 'well to wheel' emissions are substantially lower than with 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. Presently, HVO is 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 Engagement with LFB's fire appliance suppliers, Scania and Mercedes, has confirmed that there is no adverse impact on performance, servicing or warranties by using HVO instead of, or alongside, standard diesel in the LFC's heavy vehicles. In order to understand any operational risks of using HVO instead of standard diesel, LFB has requested that Babcock (LFB's vehicle provider) carry out a standard performance test. This will test the fire appliance under 'blue light' conditions. Babcock will also carry out a tailpipe emissions test.

#### Procurement comments

- 4.4 Appendix 1 of report LFC-0683x summarises the current usage and market information available, and the estimated future expenditure.

#### Conflicts of interest

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

### **5. Financial comments**

- 5.1 Provision for this expenditure has been made within LFC's Fire Stations budget. Further financial information is discussed in part 2 of this report.
- 5.2 There are no direct financial implications for the GLA.

### **6.1 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 for Fire and Resilience (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 diesel 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 are consistent with the LFC’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.
- 6.6 Furthermore, under section 7 (2)(a) of the aforementioned legislation, the LFC has the power to secure the provision of personnel, services and equipment necessary to efficiently meet all normal requirements for firefighting.
- 6.7 The report sets out details for the proposed procurement; and procurement via the CCS framework is compliant with the Public Contracts Regulations 2015. CCS has conducted a OJEU-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 has aggregated public-sector requirements and undertaken a further competition, from which the LFC is able to make a compliant call-off award of contract.
- 6.8 These comments have been adopted from those provided by the LFC’s General Counsel Department in report LFC-0683x to the LFC.

**Appendices and supporting papers:**

Report LFC-0683x – 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 either be published 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**

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

✓

**Assistant Director/Head of Service**

Niran Mothada 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 23 May.

✓

**EXECUTIVE DIRECTOR, RESOURCES: Signed by Enver Enver on behalf of David Gallie**

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

**Signature**



**Date**

**14/6/22**