

**Report to:** Bram Kainth, Executive Director of Place in consultation with Cllr Chevoppe-Verdier, Cabinet Member for Public Realm

**Date:** 06/08/2025

**Subject:** Procurement Strategy and Contract Award for Short-Term Diesel Provision

**Report author:** Pat Cosgrave, Service Lead for Street Environment Services

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## SUMMARY

London Borough of Hammersmith and Fulham Council (the “Council”) is currently in the process of procuring a two-year contract for the provision of Liquid Fuels from 1<sup>st</sup> April 2026.

Due to unexpected issues within the supply chain currently, there is an urgent need to procure a short-term solution for liquid fuel provision from 1<sup>st</sup> September 2025 to 31<sup>st</sup> March 2026. Further details are included in Appendix 1.

This decision report seeks approval for the Council to procure and award a contract for the provision of Diesel, via a Direct Award through the Eastern Shires Purchasing Organisation (ESPO) Liquid Fuels Framework (the “Framework”) reference 301\_22 to the Preferred Supplier, identified in Appendix 1 (the “Preferred Supplier”).

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## RECOMMENDATIONS

1. Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
  2. To approve a contract award to the Preferred Supplier for the Contract Award Value included in Appendix 1 (the “Contract Award Value”), using the Framework, for the provision of liquid fuels for a seven-month period from 1<sup>st</sup> September 2025 to 31<sup>st</sup> March 2026.
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## Wards Affected: All

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Our Values	Summary of how this report aligns to the <a href="#">H&amp;F Corporate Plan</a> and the H&F Values
Building shared prosperity	This value has been considered but we are unable to impact on local shared prosperity as there are no local providers for the services. We will however ensure that the provider pays

Our Values	Summary of how this report aligns to the <a href="#">H&amp;F Corporate Plan</a> and the H&F Values
	staff engaged in the delivery of the services, the London Living Wage or equivalent.
Creating a compassionate and inclusive council	The services being awarded enable the Council to operate vehicles which deliver services to all residents, including those delivering services to vulnerable people.
Doing things with local residents, not to them	This value has been considered but as we are purchasing a commodity via an established framework local residents would not be consulted.
Being ruthlessly financially efficient	Procuring the services through a national framework with its associated collective buying power should help ensure the Council receives a competitive margin and overhead price due to economies of scale.
Taking pride in H&F	A significant proportion of the fuel being procured is used by our waste and street cleansing and parks services allowing them to maintain the public amenity.
Rising to the challenge of the climate and ecological emergency	A significant proportion of the fuel being procured is used by our waste and street cleansing services allowing them to continue to deliver dry mixed recycling, garden waste and food waste recycling services, minimising the amount of waste arisings being sent to the energy from waste facility.

## Financial Impact

Due to unexpected issues within the fuel supply chain currently, there is an urgent need to procure a short-term solution whilst a longer-term procurement exercise is progressed. This report recommends a direct contract award to the Preferred Supplier detailed in Appendix 1, for the supply of liquid fuels for the seven-month period 1<sup>st</sup> September 2025 to 31<sup>st</sup> March 2026. Separately a procurement exercise is being progressed to secure the supply of fuel for a two-year period 1<sup>st</sup> April 2026 to 31<sup>st</sup> March 2028.

It is proposed to directly award to the Preferred Supplier using the Framework, which is expected to provide a better price compared to the interim measures that have had to be put in place (purchasing fuel via the Council's waste contractor's supplier). The decision to award will be based on the supplier margin and overhead price per litre over and above the current commodity price.

Due to the fluctuations in fuel commodity prices, it is impossible to accurately predict the total spend. However, the estimated contract value is included in Appendix 1.

*Kellie Gooch, Head of Finance (Place), 30<sup>th</sup> July 2025*

*Verified by: James Newman, Assistant Director of Finance (Deputy S.151 Officer),  
30<sup>th</sup> July 2025*

## **Legal Implications**

This report recommends that the Strategic Leadership Team (SLT) member approves the strategy and direct contract award to the Preferred Supplier for the provision of liquid fuels. The procurement will be carried out under the Framework. Calling off from a valid framework satisfies the requirements of the Procurement Act 2023 and the Council's Contract Standing Orders.

The decision is a Key Decision.

The appropriate decision maker is the SLT Member.

*Angela Hogan, Chief Solicitor (Contracts and Procurement) 30<sup>th</sup> July 2025*

## **Procurement Comments**

Based on the details provided in this report, CSO 19.4. at Section D – High Value Contracts – Over the Services Threshold of the Council's CSOs has been complied with.

The framework proposed for use has been subject to full diligence checks by the Procurement and Commercial team, which have not identified any issues of concern. The framework is therefore compliant for use by the Council in procuring this requirement.

The procurement project must be set up on the capitalEourcing eProcurement portal, and all associated details and documents must be attached to the project

The Procurement and Commercial team have confirmed all Conflict of Interest and Confidentiality Undertaking Declarations have been completed and must be uploaded to the Council's capitalEourcing eProcurement portal once the project has been created.

A Contract Details Notice must be published to the Find a Tender Service (FTS), to satisfy the requirements of the Public Contracts Regulations 2015 for contracts equal to and over £30,000 (including VAT). This must be completed using the Council's capitalEourcing eProcurement portal.

The contract must be added to the capitalEourcing eProcurement portal, to ensure it is published on the Council's Contract Register in line with the legislated transparency obligations.

A named contract manager must be allocated to the contract on the Council's capitalEourcing eProcurement portal.

*Kiera May, Category Specialist – Procurement and Commercial, 30<sup>th</sup> July 2025*

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## **Background Papers Used in Preparing This Report**

None

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## **DETAILED ANALYSIS**

### **Background**

1. The Council has capacity for approximately 72,000 litres of diesel in its fuel bunkers at Bagley's Lane depot. The Fleet Management team purchase 36,000 litres approximately every three weeks. This is to ensure resilience by never allowing the fuel supplies to be much less than half the full capacity.
2. The provision of a two-year agreement to supply liquid fuels for the Council's requirements is currently the subject of a separate procurement strategy that is being brought forward for Cabinet member decision imminently. That report recommends procuring the services via a bulk e-auction conducted by the Crown Commercial Services Framework for a period of two years, effective from 1<sup>st</sup> April 2026.
3. Subsequent to that report being prepared, the Council is experiencing unexpected issues within the supply chain necessitating officers to put in place interim arrangements to ensure the continued supply of fuels required to deliver our services to residents.
4. In the immediate term, officers are utilising an existing mechanism within the waste and street cleansing contract to purchase fuel from our contractor, Veolia's, fuel supplier.
5. However, officers believe that a better price can be achieved by calling off the services against a compliant national framework. In this case the Framework allows us to directly award to a provider.
6. The decision to award will be based on the supplier margin and overhead price per litre over and above the commodity price published by the Framework provider on the Monday of the week of the order for fuel being placed (see section 26).
7. Estimated costs are contained in Appendix 1.

### **Reasons for Decision**

8. The decision will allow the Council to continue delivering vital services to its residents at the lowest cost commodity price.

## **Contract Specifications Summary**

9. The services being procured are solely for the provision of diesel fuel.

## **Procurement Route Analysis of Options**

10. The supplies, service, and/or works being procured have been identified as falling within the scope of 09134200 (Diesel Fuel) and the Contract Value, assuming that any options to extend will be taken, means the procurement falls in-scope of the Procurement Act 2023, Procurement Regulations 2024, and the Councils CSOs.

### **Option 1: Decommission the service or requirement – Not Recommended**

11. Fuel is a critical element in ensuring the Council can deliver several of its core services to the Borough and its residents therefore this option is not recommended.

### **Option 2: Use an existing contract, established by the Council, to provide the supplies, services, and/or works – Not recommended**

12. Whilst there is a provision for fuel supply within the existing waste and street cleansing contract, analysis of this option identified that it was unlikely to achieve financial or operational benefits although it can be used as an emergency interim measure.

### **Option 3: Undertake a fully regulated competitive and compliant procurement process, advertised to the market – Not Recommended**

13. Whilst it is recognised that a fully regulated competitive procurement process advertised to the market would deliver the greatest level of competition a significant driver in establishing this contract is putting in place a supply arrangement at the soonest opportunity. Typically, a full regulated competitive procurement process can take between 12-24 months to conclude and award a contract and for this reason it is not recommended for this requirement.

### **Option 4: Procure using a compliant framework, Dynamic Purchasing System (DPS), or Dynamic Market – Recommended**

14. The recommended route to the market is to directly award the services via the Framework which will enable the Council to access pre-approved suppliers who have been assessed for quality, capability, and value for money.

## **Market Analysis and Engagement**

15. Preliminary Market Engagement (PME) was not undertaken for this requirement. The procurement is being run via a compliant procurement framework and market engagement has not been identified as being critical to

undertaking a successful procurement process and the appointment of a supplier is considered urgent.

### **Conflicts of Interest**

16. All officers and decision makers, including elected members (where appropriate), have been required to complete a Conflict-of-Interest Declaration form to record any actual, potential, and/or perceived conflicts, along with appropriate mitigations (as appropriate), on the Conflicts Assessment.
17. Approval of this Procurement Strategy by the Strategic Leadership Team (SLT) member and elected member (as applicable) constitutes their declaration that they do not have any actual, potential, and/or perceived conflicts, relevant to this procurement, except where a specific Conflict of Interest Declaration form has been completed and provided, advising differently.
18. The Conflicts Assessment will be kept under review and updated throughout the life of the project (from project inception to contract termination).

### **Local Economy and Social/Added Value**

19. The market is mature with a limited number of potential suppliers. As we are solely purchasing a commodity there is limited scope for additional local community value from suppliers working to tight margins.

### **Lot Considerations**

20. The contract is not being split into lots as the Council is proposing use of a procurement framework that has already been lotted.

### **Duty to Consider Small and Medium-sized Enterprises (SMEs) and Voluntary, Community, and Social Enterprises (VCSEs)**

21. Officers have considered barriers to SMEs and VCSEs, but such groups are unlikely to be able to supply the commodity at a financially viable price.

### **People Based Considerations**

22. The Transfer of Undertakings (Protection of Employment) Regulation 2006 (UKSI 2006/246) (TUPE) is not applicable to this contract. All bidders will be required to pay their staff London Living Wage or National Minimum Wage as appropriate.

### **Risk Assessment and Proposed Mitigations**

23. The table below includes the key risks and proposed mitigations identified as being relevant to this requirement

<b>Identified Risk</b>	<b>Proposed Mitigations</b>
1. Value of contract	This risk is mitigated by using an established compliant framework agreement.
2. Commodity price volatility	By awarding via a framework this risk is mitigated as far as possible by giving greater certainty around the supplier's margin, management charges and delivery charges.
3. Commodity quality	This mitigated by using a reputable pre-qualified supplier from a recognised framework.
4. National commodity shortage	Save in the event of a government national emergency where fuels would be prioritised for emergency and military services, procuring via a framework gives the best surety of supply.

### **Contract Duration Considerations**

24. The contract will run for 6 (six) months between 1<sup>st</sup> September 2025 to 31<sup>st</sup> March 2026 (inclusive), after which time a long-term supplier will have been appointed to provide the services.

### **Timetable**

25. The table below provides an estimated timetable of the competition process through to contract commencing.

<b>Action</b>	<b>Date</b>
1. Key Decision Entry (Strategy/Award)	Monday, 14 July 2025
2. Contracts Assurance Board (Strategy/Award)	August 2025
3. SLT/Cabinet Member/Cabinet Sign off (Strategy)	After 12 August 2025
4. Contract Engrossment	By end of August 2025
5. Contract Details Notice	By end of August 2025
6. Contract Signed	Monday, 8 September 2025
7. Contract Start Date	Monday, 22 September 2025
8. Contract End Date	Monday, 6 April 2026

## **Selection and Award Criteria**

26. The contract award is a direct award to the supplier with the lowest margin price for Ultra Low Sulfur (ULS) Diesel that has already been submitted to the Framework. The supplier who bid the lowest pence per litre supplier margin (including supply cost, distribution/delivery cost, cost of credit, overhead and profit, management fee) within the relevant lot is the Preferred Supplier. The supplier margin and framework management fee are fixed for the contract term. ESPO will publish the commodity costs weekly, based on the Platts Global commodity index price, and the cost for fuel that week will be the commodity cost + supplier margin + framework management fee.
27. Whilst quality will not be assessed as part of the award criteria, quality criteria for all suppliers has already been assessed by ESPO as a condition of suppliers' entry to the framework.

## **Contract Management**

28. The main Key Performance Indicator (KPI) for this contract will be that the ordered fuel can be delivered within 3 (three) working days of order and is of the agreed standard. The relationship with the Preferred Supplier will be managed by the Council's Fleet and Depot Manager.
29. The price paid will fluctuate based on the commodity price, and any changes in fuel duty. However, the Preferred Supplier will fix their supplier margin for the duration of the contract at the point of bid.

## **Equality and Inclusion Implications**

30. A completed Equality Impact Assessment (EIA) is attached at Appendix 2. As the service required is for the supply of diesel fuel, a commodity contract with no direct service delivery or staffing implications, officers do not consider that there are any direct impacts on individuals or groups who share protected characteristics.
31. However, the fuel supports essential frontline services, including those serving vulnerable residents, and continuity of supply indirectly supports equitable access to services.
32. All suppliers are required to pay staff at least the LLW or National Minimum Wage, supporting fair and inclusive employment practices.
33. Officers will continue to review the EIA and update it with mitigations should any impacts become apparent.

*Verified by: Yvonne Okiyo, Strategic Lead Equity, Diversity, and Inclusion (EDI) 30<sup>th</sup> July 2025*



## **Risk Management Implications**

34. In addition to the risks described above, there is a reputational risk that the continued use of liquid fuel vehicles (particularly diesel ones) is viewed by residents and local press as an example of the Council's lack of commitment to the environment. This risk should be reduced. It is recommended that a suitable communication strategy is developed with corporate communications to be released as part of regular residents' updates.

*Jules Binney, Risk and Assurance Manager, 30<sup>th</sup> July 2025*

## **Climate and Ecological Emergency Implications**

35. Whilst the Council does not have the required infrastructure to transition fleet to electric vehicles it will inevitably still have a reliance on diesel powered vehicles to deliver essential services to our residents. We recognise this is a short-term interim arrangement whilst a longer-term provider for diesel and Hydrotreated Vegetable Oil (HVO) is procured. The new arrangement from April 2026 will allow the Council the option to use HVO rather than standard diesel which will reduce the emissions arising from the delivery of services and mitigate the climate impacts of operations as far as possible within the current infrastructure constraints.
36. We note that the UK government has made a commitment to phase out all non-zero emission heavy goods vehicles by 2035. The Climate Change & Transport Team will continue to support Street Environmental Services, and the Fleet Manager identify potential funding opportunities for delivering the necessary Electric Vehicle (EV) charging infrastructure and the procurement of larger zero emission vehicles.

*Ben Kennedy, Senior Service Manager – Climate & Transport, 29<sup>th</sup> July 2025*

## **Local Economy and Social Value Implications**

37. Any Social Value element of this contract will be subject to the conditions laid out in the Framework in the first instance.
38. It is recommended that the commissioner and Social Value Officer will work with the Preferred Supplier, upon contract commencement, to finalise any Social Value commitments to ensure they are supported by a delivery plan and aligned to the priorities of the London Borough of Hammersmith and Fulham (LBHF).
39. It is recommended that the commissioner works closely with Legal Services to ensure any social value commitments are reflected in the contract, so that the Council can enforce its right to remedies if social value commitments are not delivered.

*Harry Buck, Social Value Officer – Procurement, 30 July 2025*

### **Digital Services and Information Management Implications**

40. There are no IT implications arising from this report.

*Cinar Altun, Strategy Lead – Digital Services, 29<sup>th</sup> July 2025*

### **LIST OF APPENDICES**

Appendix 1 (Exempt) – Contract Details

Appendix 2 – Equalities Impact Assessment (EIA)