

**Committee Report Checklist**

Please submit the completed checklists with your report. If final draft report does not include all the information/sign offs required, your item will be delayed until the next meeting cycle.

**Stage 1**

**Report checklist – responsibility of report owner**

ITEM	Yes / No	Date
Councillor engagement / input from Chair prior to briefing	Yes	21/4/26
Relevant Group Head review	Yes	17/4/26
MAT+ review (to have been circulated <b>at least 5 working days before Stage 2</b> )	Yes	17/4/26
This item is on the Forward Plan for the relevant committee	Yes	17/4/26
	Reviewed by	
Finance comments (circulate to Finance)	A.Sood	17Apr.26
Risk comments (circulate to Lee O’Neil)	LO	27/04/26
Legal comments (circulate to Legal team)	LH	19/04/26
HR comments (if applicable)	n/a	

For reports with material financial or legal implications the author should engage with the respective teams at the outset and receive input to their reports prior to asking for MO or s151 comments.

Do not forward to stage 2 unless all the above have been completed.

**Stage 2**

**Report checklist – responsibility of report owner**

ITEM	Completed by	Date rec’d
Monitoring Officer commentary – at least <b>5 working days before MAT</b>	L Heron	19/04/26
S151 Officer commentary – at least <b>5 working days before MAT</b>	T.Collier	17/4/26
Commissioner engagement		
	Delete as applicable:	No issues <b>8/5/26</b>
Confirm final report cleared by MAT	<b>MAT</b>	<b>28/4/26</b>

# Corporate Policy and Resources

Monday 18 May 2026

<b>Title</b>	<i>Fuel Purchasing</i>
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	<i>Jackie Taylor Group Head Neighbourhood Services</i>
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No - <b>Main report.</b> Yes - <b>(Exempt) Appendix A</b>
<b>Exemption Reason</b>	<b>Exempt Appendix A</b> contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to Information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in any lease, contract or other type of negotiation with the tenant or developer, who could then know the position of the Council
<b>Corporate Priority</b>	Community Resilience Environment Services
<b>Recommendations</b>	<b>Committee is asked to:</b> <b>1. Authorise the Group Head of Neighbourhood Services to:</b> 1.1 Commence a procurement exercise via an appropriate public sector framework for the provision of fuel supply, for an initial period of two (2) years with an option to extend for a further one (1) year, where permitted by the framework agreement. 1.2 Approve a maximum contract value as detailed within <b>6.9 of this report</b> , in accordance with the appropriate level of delegation as set out in the Spelthorne Borough Council Constitution. 1.3 Authorise the Group Head Corporate Governance to enter contracts and all ancillary documentation with the selected supplier.

<p><b>Reason for Recommendation</b></p>	<p>Committee approval is required to enable the Council to procure fuel through an existing compliant framework, in line with the Council's Contract Standing Orders.</p> <p>This approach ensures a compliant, efficient, and cost-effective route to market while maintaining service continuity and operational efficiency.</p>
---	--

## 2. Executive summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>Neighbourhood Services (NS) does not currently have a formal contract in place for the procurement of fuel for its operational fleet.</li> </ul>	<ul style="list-style-type: none"> <li>The ongoing and high-value nature of this expenditure requires compliance with the Council's Contract Standing Orders.</li> <li>Without a formal contract, there is a risk of non-compliance, lack of cost control, and inconsistency in service provision.</li> </ul>
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> <li>Undertake a formal procurement exercise for the supply of fuel for the Council's operational fleet, using a framework agreement for a period of 2+1 years.</li> </ul>	<ul style="list-style-type: none"> <li>Develop a detailed service specification outlining requirements, volumes, and service expectations.</li> <li>Prepare and issue tender documentation in line with Council procurement procedures.</li> <li>Conduct a compliant procurement process, including evaluation of submissions and appointment of successful supplier.</li> </ul>

## 3. Key issues

- 3.1 The Council operates a fleet of both large and small vehicles used in delivery of its services such as waste, street cleaning, grounds maintenance, community transport, and enforcement. In total the Council operates seventy-two vehicles.
- 3.2 The Council maintains two fuel storage facilities located at its key operational sites. These facilities can store large volumes of fuel, including diesel and Hydrotreated Vegetable Oil (HVO).
- 3.3 The delivery of frontline services is dependent on a consistent supply of fuel, which is stored within these bulk tanks. Fuel is typically ordered on a fortnightly basis and delivered by tanker to both Council sites. Currently, purchases are made on a spot basis, with prices obtained from three suppliers at the time of order to ensure value for money. The annual expenditure on fuel is set out in **(Exempt) Appendix A**.

- 3.4 Given the Council’s existing storage capacity and operational requirements, the direct purchase and storage of fuel represent the most economically advantageous and operationally effective approach. This model supports service continuity, enhances resilience, and aligns with procurement best practice and relevant legislative obligations.
- 3.5 In 2025, the Council approved a capital growth bid for the replacement of fuel tanks at the operational sites, as the current infrastructure had reached the end of its serviceable life. The new tanks have been procured and are scheduled for installation during 2026.
- 3.6 This investment will enable a transition from conventional diesel to Hydrotreated Vegetable Oil (HVO), providing the capacity and flexibility required to support a more sustainable and resilient fuel supply.
- 3.7 HVO can deliver lifecycle greenhouse gas emissions savings of up to 80–90% compared to standard diesel, depending on feedstock and supply chain certification. The transition will therefore make a significant contribution towards the Council’s carbon reduction targets while maintaining operational performance across the fleet.

**4. Options appraisal and proposal**

**4.1 Option 1 – Open Tender (Fixed or Indexed Pricing)**

Award a contract (e.g., 2–4 years) to a single supplier through a competitive tender, with pricing either fixed or indexed to market benchmarks. This option provides stability and resilience but may not always achieve the lowest possible price.

<b>Advantages</b>	<b>Disadvantages</b>
Greater price certainty and budget predictability	Risk of being tied to an uncompetitive supplier over time
Improved supply security through contractual obligations	Reduced flexibility if market prices fall
Potential for added value services (e.g., tank monitoring, emergency supply)	

**4.2 Option 2 – Continue Spot Purchasing (Current Approach)**

Fuel is procured on a fortnightly basis via quotes from three suppliers, selecting the lowest price at the time of order. While this approach ensures compliance with value-for-money principles, it lacks long-term cost certainty and resilience.

<b>Advantages</b>	<b>Disadvantages</b>
Flexibility to respond to market price fluctuations	Exposure to fuel price volatility and market spikes
No long-term contractual commitment	Limited ability to secure long-term value or discounts
Encourages competition between suppliers at each purchase	Reduced supply security during periods of market disruption
Simple and low administrative burden	Non-compliant with Procurement Regulations and the Council’s Contract Standing Orders.

- 4.3 **Option 3 –(preferred) Framework Agreement (Call-Off Contract)** Access an existing public sector framework for a period of 2+1 years and call off fuel supply as needed. This option is a low-risk, compliant option that balances efficiency with value, though potentially less tailored.
- 4.4 A **framework agreement** gives the Council access to pre-approved suppliers and tailored call-off contracts.
- 4.5 A **call-off contract** is a specific purchase made under a framework agreement, allowing the Council to buy goods or services from pre-approved suppliers without running a full procurement process each time.

<b>Advantages</b>	<b>Disadvantages</b>
Fully compliant with Procurement regulations.	Less control over supplier selection and pricing structure.
Reduced procurement time and complexity.	Framework terms may not fully align with Council needs.
Pre-vetted suppliers ensure quality and reliability.	
Potential for aggregated buying power and better pricing.	

- 4.6 In the context of the forthcoming Local Government Reorganisation (LGR) in Surrey, the use of a framework agreement for the procurement of fuel represents the most appropriate and proportionate approach.
- 4.7 LGR introduces a period of uncertainty regarding the future structure, scale, and operational requirements of the Council and the future West Surrey unitary authority. Entering a long-term single supplier contract at this stage would create unnecessary risk, including potential contractual inflexibility, complications in contract transfer, and misalignment with future service delivery models.
- 4.8 A framework agreement provides the necessary flexibility to adapt to changing requirements during and after the transition. It enables the Council to access a range of pre-approved suppliers and undertake call-off contracts of appropriate duration.
- 4.9 This approach also ensures continuity of supply for critical frontline services, while maintaining compliance with procurement regulations and reducing administrative burden during a period of organisational change.
- 4.10 Importantly, it preserves the ability for the West Surrey unitary authority to aggregate demand and achieve greater economies of scale, rather than being constrained by legacy contractual arrangements.
- 4.11 Accordingly, the framework option is considered the lowest risk, most flexible, and strategically aligned approach, ensuring value for money while supporting both current operations and future transition under LGR.

## **5. Risk implications**

- 5.1 The proposed use of a framework agreement for fuel procurement presents several risks; however, these are considered manageable and are

outweighed by the benefits, particularly in the context of Local Government Reorganisation (LGR).

<b>Risk</b>	<b>Implication</b>	<b>Mitigation</b>	<b>Risk Level</b>
<b>Market Price Volatility</b>	Fuel prices fluctuate, meaning the Council may not always achieve the lowest possible price compared to spot purchasing.	Use frameworks with indexed pricing; undertake mini competition to secure competitive rates.	Medium
<b>Reduced Control Over Terms</b>	Pre-defined framework terms may limit the ability to negotiate fully bespoke contractual arrangements.	Select a framework aligned to Council needs; refine requirements within call-off contracts and apply robust contract management.	Low
<b>Supplier Performance</b>	Risk of poor supplier performance impacting fuel delivery and frontline services.	Use frameworks with multiple suppliers; ability to re-tender if required.	Low–Medium
<b>Dependency on Framework Structure</b>	Limited influence over how the framework is designed, managed, or refreshed.	Use established and reputable public sector frameworks; review suitability periodically.	Low
<b>LGR Transition Risk</b>	Procurement decisions may not align with future unitary authority requirements, leading to inefficiencies.	Let short, flexible call-off contracts with no guaranteed volumes to avoid long-term commitments; retain ability to re-procure post-LGR.	Low
<b>HVO Supply and Cost Risk</b>	HVO may be more expensive and subject to supply variability as the market develops.	Access suppliers through the framework; phase transition in line with market conditions and infrastructure readiness.	Medium

## **6. Financial implications**

- 6.1 The procurement of fuel represents a significant area of operational expenditure for the Council. The proposed use of a framework agreement is expected to deliver value for money by leveraging wider public sector buying power and enabling mini-competition, thereby securing competitive pricing. The use of indexed pricing will also provide greater budget predictability compared to spot purchasing, while reducing the need for repeated procurement exercises and associated officer workload, an important consideration during the Local Government Reorganisation (LGR) transition.
- 6.2 Framework agreements avoid the need for long-term financial commitments, allowing flexibility to align with the emerging West Surrey Unitary Authority. They also support scheduled fuel deliveries without requiring significant upfront payments, thereby assisting with effective cash flow management.

- 6.3 In addition, frameworks provide the flexibility to support a phased transition to Hydrotreated Vegetable Oil (HVO), enabling access to competitive pricing while managing potential cost pressures. This approach supports both the Council's environmental objectives and the operational resilience of the fleet.
- 6.4 In the context of LGR, the presence of Commissioners, and the application of Section 24 powers, it is essential that the Council demonstrates strong governance, transparency, and compliance across all areas of expenditure. Putting the procurement through a framework protects West Surrey by ensuring the spend is purchased in a compliant manner.
- 6.5 Neighbourhood Services (NS) currently operates without a formal contract for the procurement of fuel for its operational fleet, despite the ongoing and high-value nature of this spend. This presents risks of non-compliance with the Council's Contract Standing Orders, reduced cost control, and potential inconsistency in service provision.
- 6.6 To mitigate these risks, NS propose to undertake a formal procurement exercise for the supply of fuel via an appropriate framework agreement for an initial period of two years, with the option to extend for a further one year (2+1).
- 6.7 Fuel expenditure and budget provision are set out below AT 6.9. It should be noted that global market conditions, including geopolitical instability and supply chain pressures, continue to drive volatility in fuel prices.
- 6.8 This creates a significant financial risk to the Council, particularly in the absence of a structured procurement route. Establishing a formal arrangement will mitigate this risk by enabling improved price management and budget predictability.
- 6.9 **Fuel Spend and Usage**
- Fuel Spend (2025/26): £228,193
  - Budget (2025/2026): £369,400
  - Budget for fuel spend 2026/27: £369,400.
  - The proposed maximum contract value is £1,108,200.
- 6.10 The next steps will include the development of a detailed service specification outlining requirements, anticipated volumes, and service expectations, followed by the preparation and issue of tender documentation in accordance with Council procurement procedures.
- 6.11 A fully compliant procurement process will then be undertaken, including the evaluation of submissions and the appointment of a suitable supplier, ensuring improved governance, value for money, and consistent service delivery.

## **7. Legal comments**

- 7.1 The Council has appropriate statutory powers to enter the proposed contract pursuant to the general power of competence under section 1 of the Localism Act 2011 and the provisions of the Local Government (Contracts) Act 1997.
- 7.2 The Council is subject to the best value duty under section 3 of the Local Government Act 1999 which requires continuous improvement in the delivery

of the Council's functions, having regard to economy, efficiency, and effectiveness. The proposed contract must be in line with this obligation.

7.3 Contracts and procurement fall within the remit of the Corporate Policy and Resources Committee (part 3(b) of the Constitution).

7.4 The proposed contract(s) must comply with the Council's Contract Standing Orders and all other applicable rules and regulations. Legal Services will assist in the preparation, negotiation, and the formal completion of the necessary documentation.

## **Corporate implications**

### **8. Commissioners' comments**

8.1 Commissioners raise no objection to this report proceeding to committee.

### **9. S151 Officer comments.**

9.1 The S151 Officer confirms that all financial implications have been taken into account and that the recommendations are fully funded from within the 2026-27 Budget.

### **10. Monitoring Officer comments.**

10.1 The Monitoring Officer confirms that the relevant legal implications have been taken into account.

### **11. Procurement comments**

11.1 The proposed route offers a compliant route to market with access to a number of pre-approved suppliers. The request is subject to Procurement Board approval.

### **12. Equality and Diversity**

12.1 The proposed procurement of fuel through a framework agreement has been considered in the context of the Council's duties under the Equality Act 2010 and its broader equality and diversity commitments.

12.2 The framework approach is neutral in relation to protected characteristics, and no groups are adversely affected by the method of procurement. The process focuses on value for money, operational resilience, and compliance with legislation rather than personal characteristics of suppliers or staff.

12.3 By enabling the Council to maintain consistent service delivery, the procurement approach indirectly supports equality of access to services for all residents, including vulnerable groups who rely on Council services such as community transport, waste collection, and enforcement.

12.4 Suppliers engaged through the framework are expected to comply with all relevant equality and diversity legislation and adopt fair employment practices. The Council will continue to monitor supplier performance to ensure compliance with these requirements.

12.5 No adverse equality impacts have been identified as part of this procurement exercise, and the framework approach is fully aligned with the Council's commitment to promote equality, diversity, and inclusion in its operations.

### **13. Sustainability/Climate Change Implications**

- 13.1 The Council is committed to reducing carbon emissions and supporting the transition to a more sustainable fleet. The proposed framework agreement aligns with these objectives by enabling the phased adoption of Hydrotreated Vegetable Oil (HVO), a low-carbon alternative to traditional diesel.
- 13.2 The new fuel storage tanks, scheduled for installation in 2026 at the Council's operational depots, will support this transition, allowing the Council to store and safely manage HVO for its fleet.
- 13.3 Using a framework agreement supports sustainability in the following ways:
- Reduced emissions: Facilitates access to HVO, contributing to lower carbon output from Council vehicles.
  - Operational efficiency: Reliable fuel supply reduces the need for emergency deliveries, lowering transport emissions.
  - Supplier standards: Framework suppliers are pre-qualified against environmental and regulatory standards, ensuring responsible sourcing and distribution.
- 13.4 The phased approach to adopting HVO enables careful monitoring of environmental performance and cost, ensuring the Council meets its climate commitments without compromising service delivery.
- 13.5 Overall, the framework option strengthens the Council's ability to deliver sustainable services, reduces the carbon footprint of its operations, and contributes positively to the Council's climate change and environmental objectives.

## **14. Other considerations**

### **Local Government reorganisation**

- 14.1 The proposed approach (a contract of 2+1 years) is aligned with the approved extension principles for procurement within the context of Surrey Local Government Reorganisation as approved by the Surrey LGR Implementation Board. In the context of LGR, the presence of Commissioners, and the context of Section 24 regime, it is essential that the Council demonstrates strong governance, transparency, and compliance across all areas of expenditure.
- 14.2 Whilst Spelthorne is not formally bound by the Section 24 regime, given the value of the proposed contract we will be obliged to inform West Surrey shadow council of the proposed procurement.

## **15. Timetable for implementation**

- 15.1 If committee approval is granted to proceed with the proposal (**Option 3 Framework Agreement**), work will commence to identify suitable frameworks and undertake mini competitions as required. This will ensure ongoing value for money while maintaining alignment with the Council's operational needs and supporting the planned transition to Hydrotreated Vegetable Oil (HVO).

## **16. Contact**

- 16.1 Jackie Taylor Group Head Neighbourhood Services  
[j.taylor@spelthorne.gov.uk](mailto:j.taylor@spelthorne.gov.uk)

**Background papers: There are none.**

**Appendices: (Exempt) Appendix A**