



**Belfast City Council**

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	Duncrue Fuel Storage Facilities and Associated Infrastructure Works
<b>Date:</b>	25 January 2013
<b>Reporting Officer:</b>	Donal Rogan, Head of Contracts, Ext: 2460
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<b>1</b>	<b>Relevant Background Information</b>
1.1	At its meeting on 24 April 2009 the Strategic Policy and Resources Committee (SP&R) approved the invitation of tenders and the awarding of contracts for the replacement of the fuel storage facilities and associated infrastructure works at the Duncrue Complex.
1.2	There were complications with the initial procurement process for the fuel management system element of the project. The tenderer, recommended by ISB contractor, was bought over and could no longer meet the specification requirements.
1.3	The procurement strategy was revisited; the works element was subsequently combined with the fuel management element and a contract was eventually awarded in October 2012. The works are currently ahead of programme and the new facility is anticipated to be operational by March 2013.
1.4	Additionally, in June 2012, as part of the Council's efficiency agenda, SP&R Committee approved a high level corporate wide Fleet Improvement Programme. This was based on recommendations from the review of the Council's fleet provision undertaken by Howath Bestow, Charlton (HBC) in autumn 2011. One of the key recommendations from the report was that the council's fuel management system should be addressed as a corporate issue.

<b>2</b>	<b>Key Issues</b>
2.1	The Duncrue fuel facility is operated by Cleansing Services but a number of non-Cleansing Services vehicles also use this facility for refuelling. Refuelling facilities are available at 11 other BCC locations – ten operated by Parks & Leisure and two by Health

	<p>&amp; Environmental Services including Duncrue.</p>
2.2	<p>The contract for the new fuel storage facility was tendered before the AGRS investigation was initiated and includes on-board devices (OBDs) for all of the cleansing vehicles (180). These OBDs enable automated data collection without manual intervention and the vehicle specific data is collated by the new <i>Jigsaw</i> fuel management system.</p>
2.3	
2.4	<p>In October 2012, following an investigation by Audit Governance and Risk Services, AGRS issued key control guidance on the storage and dispensing of fuel.</p>
2.5	<p>This guidance included a specific key control measure is that <i>“Management should undertake periodic reviews of fuel usage per machine in order to determine whether or not the usage is commensurate with the work the machinery is carrying out. High or irregular usage levels should be investigated and reported upon.”</i></p>
2.6	<p>The existing contract relates solely to the 180 vehicles that make up the waste collection and street cleansing part of the BCC fleet. And although not impossible, it will be difficult for any non-OBD vehicle to be refuelled at the facility. Were non-OBD vehicles to refuel elsewhere this would raise major concerns both because of the potential delays and impact on operations and also because such refuelling would not be recorded against the vehicle.</p>
2.7	<p>Cleansing Services have therefore made a request to expand the contract to include OBDs for 167 other BCC fleet vehicles (leaving just 29 vehicles, the majority of which are mowers and cannot accommodate an OBD). Of the 167 additional vehicles, 90 have been identified as having refuelled at the Duncrue facility in the period April–November 2012.</p>
2.8	<p>The reasons for the expansion are:</p> <ul style="list-style-type: none"> <li>• to reduce the risk to the fuel system;</li> <li>• to avoid vehicles having to travel to other locations;</li> <li>• to provide greater control over fuel usage; and</li> </ul> <p>to mitigate the risk of fraud.</p>
2.9	<p>The addendum to the original economic appraisal prepared by Cleansing Services to support their request for the expansion of the contract is included at Appendix A.</p>
2.10	<p>The Fleet Improvement Programme agreed by SP&amp;R &amp; CMT in June 2012 has tasked the Head of Facilities Management with ensuring that this action is progressed so that the Fleet Management Unit can ensure that they have the ability to hold a central repository for all fleet related costs.</p> <p>The extension of these OBD’s will enable a comprehensive management of the entire vehicle fleet and full implementation of the AGRS control guidance. The OBDs are effectively proprietary items as they are specific to the <i>Jigsaw</i> fuel management system and are tailored to the software installed in the BCC system; there are no available generic OBDs which might be simply substituted.</p>

<b>3</b>	<b>Resource Implications</b>
3.1	There are no funds available within the existing capital budget for the project as the anticipated final account is expected to be close to the approved project budget of £630k.
3.2	The estimated cost of fitting all 167 additional requested OBDs is £52,000. It is proposed that the capital budget for the project should be increased by the £52,000 with the expenditure financed from the capital financing budget for 2013/14.
3.3	As part of the new fuel facility project the contractor is providing training on the fitting of OBDs, thus providing a potential future saving.

<b>4</b>	<b>Equality and Good Relations Considerations</b>
4.1	There are no equality implications.

<b>5</b>	<b>Recommendations</b>
5.1	It is recommended that the committee consider this report and decide whether the current contract for the fuel storage facility should be expanded to include an additional 167 OBDs.

<b>6</b>	<b>Decision Tracking</b>
The Director of Property and Projects will be responsible for ensuring the approved recommendation by council is implemented.	

<b>7</b>	<b>Key to Abbreviations</b>
<ol style="list-style-type: none"> <li>1. OBD; On board devices</li> <li>2. AGRS; Audit Governance and Risk</li> <li>3. CMT; Corporate Management Team</li> <li>4. HBC; Howath, Bestow, Charlton</li> </ol>	

<b>8</b>	<b>Documents Attached</b>
None	