

Open Report on behalf of Andy Gutherson – Executive Director for Place

Report to:	Councillor R G Davies, Executive Councillor for Highways, Transport and IT
Date:	Between 25th March and 1st April 2024
Subject:	Procurement of Salt for Lincolnshire County Council
Decision Reference:	I032031
Key decision?	Yes

Summary:

To approve the issuing of salt procurement for Lincolnshire County Council through the Eastern Shires Purchasing Organisation (ESPO) salt contract framework. This is a four-year framework contract which will be replacing the last ESPO framework which ends on the 30th April 2024.

Recommendation(s):

- (1) The Executive Councillor for Highways, Transport and IT approves the Council procuring gritting salt through the ESPO De-Icing Salt and Associated Products/Services Framework contract framework (1st May 2024 to 30th April 2028); and
- (2) Delegates to the Executive Director for Place, in consultation with the Executive Councillor for Highways, Transport and IT, authority to award and determine the final form of contract/s and entering into such contract/s and other legal documentation as necessary to give effect to this decision.

Alternatives Considered :

Alternative options considered and not recommended include: Do not purchase road gritting salt / Lincolnshire County Council carries out a bespoke salt procurement contract or procures road gritting salt from an existing contractual arrangement.

Reasons for Recommendation:

The utilisation of the ESPO framework will ensure that Lincolnshire County Council procures salt stock in the most efficient and effective way.

1. Background

The Council's current contract for the gritting salt used by the Highway Service will expire on 30th April 2024 with no further options to extend.

The recommended option is to re-procure the contract utilising the ESPO De-Icing Salt and Associated Products/Services framework for a contract term of 4-years, which is the maximum term allowed under the framework. ESPO will be conducting an aggregated procurement and the Councils requirements will be included. ESPO have also allowed the Council to include quality requirements, which will ensure that the successful bidder will also meet those requirements.

The aggregated procurement will ensure that the Council benefits from economies of scale and will achieve a lower price per tonne than if the Council conducted our own further competition.

ESPO will conduct the further competition and award to a sole supplier who will place orders with the Council when needed. The contract will not grant exclusivity to the supplier and will not guarantee volumes or commit to minimum volumes. All orders placed will be at the cost submitted within the supplier's pricing schedule for either the summer or winter rate, depending on when the order is placed. The cost per tonne will include the delivery cost.

All of the main UK salt mines are included on the Lot. They are, Compass Minerals UK Ltd (our incumbent) along with ICL UK Sales Ltd and Salt Sales Co.

The type of salt procured by the Council is known as treated salt, which is a dry brown salt mixed with a molasse, as recommended by the Winter Services Research Group. This product has allowed the Council to reduce the amount of salt spread on the network during Winter because the salt sticks to the carriageway reducing salt loss due to wind and car movement. Instead of having to salt at 10, 15 or 20 grams with normal dry salt due to the weather, the Council can reduce its rate to 7,12 or 17 grams as specified in Well Managed Highways Infrastructure and National Winter Service Research Group guidance. This leads to a salt saving over the year and is highlighted in the cost implications section of this report.

The procurement also offers a reduced cost for purchasing salt during the summer months. Purchasing salt during the summer months is ideal for the Council as we restock all our depots during the summer. Only restocking where necessary over the Winter at

our smaller depots or if there is heavy usage. Currently the cost of road grit is £2 per tonne more expensive in the winter months as opposed to summer.

The cost of salt procurement is expected to increase with inflation linked to pay and fuel costs for transportation. The cost is expected to be in the region of 5%. The forecast contract cost is £1.1m per annum (subject to usage). The price, per tonne, is fixed for the initial 12 months. After the initial 12 months the price can be increased through negotiation but any change in price must be agreed in writing by both parties. The price per tonne includes delivery and all associated costs.

The salt has to be purchased so that the Council can undertake its Statutory Winter duty.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that 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.

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.

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, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision-making process.

This procurement is considered neutral in its impact on protected characteristics groups.

Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

The effect of the Salt Procurement Contract on the JSNA and JHWS has been considered and deemed to have a positive impact. Our salting provisions are considered to be a means by which to ensure safety and subsequent health and wellbeing.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

The procurement outlined above is not considered to have an impact on Section 17 of the Crime and Disorder Act 1998 matters.

3. Conclusion

The purchase of salt is necessary so that the Highway Service has sufficient stocks to undertake its Statutory duty in relation to salting the road network. The procurement through the ESPO salt framework is the most efficient and cost-effective way to purchase this product.

4. Legal Comments:

The procurement detailed in this report is within the Council's powers and pursuant to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) is a matter for the Executive Councillor to consider and determine.

5. Resource Comments:

The budget for salt usage has reduced in prior years to reflect the service changes. The scale of cost reduction delivered as a result of these changes are highlighted in the report.

The budget reflects the 12months fixed price of the contract. The budget setting process will need to review the unit cost and act accordingly. In year monitoring of demand will highlight any risk to delivering within budget resulting from adverse weather trends.

6. Consultation

a) Has Local Member Been Consulted?

Not applicable

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This report has not been considered by a Scrutiny Committee

d) Risks and Impact Analysis

The Council moved over to treated salt from a prewet system in 2018/19. With testing and reducing of the old white salt stock, it was not until 2019/20 season that the Council moved over to treated salted. In the 2019/20 season the Council tested the salt and ran at the old 10, 15 and 20 gram rates. This showed excellent results and gave us confidence to move over to the National Winter Service Research Group proposed guidance rates in the 2020/21 season. The use of 7, 12 and 17 gram rates was fully used in that season and has continued to the present.

There a number of benefits from using this salt;

1. Reduced rate means reduce expenditure on salt
2. Taking advantage of the summer discount rate adds a further saving
3. No need to replace old pre wet equipment or continue to maintain this equipment (saving around £900k in equipment costs and around £150k in yearly maintenance)

4. No need to procure prewet gritters with extra equipment for this operation. This represents a one-off saving of £15k on each vehicle cost (we currently have 47 vehicles) and being able to increase gritter salt capacity by 1 further cubic ton.
5. Reduced salt on the road causing less damage to the network from the material
6. Reduced salt on the network, reducing the environmental impact.

There are number of cost savings beneficial to the Council from this type salt in addition to the savings identified above;

1. Reduced usage of salt over the last three season has seen the following savings
 - Year 1 (season 20/21) the Council used 26856ts of salt on the rate from the guidance. If we had used the old spreading rates we would have used 30,349t (a reduction of 3493t). Cost saving £190k approx.
 - Year 2 (Season 21/22) the Council used 14805t of salt on the rate from the guidance. If we had used the old spreading rates we would have used 17,681t (a reduction of 2876t). Cost saving £165k approx.
 - Year 3 (Season 22/23) the Council used 18,584t of salt on the rate from the guidance. If we had used the old spreading rates we would have used 22,318t (a reduction of 3734t). Cost saving £220k approx.
2. Advantage of reduced cost rates for summer purchase. The Council purchased 11,591 tons over the summer season (May to September 2023) at a £4 saving per cubic tonne from the winter cost rate reducing the cost of the salt by £46,464. So far 2,800 tons have been purchased over the Winter to fill smaller capacity barns.
3. There is a £900k saving over the life of the 47 gritters as there is a cost reduction with not having the prewet equipment on board.

The budget set for salt usage is currently £1,070,000 per season based on average use. It was reduced in recognition of the service changes that were being made. The reduction in costs highlighted above demonstrate that the reductions have been delivered and are not in addition.

There are only two UK suppliers of treated salt, but it should be noted that the supply of road gritting salt is a narrow market with only 3 UK suppliers in total, with the one not producing treated salt being located in Northern Ireland. There are a limited number of salt importers to the UK as well, but these do not supply the treated salt product at the moment and are considerably more expensive due to shipping costs.

7. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Well Managed Highways Infrastructure	https://www.ciht.org.uk/ukrlg-home/code-of-practice/
National Winter Research Group	Practical Guidance Documents - NWSRG

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