

WEST DUNBARTONSHIRE COUNCIL

Report by the Strategic Director – Regeneration Environment & Growth

Infrastructure, Regeneration and Economic Development Committee:
15 May 2019

Subject: Tender and Award for a Fuel Card Payment and Reporting System

1. Purpose

- 1.1** This report seeks Committee approval to initiate a procurement process for the provision of a fuel card payment and reporting system.

2. Recommendations

- 2.1** The Committee is asked to approve the initiation of a procurement process for the provision of a fuel card payment and reporting system and note that, on conclusion of the procurement process, a further report will be submitted to the Tendering Committee with recommendations on the award of the contact.

3. Background

- 3.1** The Council currently has agreements in place with two fuel card companies, BP and All Star. Although these companies are on the Crown Commercial Services framework, the Council does not have a formal contractual agreement with either of them therefore does not receive any rebate or reduction on the pump prices.
- 3.2** A manual account for fuel is also operated with a local fuel filling station. This is a historical solution for fuel purchase and was not discontinued when the Council started using fuel payment cards. The total off- contract spend using fuel card accounts and the manual account for the year 2017/18 was £161,494.09. Appendix 1 shows the breakdown of spend by payment method and user.
- 3.3** BP and All Star operate web based systems which the administration staff within the Fleet & Maintenance section use to download the spend information onto spreadsheets. The spreadsheets are then sent to the authorising officers within fuel user departments for authorisation.
- 3.4** The administration team within Fleet & Maintenance thereafter prepare Batch Input Format (BIF) to process the payments so that all individual cost codes can be charged for their respective fuel spends.
- 3.5** The manual account with the local filling station is paid by manual invoice. The majority of fuel bought on the manual account is collected in fuel cans and is for use in plant and equipment operated by Greenspace e.g. Lawnmowers, strimmers and chainsaws.

4. Main Issues

- 4.1** In the financial year 2017/18 £15,078.59 of unleaded petrol was purchased from the local filling station. In the same financial year £115,078.38 of diesel was purchased across all accounts and paid at filling station forecourt pump prices and, in addition, incurred fuel card charges.

This cost could have been reduced if the vehicles used the Council's own bunkered diesel fuel stock which is held within our depots at Elm Rd and Richmond Street. The cost per litre of the Council's bunkered fuel is significantly lower than the forecourt pump prices and does not incur a card fee.

- 4.2** All three accounts BP, All Star and the local filling station, require a considerable amount of administration time.
- 4.3** The bunkered diesel fuel stock held in the Council's depots is rarely accessed out with normal working hours despite 24 hour access being available. A procedure will therefore be put in place to ensure that Council vehicles requiring diesel fuel out of hours can access the bunkered fuel.
- 4.4** The current methods of purchasing fuel through fuel cards and by manual accounts at local filling stations are not cost effective and are time consuming to administer. Having a single fuel payment system instead of the three accounts we are currently using would reduce the administration time. The spend would be recorded in the one system which would make it more user friendly, more transparent to audit and provide reports on spend. A new fuel card payment system would also enable us to issue cards that would prohibit the purchase of diesel to ensure users use the Council's bunkered diesel.
- 4.5** In order to ensure compliance with Standing Orders and Financial Regulations and demonstrate best value, the fuel card payment and reporting system requires to be subject to a tendering exercise and a formal contract awarded to the most economically advantageous tenderer.

5. People Implications

- 5.1** There are no people implications associated with this report.

6. Financial and Procurement Implications

- 6.1** In 2017/18, the Council's total spend on vehicle fuel was £926,662 of which £161,494.09 was expended through fuel cards and the manual account. The budget for vehicle fuel in 2019/20 is £1,007,045. All procurement activity carried out in excess of £50,000 is subject to a contract strategy. The contract strategy for the procurement of a fuel card payment and reporting system will be produced by the Capital Investment Scoping Officer and the Corporate Procurement Unit in close consultation with the Fleet & Maintenance section. .

The contract strategy shall include but may not be limited to; contract scope, service forward plan, the market, procurement model and routes to market.

- 6.2** The provision of a fuel card payment and reporting system will contribute to the delivery of the Council strategic priorities by supporting the delivery of efficient and effective frontline services that improve the everyday lives of residents. Further opportunities to maximise the positive social, economic and environmental impact for the Council through the contract will also be explored e.g. through the use of Social Benefit Clauses.

7. Risk Analysis

- 7.1** There are no risks associated with this report.

8. Equalities Impact Assessment (EIA)

- 8.1** After screening, no Equalities Impact Assessment (EIA) is required for this supply contract.

9. Consultation

- 9.1** Fleet & Maintenance, Finance, Legal and Procurement have been consulted in relation to the content of this report.

10. Strategic Assessment

- 10.1** It is recognised that the proposal will contribute towards the Council's aim to make best use of both financial and human resources resulting in a positive impact upon the service provision.

Strategic Director – Richard Cairns

Date: 13 February 2019

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Appendix 1: Fuel Card Breakdown Spend
Background Papers: None
Wards Affected: N/A

