

EXECUTIVE 18th April 2024

Report Title	Corporate Fuel Card Policy and Procurement of a Fuel Card Provider
Lead Member	Councillor Matt Binley, Executive Member for Highways, Travel and Assets
Report Author	George Candler, Executive Director of Place and Economy

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	N/A
Which Corporate Plan priority does the report most closely align with?	Modern public services

List of Appendices

Appendix A – Fuel Card Policy

Appendix B – Climate Change Impact Assessment tool

1. Purpose of Report

- 1.1 Approval is sought from the Executive for the adoption of a Corporate Fuel Card Policy and arising from this to agree to procure and enter into a new contract for the provision of fuel cards for use by operators of the Council's fleet in accordance with the Policy, unless the use of the Council's General Purchase Card (GPC) provides a more suitable alternative (as outlined in 2.2 below).

2. Executive Summary

- 2.1 The current arrangements for purchasing fuels by way of a fuel card transferred to North Northamptonshire Council from the legacy contracts and are now in need of procurement and consolidation.
- 2.2 The report recommends that the use of the Council's General Purchase Card system be explored for fuel purchases. If this is not feasible then a new

procurement for a fuel card provider be progressed at the most favourable rates available within contract procedure rules. It is also recommended that adopting the Fuel Card Policy provided in **Appendix A**.

- 2.3 The procurement is for fuel card requirements for all services and users of the Council's fleet and the scale of the procurement is based on past data. The estimated value of a three-year contract is circa. £960,000, making it a key decision.
- 2.4 There is currently no corporate policy governing the use of fuel cards. A new policy reflecting the Council's needs has been drawn up for approval as shown at **Appendix A**.

3. Recommendations

- 3.1. It is recommended that the Executive:
- a) Authorise procurement for purchase of fuel via Fuel Cards, subject to the outcome of reviewing the use of the Council's existing General Purchase Card system.
 - b) Delegate authority to procure and sign the necessary contracts to the Executive Member for Highways, Travel and Assets in consultation with the Assistant Director for Assets and Environment.
 - c) Adopt the Fuel Card Policy in **Appendix A**
- 3.2. Reasons for Recommendation: The reason for the recommendations is that it will ensure the most cost-effective approach for the purchase of essential fuel via a fuel card provider and ensure the authority is compliant with its obligations under the Public Contracts Regulations 2015, and its own procurement rules.

It has been a recommendation of the Council's Internal Auditor to introduce a corporate fuel policy to provide a sound basis on which corporate fuel cards are to be used and accounted for.

- 3.3. Alternative Options Considered
- The Council has limited other options but to reprocure fuel cards to operate its fleet.
 - Whilst the Council does operate a bulk fuel supply to operate part of the fleet, this is not appropriate for all vehicles given the proximity to those supplies and the vehicles operating base. Therefore, access to forecourt supplies is vital.

4. Report Background

- 4.1 The authority has two ways of fuelling operational vehicles: onsite bunker fuel at two sites in Wellingborough and Kettering; and fuel cards for external filling stations. Fuel cards are issued to vehicles that are not based at or operate from

these two sites, with circa 17,500ltrs of fuel purchased using fuel cards each month.

- 4.2 At present we have two main fuel card providers from legacy contracts, both of which require procurement. For the vehicles which use the bunkers there is also a 'backup' fuel card arrangement in place in the event of circumstances beyond our control, such as a system or power failure at site.
- 4.3 The use of fuel cards enables users access to local refuelling and therefore reduces the impact on the environment by lowering journey distances. It also lessens the impact on the vehicle, reduces fuel consumption and lost 'travel' time for operational teams.
- 4.4 Due to the number of fuel cards in use a Fuel Card Policy has been drafted to ensure appropriate use and management which is shown at **Appendix A**.
- 4.5 The policy details the restricted use of the cards, how the cards and transactions are monitored and managed and is designed to ensure the sole and proper use of the cards.
- 4.6 Fuel Card users will be required to accept the terms within the policy and sign a Fuel Card Terms of Use Agreement.

5. Issues and Choices

- 5.1 The option of not providing a corporate fuel card is rejected as many fleet users do not have immediate access to bunkered fuel. This therefore requires an alternative means of fuelling vehicles; a fuel card gives a flexible and cost-effective solution.
- 5.2 The legacy agreements/contract require procurement to comply with Contract Procedure Rules, and with the opportunity of consolidating the Council's usage under one contract. The Council also has an existing General Purchase Card system which could provide fuel card arrangements. It is proposed that this arrangement be explored, and if not feasible then a procurement exercise be undertaken for provision of fuel cards.
- 5.3 The Council has the following options for progressing the procurement exercise:
 - A.** Undertake a dedicated procurement exercise to appoint a supplier.
 - B.** Plan and undertake a Council framework agreement through which a supplier can be appointed.
 - C.** Use an established framework agreement (which complies with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules) to appoint a supplier.
- 5.4 Following due consideration of the above options and through consultation with the Procurement Team the preferred option is option C to procure a supplier through an established framework. This option provides the following benefits:

- Established frameworks are readily accessible for the Council and as such removes delays and can reduce procurement and management costs associated with setting up something new.
- Established frameworks are accessible by multiple suppliers and offer the opportunity to test market rates within the framework, so we can switch supplier if one is unable to fulfil the requirements or is able to offer a better price.

5.5 As part of the routine auditing of council services, Internal Audit have recommended a corporate Fuel Card Policy is created and adopted.

6. Next Steps

6.1 Subject to approval, officers will engage with the Procurement Team and Legal Services to ensure the best value compliant procurement process is undertaken in accordance with the Public Contracts Regulations 2015 and internal governance considerations as defined by the Contract Procedure Rules.

7. Implications (including financial implications)

7.1 Resources, Financial and Transformation

7.1.1 The precise financial implications of procuring a fuel card supplier will not be known until the procurement exercise is complete; however, based on past data, the estimated value of a three-year contract is circa £960,000.

7.1.2 There is currently provision for the expenditure on fuel card purchase within the current Fleet service revenue budget.

7.1.3 The ongoing asset rationalisation work may have an impact on vehicle movement and fuel costs, but this is not known at this stage.

7.2 Legal and Governance

7.2.1 In addition to complying with all relevant UK and EU legislation, the local Government Act 1972 requires the Council to regulate how it enters into contracts. Every contract must comply with the Council's Contract Procedure Rules and the Council's Financial Regulations.

7.3 Relevant Policies and Plans

7.3.1 This proposal aligns with the Council's Corporate Plan Priority of Modern Public Services.

7.4 Risk

- 7.4.1 Using fuel cards outside of a compliant procurement process could put the council in breach of procurement regulations.
- 7.4.2 Failure to procure a fuel card provider could result in reputational damage to the Council as it would seriously impact essential frontline services to customers across North Northamptonshire, such as housing maintenance services, provider services, waste collection and street cleaning.
- 7.4.3 Failure to have a corporate fuel card use policy issued to users could lead either deliberate or inadvertent misuse use of fuel cards.

7.5 Consultation

- 7.5.1 External consultation is not required as the policy relates to the access of fuel by Council employees.
- 7.5.2 The lead internal auditor has been consulted with, but does not need to approve policy.

7.6 Consideration by Executive Advisory Panel

- 7.6.1 This report has not been considered by an Executive Advisory Panel.

7.7 Consideration by Scrutiny

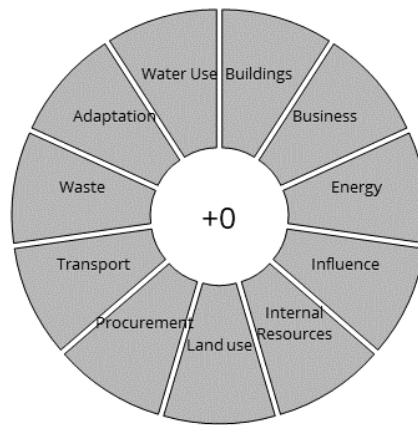
- 7.7.1 This report has not been considered by the Scrutiny Committee but is eligible for consideration via their workplan.

7.8 Equality Implications

- 7.8 There are no adverse impact on individuals with protected characteristics.

7.9 Climate Impact

- 7.9.1 A climate change impact assessment has been undertaken and the impact of this report is negligible, with a slight benefit from the inclusion of an option to purchase Hydrotreated Vegetable Oil fuel (HVO) using the fuel card, should it be available at the public service station. HVO fuel is a non-fossil fuel alternative to diesel with up to a 90% reduction in carbon compared to diesel. Its availability; however, is limited.



North Northamptonshire Council has committed to being a carbon neutral organisation by 2030, 5 yrs & 9 mos away.

7.10 Community Impact

7.10.1 There are no community impacts from the approval to proceed with a procurement process and the adoption of the Fuel Card Policy.

7.11 Crime and Disorder Impact

7.11.1 There are no Crime and Disorder issues arising directly from this report.

8 Background Papers

8.1 None