

Forward Plan reference number: FP/240/09/23

Report title: Procurement of Fuel Cards for Commercial Vehicles	
Report to: Councillor Chris Whitbread, Chancellor of Essex and Cabinet Member with Responsibility for Finance	
Report author: Debbie Knopp, Director, Transformation, Delivery and Support	
Date: 1 November 2023	For: Decision
Enquiries to: Garry Plummer, Fleet Manager email: garry.plummer@essex.gov.uk	
County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1 Whether helping take children to school, vulnerable adults to day activities, or bringing library books to rural communities, Essex County Council (ECC) has a large number of vehicles delivering services to those who rely on them.
- 1.2 To make sure this happens as effectively and efficiently as possible, ECC purchases a fuel card, which the drivers of our fleet of vehicles can use to fill up with fuel when needed. Not only does this make things easier and quicker for the driver, the fuel card gives access to a lower cost per litre of fuel, and so provides added value for money.
- 1.3 Fuel cards are currently purchased via a contract with All Star Business Solutions Ltd. The contract is due to end on 28th February 2024, so the purpose of this paper is to seek agreement to procure a new fuel card contract to run from 1 March 2024.
- 1.4 By enabling the efficient running of our commercial vehicle fleet, this decision supports the effective, value-for-money provision of vital services, this decision chimes with the aims of Everyone's Essex, the council's ambitious plan for the county: supporting children and families through the bus service, promoting health and care through enabling vulnerable adults to reach day centres, and people in rural areas to have access to library books.
- 1.5 By supporting these cohorts, it also contributes to our levelling up ambitions and, by saving many people the need to use their cars, to our net-zero climate ambitions as well.

2 Recommendations

- 2.1 Agree to procure a single provider for Essex County Council fuel cards provision for use by its commercial vehicles, for up to 5-year duration, on a 3 +1 + 1 basis through the Crown Commercial Services Fuel Cards and Associated Services Framework Agreement No. RM6186 based on award criteria of 50% quality and 50% price.

- 2.2 To authorise the Director of Transformation Delivery and Support to award the contract to the winning bidder, upon the completion of the procurement process.

3 Background and Proposal

- 3.1 ECC currently has a fuel card contract with All Star Business Solutions Ltd which is due to expire on 28 February 2024. The fuel card scheme allows fuel cards to be created for the drivers of ECC vehicles to fill up at any filling station and present a card to enable the transaction. The card can be used for fuel, oils, Ad-blue and wash facilities for registered ECC vehicles, including minibuses, library vehicles, some school vehicles, and other services.
- 3.2 The fuel card also provides ECC with access to a lower cost per litre of fuel compared with usual pump prices as well as recharge to the correct budget. The total value of the current contract is £984,000 and is paid for from several different budgets across ECC. To safeguard against misuse of fuel cards, teams across ECC have checks in place to ensure that fuel cards are used correctly. Without a fuel card system, users would be required to make local arrangements to purchase fuel, which would not be cost effective. Bunkering fuel is another option, this is not practical or cost effective.
- 3.3 ECC proposes to award a contract through calling-off against the Crown Commercial Services Fuel Cards and Associated Services Framework Agreement No. RM6186 (the Framework), which is available for use by local authorities across the UK.
- 3.4 This Framework currently has an expiry date of 21/02/2026 and allows the call-off contract to run for two years beyond the Framework expiry (i.e., 21/02/2028). In addition, the Framework itself also has a one year extension that may be invoked by the Framework owner, which could therefore take the Framework expiry of a call off contract up until 21 February 2029. The proposed procurement process is anticipated to commence in November or December 2023. It is intended that the contract will be awarded in January 2024 for the service to commence on 1 March 2024, therefore avoiding any gap in service provision.
- 3.5 Under the terms of the Framework the high-level evaluation criteria must be Price between 30% – 50% and Quality between 50 – 70%.
- 3.6 It is proposed to ECC set the evaluation criteria as the below:
- Quality: 50% (including 10% social value)
 - Price: 50%
- 3.7 The proposed 50% quality, 50% price split intends to secure a high level of fuel station coverage across Essex. Analysis into historical and current usage shows that the services in scope currently purchase fuel from multiple fuel

stations and multiple brands, therefore the 50% quality element aims to reduce the unnecessary travel time to a specific group of pre-determined fuel stations.

- 3.8 The 50% price element relates to the production of the fuel cards, administration fees and a pence per pound discounted rate at the pump, however this margin is fairly small and the availability of a wider coverage of fuel stations and reduced travel time of the vehicles in scope is likely to outweigh the pence per pound discount.

4. Links to our Strategic Ambitions

- 4.1 This report links to the following aims in the Essex Vision

- Enjoy life into old age
- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

- 4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

Contractual requirements to minimise mileage covered locating a fuel station are in place which in turn minimises carbon emissions.

The contract will allow the purchase of electric for electric vehicle charging at external charging points.

- 4.3 This report links to the following strategic priorities in the Organisational Strategy 'Everyone's Essex':

- A strong, inclusive, and sustainable economy
- A high-quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

5 Options

Procurement of fuel cards for commercial vehicles

- 5.1 ECC vehicles can continue to buy fuel from any petrol station covered by the call-off contract via a fuel card. The contract will provide ECC with access to a lower cost per litre of fuel compared with usual pump prices and will continue to be issued for each vehicle so reduces the opportunity for fraud. The contract will include the ability to buy electricity at external electric vehicle charge points. We anticipate the rates will be competitive, however at this stage the rates are

unknown. This will support ECC's ambition to move to a fully electric vehicle fleet.

Do nothing (not recommended)

- 5.2 ECC vehicles will no longer be able to purchase fuel at a discounted rate. In addition, alternates such as p cards increase the opportunity for fraud and increase the financial administration.

6 Issues for consideration

6.1 Financial implications

- 6.1.1 This report seeks approval to procure the Fuel Card requirement for Essex County Council (ECC) commercial vehicles. The proposed duration of the contract is up to 5 years (on a 3+1+1 basis) with effect from 1 March 2024, at a total estimated cost of **£6.9m** (£1.38m per annum).
- 6.1.2 The value of the decision is based on the total draft 2024/25 budget for fuel at **£1.38m** and is reflective of the expected spend levels per annum across ECC. As the volume is variable and the price of fuel is volatile and unpredictable the actual spend incurred will differ to the financial value of this decision. It is to be noted that the decision value is a ceiling amount and ECC are not committed to spend this amount.
- 6.1.3 The contract will provide ECC with access to a lower cost per litre of fuel compared with usual pump prices but ECC will also incur transaction fees. The specific net impact of this is unknown until the winning bidder is known however based on the current contract and volume the cost to ECC will be negligible. The use of a fuel card enables ECC to purchase fuel with significantly reduced admin and risk of fraud.
- 6.1.4 Funding for this fuel will be met from existing annual budgets across several ECC services areas, totalling £1.38m. The budget for the contract is not held centrally and costs are charged back to the relevant service areas that purchase the fuel. Any future increase in fuel price may create an additional financial pressure on fuel budgets. Should this occur individual fuel card users will need to ensure they manage their spend within their available budgets and seek mitigation if needed to ensure no over spend occurs or financial pressure is placed on ECC.
- 6.1.5 The proposed procurement approach is likely to deliver the best value in overall cost. As well as securing operational access to fuel supplies from several outlets across the county, ECC is potentially able to gain from economies of scale that may be offered by the preferred bidder. There is no minimum fleet size required giving the ECC flexibility to change its requirements as necessary. Additional non-financial benefits such as the ease of processing payments, a single point of contact and quick resolution of issues help to increase the efficiency of the service.

6.2 Legal implications

6.2.1 It is lawful to procure via a framework provided we comply with the rules of the framework and comply with the rules about treating suppliers equally. It is understood that there is a good mix of suppliers on the framework.

7 Equality and Diversity Considerations

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

EQuIA

9 List of Background papers

Not applicable

I approve the above recommendations relating to my portfolio set out above for the reasons set out in the report.	
Councillor Chris Whitbread, Chancellor of Essex and Cabinet member with responsibility for finance	07.11.23

In consultation with:

Role	Date
Executive Director, Corporate Services (S151 Officer) Stephanie Mitchener, on behalf of Nicole Wood	7 November 2023
Director, Legal and Assurance (Monitoring Officer) Paul Turner	31 October 2023