

5 October 2021		ITEM: 7
Planning, Transport, Regeneration Overview and Scrutiny Committee		
Procurement of Fuel Cards		
Wards and communities affected: All	Key Decision: Key	
Report of: Matt Trott, Strategic Lead for Fleet and Logistics		
Accountable Assistant Director: Julie Nelder, Assistant Director Highways Fleet & Logistics		
Accountable Director: Julie Rogers, Director of Public Realm		
This report is Public		

Executive Summary

The Council is required to purchase vehicle fuel, in order to operate our front line services. That includes Refuse, Highways Maintenance, Environment and Grounds Maintenance Services, Enforcement Services, Welfare and Youth Services, ICT and Facilities Management. The current fuel contract was procured in 2016 through the Crown Commercial Services Framework. This was a 4 year contract that was due to end on 1st March 2020, but with the option of extending for a further 2 years. We are now 17 months into this extension.

1. Recommendation(s)

Planning, Transport and Regeneration Overview and Scrutiny Committee are requested to:

- 1.1 Note the content contained within the report and;**
- 1.2 To provide Cabinet with any relevant observations or recommendations to aid their consideration of this proposed procurement.**

2. Introduction and Background

- 2.1** Our current fleet consists of 156 vehicles, supporting services such as, but not limited to, refuse collection, highways maintenance, street sweeping and grounds maintenance, In addition there are approximately 500 items of plant equipment, including tractors, ride on mowers and hand held power tools. All vehicles and equipment run on standard diesel or petrol and where necessary, ad blue which is a fuel additive required by some vehicle types.

3. Issues, Options and Analysis of Options

- 3.1 Fuel for all the above currently costs Thurrock Council approximately £900,000 per year.
- 3.2 There are a number of fuel card suppliers available, some of which are linked with different fuel suppliers and in some cases restricted to certain geographical regions. The Tender process will determine those that enable the most effective and efficient service for the day to day front line operations delivered by the Council.
- 3.3 Discounted rates for the fuel are not offered. The benefit of tendering a contract is to obtain the best price for the management of the card services, such as accurate purchase records and efficient weekly invoicing. The back office costs to the fuel card suppliers can vary which will make some suppliers more or less competitive than others.
- 3.4 There are no hidden or unexpected charges with using fuel cards. Each supplier will have an initial charge per card supplied and beyond that there are no charges payable other than for the fuel that is purchased. A contract length of 10 years is therefore preferable to avoid repetition with procurement.
- 3.5 An alternative method of procuring fuel for large fleets is to bulk buy the fuel and store within the operational depot. This option is not currently viable due to the limited space available in the current depot site. This option also incurs additional expenditure for purchasing / installing the necessary tanks and equipment. The purchase price of the fuel however, would be the same. Therefore, there are no benefits in adopting / moving towards this as a fuel procurement method.
- 3.6 Whilst there is a long term plan to move away from fossil fuels, this will take a number of years as this will involve numerous external factors along with funding and analyses of options of alternatively powered vehicles available that are fit for each operational use. Until the council is at the point of being able to support alternative fuels or powertrains, fossil fuels in the main, are currently the only option.

4. Reasons for Recommendation

- 4.1 The services offered by fuel card suppliers enables the Council to efficiently manage and monitor the amount and cost of fuel purchased each year. There are no hidden or unexpected charges with using fuel cards and there is no minimum purchase amount set. There are no charges payable other than for the fuel that is purchased. There is no financial commitment on the total amount of fuel that would be purchased over the life of the contract and as such even though the Tender award would be for 10 years it is anticipated that the use of fossil fuels will be reduced on a yearly basis as the council adopts further zero emission vehicles and infrastructure. Electric and

hydrogen vehicles are currently being developed by most manufacturers as a replacement for the fossil fuel type vehicles currently used to deliver our services. This would be the next fuel type of vehicle that the Council would look to purchase, but we would have to ensure that we have the infrastructure in place to be able to run the vehicles affectively.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 This report will be presented to PTR O&S Committee on 15th September 2021 and onto Cabinet on the 13th October 2021.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 This procurement supports the delivery of all Council front line services and therefore underpins all of the Council priorities.

7. Implications

7.1 Financial

Implications verified by: **Laura Last**
Senior Management Accountant

The initial cost of the fuel cards will be met from the Fleet budget and the cost of fuel will continue to be met from existing budgets within the relevant service areas

7.2 Legal

Implications verified by: **Courage Emovon**
Principal Lawyer, Contracts & Procurement Team

The Procurement of Fuel Cards by the Council must comply with the provisions of the Public Contracts Regulations 2015 and the Contract Procedure Rules of the Council. As the proposal is for a 10 years contract, the Council must consider value for money of such procurement given the long duration of the proposed contract including break clauses in any contract with the successful bidder. Legal Services will be on hand to advice on any issues relating to the proposed tender going forward.

7.3 **Diversity and Equality**

Implications verified by: **Becky Lee**
Team Manager, Community Development and Equalities

There are no Diversity and Equality implications associated with this report.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Not Applicable

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Not Applicable

9. **Appendices to the report**

- None

Report Author:

Matt Trott

Strategic Lead for Fleet and Logistics

Public Realm