

Agenda Item No 8(d)

DERBYSHIRE COUNTY COUNCIL

CABINET

26 July 2016

Report of the Strategic Director of Corporate Resources

**SUPPLY OF FUEL CARDS - FRAMEWORK
(COUNCIL SERVICES)**

1 Purpose of the Report

To seek approval to utilise the Crown Commercial Services (CCS) Framework 'Fuel Card and Associated Services' for the provision of Fuel Cards.

2 Information and Analysis

The Council currently has approximately 900 fuel cards and spends around £1.03m per annum on fuel and associated services to cover its vehicle fleet and some long-term vehicle hires. It is recognised that the use of fuel cards provides an efficient way to purchase fuel and ensures continuity of services and vehicle availability for departments across the Council.

Currently the Council uses All Star Business Solutions to supply fuel cards, which are available for use across a network of UK fuel stations. Under this arrangement the Council has benefitted from framework agreement prices which were agreed as part of the previous contract. This arrangement ended in 2014 and it is, therefore necessary to put forward a proposal to ensure the Council is fully compliant with EU procurement regulations for the purchasing arrangements for fuel.

The use of a fuel card contract provides reasonable cost certainty around fuel spend (within the variances of the fuel market), allows the Council's Fleet Management teams to control the number of cards, monitor usage and identify potential unauthorised or fraudulent spend. The successful card supplier will provide detailed management information for the Council.

To establish a compliant procurement, officers considered a number of procurement options, which concluded that the most appropriate route was to use the Crown Commercial Services (CCS) Framework 'Fuel Card and Associated Services'. This framework is compliant with EU procurement regulations and is open to all local authorities.

The relative merits of using the CCS framework are:

- The framework provides levels of discount negotiated by the fuel card supplier with the fuel companies which reflects aggregated volumes of fuel purchased nationally, enabling individual local authorities to take advantage of lower prices than they would be able to secure as single buyers;
- Robust supplier management processes are in place, with ongoing monitoring of supplier performance and financial stability and appropriate intervention where necessary;
- Suppliers have been vetted to ensure that they are of an appropriate standard to meet customer needs;
- The framework terms and conditions are pre-agreed, which avoids lengthy negotiation;

The proposal to use the CCS framework has been supported by a Business Case, including options appraisal which has been approved by the Director of Finance and Director of Legal Services.

Call-off via the Framework will be via a mini competition, based on the tender submissions of the fuel card suppliers on the CCS framework. The mini competition will be based on the Council's specific requirements and the ability of the suppliers to reduce costs in fuel pump prices and transaction fees. It will be evaluated on the most economically advantageous tender (MEAT) based on a ratio of cost and quality.

3 Financial Considerations

The proposed tender via use of the CCS framework will be advertised for around £4m over a maximum contract term of 4 years.

It is anticipated that the review of the current service against suppliers on the CCS framework may accrue savings of around £30,000 per annum. These are through discounted fuel pricing and a reduction in transaction costs.

4 Legal Considerations

The use of a non-Derbyshire County Council Framework, under Protocol 2 of the Council's Financial Regulations, where the value of the goods in question is above the OJEU threshold of £164,176, is a two stage process; approval is required initially from Cabinet to use the framework and secondly to make an award of contract under the Framework.

The outcome of the second stage to recommend an award of contract under the Framework will be the subject of a future report to Cabinet.

5 Other Considerations

In preparing this report the relevance of the following factors has been considered: - prevention of crime and disorder, equality of opportunity; environmental, health, human resources, property and transport and social value considerations.

6 Background Papers

Documentation is held within the Procurement and Systems Section, Corporate Finance.

7 Key Decision

No.

8 Call-in

Is it required that call-in be waived in respect of the decisions proposed in the report?

No.

9 Officer's Recommendation

That Cabinet approves the use of the CCS Framework 'Fuel Card and Associated Services' for the provision of Fuel Cards.

JUDITH GREENHALGH

Strategic Director of Corporate Resource