

Fuel Management

Report by John Blair, Director Resources

1 Purpose of Report

This report advises the Audit Committee of the additional security measures established in connection with the usage of fuel cards.

2 Background

Following the Internal Audit report considered by Committee on 30 October 2012 a number of additional controls have been put in place regarding the use of fuel cards provided by Shell via the Government Procurement Service Framework contract. Fuel cards are used to fuel Council vehicles and plant which do not use diesel.

This matter has been considered by Audit Committee as follows:

DATE	REPORT
30 Oct 2012	Internal Audit Report on Fuel Management – Report by Internal Audit Manager
29 Jan 2013	Fuel Management Improvement Plan, Report by Director, Resources
10 Dec 2013	Internal Audit recommendations – Performance Report by Internal Audit Manager

3 Additional Control

The additional controls established are:

- Each card is now issued to a named driver, supported by PIN protection;
- Upon provision of the card, drivers are advised that they are solely responsible for the card and may be subject to disciplinary action for any misuse. Each driver signs a declaration confirming they understand this requirement; and
- Monitoring reports are emailed to service managers following each four weekly financial period end.

Shell commenced their implementation of cards with PIN protection in May 2013. Full roll out to all services was completed by July 2013.

There are now 96 Shell Fuel Cards in operation due to the requirement of each driver having their own personal card. In 2012 there were 63 cards in operation, these cards were dedicated to vehicles and services for plant usage and it was therefore difficult to identify the card user on any given day.

Although there are now more cards in operation the risks are somewhat reduced due in part to the change in configuration of the

Council fleet over the past 3 years, with the majority of vehicles now fuelled via diesel pumps at Stobhill, Fushiebridge and Penicuik Depots. There are now only 5 vehicles that are fuelled with unleaded and 2 vehicles that are fuelled with Liquid Petroleum Gas.

This change in the vehicle fleet minimises the need for the use of External Fuel providers.

Fuel Type	2010/11		2011/12		2012/13		2013/14 (To Date)	
	Litres	Cost	Litres	Cost	Litres	Cost	Litres	Cost
Diesel	3,633	£3,856	4,078	£4,771	3,376	£4,085	470	£552
LPG	1,221	£754	729	£481	525	£325	456	£274
Unleaded	126,700	£127,242	85,997	£95,624	44,712	£50,273	18,256	£20,487
Total	131,554	£131,852	90,804	£100,876	48,613	£54,683	19,182	£21,313

The majority of unleaded fuel is consumed by Land Services, Property Maintenance and Roads Maintenance for plant and equipment.

The Audit Committee meeting of 29 January 2013 requested that the option of photographic ID being used in conjunction with Shell Fuel Cards be explored. Unfortunately, Shell does not have the capability of providing this option within their forecourts.

4 Report Implications

4.1 Resource

There now are no ongoing resource implications as the control processes are embedded with fleet users and service supervisors.

4.2 Risk

As fuel is such a desirable commodity, there will always be a potential risk of theft or misuses. The controls outlined above and the significantly reduced usage via the commercial forecourts lessens the risk to the Council considerably.

4.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

4.4 Impact on Performance and Outcomes

Not applicable

4.5 Adopting a Preventative Approach

Not applicable

4.6 Involving Communities and Other Stakeholders

This report has been prepared in liaison with managers who operate and are responsible Council plant and vehicles.

4.7 Ensuring Equalities

Not applicable.

4.8 Supporting Sustainable Development

Not applicable

4.9 IT Issues

There are no IT implications arising from this report.

5 Recommendations

The Audit Committee are recommended to note the additional control measures as set out in this report.

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Report Contact:

John Blair Tel No 0131 271 3102

john.blair@midlothian.gov.uk

Background Papers:

Declaration Box

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Title of Report: Fuel Management

Meeting Presented to: Audit Committee

Author of Report: John Blair

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Human Resources.*
- All risk implications have been addressed.*
- All other report implications have been addressed.*
- My Director has endorsed the report for submission to the Council Secretariat.*

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.

Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.