



Energy Saving Trust Fuel Card Guide

By providing information on the common benefits of fuel cards the Energy Saving Trust hopes to demonstrate that taking time to consider fuel cards for your organisation will be time well spent.

Four good reasons to use Fuel Cards

- Reduce costs
 - Reduce fuel consumption
 - Reduce administration
 - Reduce security risk
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This guide tells you why.

Fuel cards
can reduce
costs and fuel
consumption



energy saving trust®

Challenges facing fleet operators

The continuing rise in fuel costs has a direct impact on businesses by increasing overheads and reducing profits leading to internal organisational pressure to reduce costs in this area. Fuel accounting takes time and management and it is often difficult to have the control and visibility needed to be able to influence fuel efficiency and manage fuel costs. The internal challenges are compounded by the external pressures from both central and local government for organisations to improve their environmental impact by reducing carbon emissions.

The Energy Saving Trust recognises these challenges and believes that fuel cards can be a valuable tool in helping you to solve them.

Fuel cards: Another challenge?

There are numerous fuel cards on the market offering a range of features and benefits which may make it difficult to quickly understand the key advantages of using a fuel card.

You may also have an existing fuel accounting system based on petty cash, credit card or a simple, paper based, local account system. Such a system will be familiar to both those purchasing fuel and those who account for fuel in your organisation and embracing a change can provide a further challenge.

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The basics

A fuel card looks and works in a similar way to a credit card but does not charge interest on payments, although most fuel card suppliers charge an annual fee. The card is usually restricted to only allow the purchase of fuel, which is usually charged at the forecourt pump price, but has the option for other vehicle related items, e.g. oil.

At the point of purchase the transaction is carried out in the same way as with any card but, in addition, both the vehicle registration number and mileage are recorded. Fuel cards are PIN protected and can be embossed to specific company requirements.

The consolidated fuel card invoice arising from the transactions show the date, time, place, fuel type and amount of each transaction whilst also separating out the VAT element of the sale. In addition to the detailed invoice most fuel card suppliers will be able to provide further management reporting.



Four good reasons to use fuel cards

- Reduce costs
- Reduce fuel consumption
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Reduce costs

- Fuel card reporting allows the tracking of fuel spend, the type of fuel purchased and the purchase location which can help to encourage the use of lower cost sites and the purchase of standard rather than premium fuels. Accurately monitoring fuel use and fuel efficiency will contribute to reducing fuel costs.
- Used in conjunction with a private fuel pay system fuel cards will enable actual fuel costs to be charged to individuals rather than a fixed pence per mile rate for private mileage. There are two main approaches to such a system;

Take the total cost of fuel per driver for the month and divide this by the total number of miles covered by the driver for the same period. This calculation gives the pence per mile fuel cost. This figure is then multiplied by the drivers declared private mileage to give the amount to be deducted from salary.

Fuel card reporting tracks fuel spend, type of fuel and location purchased to minimise administration.



Cost of fuel for the month	£200
Total mileage driven	2,000
Pence per mile fuel cost (£200/2,000 miles)	£0.10p
Private mileage driven	500
Private mileage deduction (500 miles x £0.10)	£50.00

An alternative approach is to simply express the private mileage driven as a percentage of the total mileage and then apply this percentage to the total cost of fuel for the period.

Cost of fuel for the month	£200
Total mileage driven	2,000
Private mileage driven	500
Private miles as a % of total miles	25%
Private mileage deduction (£200 x 25%)	£50.00

“...it is in the drivers own interest, and the company’s, to fill up with low cost fuel and drive economically in order to minimise the amount deducted from their salary for private use each month...”

Reduce fuel consumption

- Fuel cards can help to raise the level of knowledge regarding fuel efficiency in your organisation through the detailed invoices and other management reports.
- By monitoring individual fuel consumption figures, comparisons can be made in the performance of drivers relative to others in the organisation.
- Appropriate measures, such as training, can be put in place to promote more fuel efficient driving and the effectiveness of such training monitored on an ongoing basis.

Reduce administration

- Administrative time, cost and effort is reduced by the comprehensive fuel invoices with itemised transactions.
- Issues relating to lost purchase receipts are eliminated and there is no need for a petty cash fund for fuel purchases with the inherent security problems such payment methods raise.
- Fuel cards provide total transparency on fuel spend and fuel consumption and cards can be allocated to individuals, vehicles or cost centres.
- The consolidated invoice and associated management reports make calculating VAT much easier and helps to ensure that claims for VAT are made in full.



Reduce security risk

- Fuel card technology offers benefits in terms of security and functionality versus alternative methods of payment for fuel.
- They can be embossed with the drivers name, the registration of the vehicle and the company name providing further protection against fraudulent use.
- Detailed information on all fuel transactions, including mileage, reduces the potential for employee abuse and provides greater control over legitimate vehicle usage.
- In short, a fuel card can provide a simple, convenient and secure way of taking control of your fuel expenditure and efficiency.

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Fuel invoice with itemised transactions.

Another Company Another Street Another Road AN9 P057							
DETAIL OF FUEL DRAWN							
123456	Another Company			Document No. and Date		123456	31-Mar-2009
Card No	Reg No.	Mileage	Site	Drawn On	Product	Quantity	Value
1083453	BP55MYW	1	001606 ASH MOTOR SERVICES	23/03/09 08:14	Diesel	56.98	46.62
	BP55MYW	1	000566 WYTHALL TEXACO GARAGE	25/03/09 08:43	Unleaded	15.64	12.61
	BP55MYW	1	000566 WYTHALL TEXACO GARAGE	26/03/09 08:42	Diesel	54.53	44.62
	BP55MYW	1	003980 Woodgate Service	30/03/09 08:53	Diesel	62.02	52.57
Card Total						189.17	156.42
COST CENTRE TOTALS							
Total Volume Drawn				189.17			
					Goods	156.42	
					Vat	23.46	
					TOTAL	179.88	

Considerations when choosing a fuel card

In choosing a card that is right for your business consider the following;

Price of Fuel

Some fuel cards do offer discounted fuel prices, but this is likely to only be applicable to very large fleet operators. It is more common for the forecourt pump price to be charged.

Network Coverage

Different fuel cards work in different ways. Some are restricted to only one brand of service station; others can be used at a range of different locations including supermarkets.

Management Reporting

The level of detailed reporting you receive will vary amongst the fuel card suppliers. You will need to consider your business requirements for information and whether you want paper based or online reporting.

Restricting Purchases

It is possible to restrict what is purchased on the card, but this may vary from card to card. The most common options are to restrict usage to diesel only, petrol only and fuel only.

**If you need further help
please call us on 0845 602 1425**

The Energy Saving Trust is the UK's leading impartial organisation helping fleet operators to reduce carbon emissions and operating costs by providing expert, tailored advice. The Fuel Card Guide has been developed to complement our range of transport advice services.



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"By providing independent information on the common features and benefits of fuel cards we aim to help you make an informed choice about the potential use of a fuel card in your fuel management strategy."

Nigel Underdown, Head of Transport Advice, Energy Saving Trust
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Energy Saving Trust, 21 Dartmouth Street, London SW1H 9BP
Web: energysavingtrust.org.uk