

## Fresh choice of procurement card means a lower fuel budget for Morrisons

Supermarket business Wm Morrison expects to ring up a 10% reduction in its fleet fuel bill in association with Barclaycard and mileage specialist TMC.



The 560-store chain reduced its £7.5 million annual fuel spend by 5.5% after switching to the TMC-Barclaycard fuel procurement platform in August 2012. Morrisons is also looking at further financial savings of up to £½ million in year 2014-15 with other TMC-Barclaycard solutions.

The solution enables fleet drivers to buy fuel and lubricants at 98% of the UK roadside fuel network. Unlike a conventional fuel card, it offers Morrisons 'Level 4' (i.e. bespoke) transaction data, giving far greater depth of management information. The unique integration of Barclaycard corporate purchasing with the TMC Mileage Audit system delivers unparalleled visibility and insight into journeys, fuel consumption, CO<sub>2</sub> emissions and potential misuse of cards. It also streamlines expense processing for the customer.

### Review

About 2,500 Morrison colleagues drive company cars or take a car allowance. All are entitled to private fuel benefit and the use of a fuel card. But because the level of tax on private fuel benefit makes it inappropriate for some drivers, Morrisons operates three fuel schemes. Drivers can either:

1. Take the 'free fuel' benefit and pay fuel BIK tax (in 2013 this was about £1,600 a year for a 40% taxpayer in an average diesel company car)
2. Keep accurate logs of private and business mileage and pay Income Tax on the value of company-purchased fuel used privately during the tax year. (All the cash allowance drivers are in this scheme).
3. Pay for all fuel privately (i.e. do not use a fuel card) and only reclaim the cost of fuel used for business journeys at the tax-free Advisory Fuel Rates issued by HMRC.

### Goal: improve control and financial efficiency

Morrisons wanted to simplify its internal fuel expense process and lay a foundation for greater control and financial efficiency in future. Prior to implementing the TMC-Barclaycard fuel solution, managing fuel purchases was a time-intensive manual process.

### Solution

Drivers now pay for fuel and other expenses with the Barclaycard procurement card. Barclaycard Spend Management automatically categorises the various transactions, including fuel. Drivers log into the TMC Mileage Capture system to report their individual business journeys and total monthly odometer readings. TMC calculates VAT, personal fuel and BIK tax data, and private fuel deductions, and delivers it to Morrisons in a monthly payroll-ready data file.



## Outcome

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The TMC-Barclaycard solution eliminates the need to keep VAT receipts and has had a huge impact on workload at Morrisons. By mandating accurate reporting of mileages and transactions, it delivered a direct saving of over £300,000 on the corporate fuel budget in the first year of operation, with a further saving of more than £70,000 on Employer's National Insurance Contributions.

Going forward, Barclaycard and TMC have identified a further £500,000 of potential cost savings and tax-efficiency improvements.

## Beverly Hodson, Benefits Manager at Morrisons, said:

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"Switching to the TMC-Barclaycard solution has made a huge difference. As well as the direct cost savings it has delivered, the visibility it gives us will help us to shape our policy. No other solution offered us the same level of data. We can model and shape it to design more engaging benefit options for our colleagues as well as using it to contain overheads. It has enabled us to get firmly on track with fuel cost management."

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