

V E N S O N

Achieving Fleet Management Best Value for Police Authorities

Part I: Why Outsource?



Why Outsource?

Achieving Fleet Management Best Value

Considering Outsourcing?

The Home Office published its Best Value Guidelines in 1999. Since then, the appeal and challenge of outsourcing critical Police Services to third party providers has been the subject of many a Police Authority debate.

If you're responsible for assessing and recommending Best Value strategies, you'll probably already have an in-depth understanding of the advantages that expert fleet management providers can deliver when it comes to managing the specialist aspects of a Police support service that are essential to operational performance.

In a climate of increasing legislation, accountability, performance indicators and benchmarking, it's likely that you've also already recognised that a properly managed fleet service partner can free up valuable internal resources and deliver large savings in capital expenditure.

But, if you're anything like the many Financial Directors we speak to on a regular basis, the chances are you won't yet have had the opportunity to carry out an in-depth review of your Service's needs so that you can decide whether fleet outsourcing is a journey that makes financial and business sense to undertake.

This paper, the first in a series of three, developed in response to requests from senior Police Officers across the UK, aims to support you as you move towards:

- Pinpointing the real value of outsourcing your fleet services
- Developing an outcome-focused, outsourcing model
- Weighing up the decision to outsource.

Availability – The Key Indicator to Fleet Best Value

It goes without saying that Emergency Service fleets are the world's most demanding to manage. Police cars and vans are driven to their limit and put under huge amounts of stress on a daily basis. In Venson's experience:

- **80%** of Police Service workshop bookings are unscheduled
- The average Police car undergoes repair or maintenance work **once every three weeks** – a stark contrast to the 'once every three months' statistic that non-Emergency Services Fleet Managers are used to!

The challenge of achieving optimum availability in such an unpredictable working environment makes it easy to see why some of the country's most innovative Police Services are bringing in specialist external providers to help them manage their fleet.

"Our vehicles need to meet exacting health and safety standards and be back on the road as quickly as possible after repair or maintenance - we can't afford to take chances or run a fleet at less than full capacity. Our Nottingham City review helped us realise that efficient fleet management is vital to the delivery of our public commitment. We quickly became aware that we would be much more likely to achieve Best Value by outsourcing our fleet management to a specialist provider."

Lucas Ortega, Head of Procurement, Nottinghamshire Police

From our discussions with Police Services around the country it's clear that in the fleet management arena, availability is the key indicator of Best Value. This means that in order to make a strategic decision about whether or not to outsource, it is essential that your Police Service is able to:

- Accurately quantify its current availability levels
- Precisely calculate the financial advantages that even a relatively small increase in availability could deliver.

Carrying out a full availability analysis exercise takes a little time. Fleet specialists will usually want to carry out a detailed review that considers your Service's workshop loading figures, existing fleet flexibility, future fleet needs, capital ceiling and Health and Safety targets. However, you can get a useful indication of your current availability level by asking simple questions like:

- How many vehicles do we have off the road right now, whether for scheduled safety or maintenance checks or accident repairs?
- How many hire vehicles do we have in the fleet today?

Once you have an indication of your current availability levels, the next step is to work out the potential cost savings that higher availability could deliver.

Calculating The True Cost Of Fleet Availability

The table below is an abbreviated version of Venson's availability analysis model. It illustrates the hidden costs of fleet management if availability is not running at optimum levels.

The example used shows a Police Service running 500 vehicles, incurring an average monthly cost of £460 per vehicle and achieving 75% availability. By increasing availability to 95%, this same Police Service dramatically expands its fleet choices. It can either:

- Increase its usable vehicle fleet by **100 vehicles** (to 475), so strengthening visible policing levels or reducing incident response times
- Shrink its total monthly costs, allowing funds to be redeployed to other police activities.

	Base Case	Increase Fleet	Reduce Budget
Actual Fleet Size	500	500	395
Availability Levels	75%	95%	95%
Cars Off The Road	125	25	20
Effective Fleet Size	375	475	375
Effective Monthly Fleet Costs	£230,000	£230,000	£181,700
Cost Per Usable Vehicle	£613	£484	£484

Moving Towards A Best Value Solution

Fleet Best Value is an equation that considers fleet size, fleet cost and fleet availability and then secures continuous improvements by focusing on a combination of economy, efficiency and effectiveness. The most successful Police Service fleet outsourcers we know are the ones that have taken time to:

- Fully understand the outcomes they want their outsourced relationship to deliver before they begin
- Find a technology-focused outsourcing partner that has a strong availability track record in the Emergency Services sector
- Put in place a properly structured contract that guarantees to meet stringent availability and Health and Safety goals.

Best Value is delivering exciting step-changes in the way Police Authorities operate and will change the face of Police Service fleet management. If you've found this paper useful and would like to find out more, you can download the following papers from our website (www.venson.com):

- **Part 2: The Outsourcing Journey. A step-by-step guide to preparing to outsource your fleet.**
- **Part 3: Choosing A Partner. Key criteria for selecting a fleet management partner.**

Or, if you have specific fleet management questions you would like to discuss with one of our advisors, please contact 08444 99 1400 or email sales@venson.com

Ten Steps To Effective Fleet Outsourcing

- Initial Internal Availability/Cost Savings Analysis
- Full Availability Monitoring Exercise
- Written Service Priorities
- Potential Fleet Service Provider Meetings
- Benchmarking Framework
- Internal Justifications
- Tender Process
- Contract Award
- Service Level Agreements
- Regular Benchmarking and Reviews

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To find out more about the financial benefits and performance advantages of working with Venson

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