

VENSON

Achieving Fleet Management Best Value for Police Authorities

Part 2: The Outsourcing Journey



The Outsourcing Journey

Achieving Fleet Management Best Value

Introducing A Best Practice Model

As every Financial Director focused on Police Service Best Value knows, effective fleet management is all about ensuring that vehicles are available and fit-for-purpose, 24 hours a day, 7 days a week.

Properly equipped cars, vans and specialist vehicles that are safe to drive and maintained to optimum efficiency not only support the achievement of Best Value targets but they also deliver quantifiable operational and financial benefits.

In the first paper in Venson's Best Value series 'Why Outsource?' we introduced a review process used by some of the country's most innovative Police Services to weigh up whether or not they should outsource their fleet services.

This second paper, again developed in response to requests from senior Police Officers across the UK, aims to give you an insight into the best practice that organisations have shared with us over the years and the steps they have taken to:

- Clarify their outsourcing priorities
- Develop a 'joined-up' fleet management strategy
- Create a comprehensive and rigorous internal outsourcing justification.

Exploring Optimum Service Flexibility

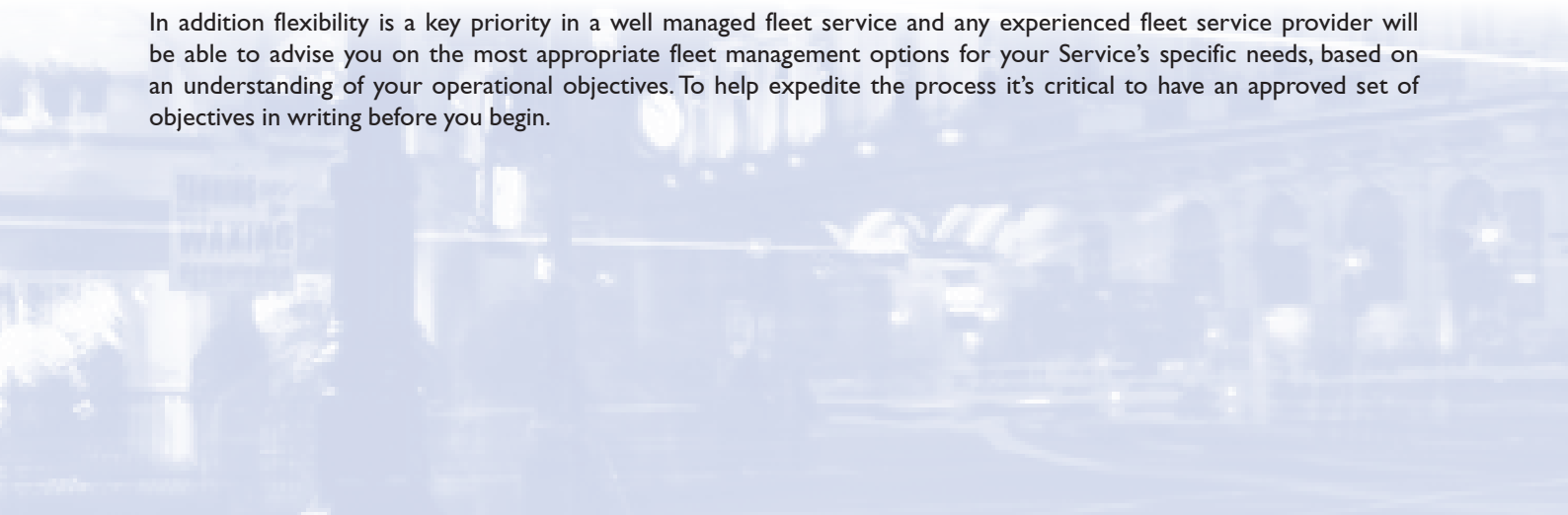
If you've read our 'Why Outsource?' paper, the chances are you've already carried out a ballpark assessment of your current fleet availability levels and will have some idea of the potential cost savings that improved availability could deliver. You may even have appointed an external specialist to carry out a full availability monitoring exercise.

Whether you've already completed your initial availability analysis or are just starting down that route, you're probably keen to keep moving towards the point where you will know whether fleet outsourcing is the right decision.

The next important step on this journey is to carry out a detailed review of your potential service options. Understanding what your potential outsourcing contract must deliver as a non-negotiable priority cannot be over-estimated.

- Do you have stringent availability or service targets that must be achieved?
- Are tangible efficiency savings or the redeployment of key personnel to value added activities top of your list?
- Have you particular Health and Safety or capital expenditure concerns that have to be addressed?

In addition flexibility is a key priority in a well managed fleet service and any experienced fleet service provider will be able to advise you on the most appropriate fleet management options for your Service's specific needs, based on an understanding of your operational objectives. To help expedite the process it's critical to have an approved set of objectives in writing before you begin.

A blurred, light blue-tinted background image showing the interior of a police station, with desks, chairs, and people working.

Developing A Joined-Up Fleet Management Strategy

With operational priorities in place most Police Services that undertake a fleet outsourcing analysis recommend making benchmarking the next area to focus on.

As Best Value is about “securing continuous improvements to local services” it is essential to scope out a benchmarking framework for reviewing regularly the quality and effectiveness of your potential outsourcing contract. Ideally this should be completed before you embark on discussions with specialist fleet service providers.

Of course, if you are only considering outsourcing a small part of your fleet management activities and are not planning to go through a full procurement procedure, benchmarking can be unnecessarily cumbersome. As the Home Office points out:

“Benchmarking is sometimes used where other simpler techniques would be quicker, more effective and more appropriate, e.g. cause and effect, process mapping and value analysis.”⁽¹⁾

What’s important is to find a measurement methodology that matches the needs of your Service and will support you and your outsourcing partner as you work towards your Best Value targets.

A ‘joined-up’ fleet management strategy, one which uses an appropriate cost/benefit analysis and risk review tool to measure your fleet management procedures against your outsourcing priorities, as well as the continuous improvement guidelines set out by the Home Office⁽²⁾ will also be invaluable at Invitation To Tender stage.

Additionally, to ensure you receive innovative responses to your fleet management requirements ask prospective partners to focus on risk, cost reductions and ways to improve the overall fleet service.

Reducing Partnership Risk

Outsourcing must always be a value proposition where the risk of outsourcing is far outweighed by the benefits. For many Police Services, much of the perceived risk comes from uncertainty about how outsourced responsibility will work in practice.

Many senior officers have told us that they fear that if they relinquish internal fleet control, they will simultaneously compromise their own rigorous standards of managing the fleet. If this is one of your concerns, the simplest solution is to choose a provider that:

- Will give you optimum flexibility - working as a true partner
- Allows you to outsource specific elements of your fleet services
- Is happy to enter into a ‘payment by results’ contract.

By working in this way you will always maintain control of your fleet strategy and then the next step is simply a question of finding the right operational mix. This means designing a solution that ensures your Service can transfer as much fleet management risk as possible, for as little cost as feasible, but without compromising its Health and Safety standards.

¹ Best Value - The Police Authority Role. <http://police.homeoffice.gov.uk>

² Best Value - Briefing Notes for the Police Service. <http://police.homeoffice.gov.uk>

Building A Watertight Outsourcing Justification

When asked to explain the key reasons behind their decisions to outsource, Police Service outsourcers say that:

- Meeting stringent availability and Health and Safety goals is a resource-intensive process that stretches any in-house Police fleet team
- It is still rare to see internal investment in sophisticated IT systems that automate the more time consuming elements of fleet management
- Trying to achieve and then maintain a fleet availability target of 90%+ can be an uphill battle, especially for Services that don't have:
 - The systems and processes to measure current performance levels
 - The budget to run a small 'ghost' fleet of replacement vehicles
 - The specialist knowledge required to minimise off-the-road time.

By identifying the specific objectives they want to achieve and the financial savings that increases in availability will deliver, Financial Directors can develop rigorous, evidence based justifications for outsourcing that meet HMIC Police Standards and satisfy the needs of both senior and frontline Police Officers.

Overleaf we have shown the key steps in the fleet outsourcing journey. In our third and final paper we share the secrets of successful fleet service partner selection. If you've found this paper useful and would like to find out more, you can download the other papers in this series from our website (www.venson.com):

- **Part 1: Why Outsource? A guide to using outsourcing as a strategic Best Value tool.**
- **Part 3: Choosing A Partner. Key criteria for selecting a fleet service partner.**

Or, if you have specific fleet management questions you would like to discuss with one of our advisors, please call 08444 991400 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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