

POLICE & CRIME PANEL – 26 JUNE 2018

POLICE PROCUREMENT – VEHICLE FLEET DEEP DIVE

REPORT BY THE CHIEF FINANCE OFFICER

PURPOSE OF THE PAPER

To provide the Panel with an update on the OPCC work to review Dorset Police's vehicle fleet, the vehicle replacement policy, and budgets.

1. BACKGROUND

- 1.1 The OPCC conducted an initial deep dive into force procurement in September 2017. This was led by the Chief Finance Officer and involved the Dorset Police Assistant Chief Officer (ACO) and Head of Regional Procurement.
- 1.2 This exercise involved the examination of the procurement strategy and process, relevant regulations and an analysis of third party spend.
- 1.3 Following on from this initial review, the Chief Finance Officer highlighted the requirement to examine capital funding for ICT spend in greater detail, which is still underway, and vehicle spend along with a consideration of the vehicle replacement policy, more widely.
- 1.4 It had become apparent that there are numerous vehicles in the fleet which are old, worn, and with faded livery which does not reflect well on the Force's image or the Police Officers' driving experience. However, an underspend against the vehicle budget had also been identified, which merited further examination.

2. INTRODUCTION

- 2.1. The Strategic Alliance operates a Fleet Strategy Board chaired by the Dorset ACO.
- 2.2. Fleet Services is responsible for identifying, procuring, maintaining and disposing of Force vehicles across the county and has a fleet consisting of approximately 500 vehicles. They are also responsible for monitoring the vehicles via the Vehicle Management System and Vehicle Intelligence Data Recorders (VIDR) system.

3. VEHICLE REPLACEMENT

- 3.1. The Fleet Strategy Board has oversight of the vehicle replacement programme for both forces. The programme looks at vehicle class in order to determine the most appropriate replacement plan. There is a general rule in place that vehicles have an optimum age and mileage that is adhered to. Once a vehicle has reached these thresholds they are deemed to be no longer economically viable to keep them in commission. Vehicle replacement cycles can be as short as 18 months and as long as 12 years. Vehicles are then ordered, built up and issued in liaison with the individual service areas.

3.2. These thresholds are:

Vehicle Type	Replacement Mileage	Replacement Age
Response	150,000	10 years
Pool Cars	150,000	10 years
ARV	150,000	10 years
Traffic	150,000	10 years
4x4 / Off Road	150,000	10 years
Motorbikes	60,000	8 years

3.3. Vehicles that have reached the mileage threshold will be replaced regardless of age; however, vehicles that have reached the age threshold that are still in good serviceable condition are put under review. If it is deemed the mileage is low enough and the vehicle is in an acceptable condition the vehicle can be kept in commission beyond the threshold.

3.4. All vehicles beyond the age threshold are maintained to a high standard regardless of age or mileage. If a vehicle becomes uneconomical to repair either through mechanical failure or accident damage it will be removed from fleet.

VEHICLE REPLACEMENT POLICY

3.5. There are inevitably concerns from officers and staff regarding the age and condition of vehicles. The management of the fleet and the ISO externally audited processes provides confidence in the process and condition of the fleet. When a vehicle is deemed for replacement the transport department often receive requests for the vehicle to be kept as a 'run on'. An assessment is made and where practical these requests are met. Occasionally the user of a vehicle may not be aware that the vehicle is over establishment and hence may take an inappropriate view of the fleet. It would be entirely possible to remove these vehicles immediately and dispose of through auction. This would however remove a beneficial asset.

3.6. The Dorset Police Fleet Department replaced 58 old and unserviceable vehicles in 2017/18. In the current Fleet there are currently only 12 vehicles over the 150,000 mileage threshold, although 162 are beyond the age threshold.

3.7. To evidence the proactive approach now being taken by the Fleet Department, the 5 year vehicle replacement plan 2018 – 2023, details the full replacement of all vehicles over the next 5 years which are due for replacement in-line with the vehicle replacement thresholds. This plan commits to a schedule of:

Year	No. of Vehicles for Replacement	Value of Vehicles for Replacement
2018/19	38	£889,500
2019/20	48	£927,500
2020/21	44	£795,000
2021/22	35	£723,000
2022/23	22	£461,000
2023 +	222	£4,590,000

3.8. Vehicles are predominantly purchased against national frameworks and the Force is then vulnerable to delivery dates of the supplier. During 2017/18 a specific difficulty arose with a supplier who failed to meet the contractual dates. Action has been taken and penalties applied in order to rectify the issue.

4. UNDERSPEND FOR 2017/18

- 4.1. For the 2017/18 financial year the Fleet Department was allocated a budget of approximately £1.6m, which included a brought forward amount of £750,000 underspend from 2016/17, to proactively manage the Force's vehicle fleet and management systems. The outturn expenditure for 2017/18 was £1.1m, leaving an underspend of £0.5m, which has been requested to be carried forward.
- 4.2. The actual capital budget to which this refers is operationally used to process replacement vehicles and includes a contingency to replace vehicles written off during the year. The budget also includes provision for the vehicle incident data recorders, workshop equipment and Fleet Management System.
- 4.3. The following reasons have been provided for the 2017/18 underspend:
- £362,000 was allocated for the re-tender of the Force telematics / VIDR system due to the contract with the incumbent coming to cessation. However, upon review the decision was made to extend the contract for a further 12 months to align with the other South West Forces, whose contracts cease in 2019, to give greater economy of scale, and a significant reduction in hardware cost by almost 50%. £32,000 of this budget allocation has been used on the purchase of telematics systems for new vehicles commissioned in this period, leaving an outstanding budget of £330,000 for telematics.
 - There was a significant contractual issue with a supplier not delivering vehicles within their contracted delivery time. This meant that 11 vehicles did not arrive prior to financial year end, totalling £193,359.
 - There were two vehicles which were supposed to be ordered in the 2017/18 period which were not, due to issues with the specification. This amounted to £35,000.
 - A procurement exercise was undertaken for a Fleet Management System, given the current system had identified weaknesses. The results of this exercise were known in February. However delays in the Alliance approval process have resulted in this implementation being delayed.
- 4.4. The deep dive focused on the examination of major items, however, it is further understood that the purchase of ancillary items which were ordered in the 2017/18 financial period but not delivered until post April 2018 could potentially offer further reductions in the underspend.

5. CONCLUSIONS OF DEEP DIVE

- 5.1. A number of recommendations were made in relation to vehicle replacement:
- A formal Vehicle Replacement Policy (VRP) should be drafted and implemented across the Alliance to ensure efficient and effective management of the vehicle fleet
 - Within this Policy the following should be considered;
 - What vehicles are purchased for each function/purpose.
 - Specific policy on different vehicle groups replacement thresholds (i.e. Response Vehicles, Traffic, ARV, 4x4, Vans, Motorcycles etc).
 - Vehicle resale value should be taken into account when drafting a VRP to ensure optimum performance and financial benefit.
 - Rationale as to why certain vehicle groups may be exempt from the VRP rules.
 - Management of Exemptions - If a vehicle does reach an age threshold but is kept in service, to ensure all equipment and livery condition is reviewed and replaced as necessary.

- Necessary contingency plans when contracted vehicles are unavailable from providers due to unforeseen circumstances.

5.2. The OPCC deep dive concluded that reasonable explanations were provided for the slippage to budget and from contact received with the Fleet Team, OPCC is satisfied that the budget is being adequately controlled and will become better managed as time progresses.

6. RECOMMENDATION

6.1. Members are recommended to note the detail and conclusions of the OPCC deep dive into Dorset Police's vehicle fleet.

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