

Efficiency and Effectiveness Review Programme
Transport Review – final report

Project Board Agenda Item PB18

24th October 2001

MPA

Metropolitan Police Authority

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Executive Summary

1. The Metropolitan Police Service (MPS) spends £11m of its capital resources each year on the purchase of vehicles and nearly £50m of its revenue budget keeping a fleet on the road and meeting other transport costs. Getting better value from these budgets requires action on a wide range of issues across the entire 'transport life-cycle' of specification, procurement, maintenance and replacement/disposal.
2. Many of these issues are within the scope of the MPS transport strategy and there is little value in duplication by Accenture of existing MPS efforts. But the Efficiency & Effectiveness Project Board decided that there was merit in looking separately at the £5.2m budget spent on hiring of vehicles to supplement the core fleet.
3. The MPS will always need a hire budget, to cope with workload peaks, guarantee a minimum level of readiness and give front-line officers the flexibility they need to be effective. But expenditure has been running above budget in recent years, and the first six months' spend in 2001/2 suggests an outturn of around £6m – an overspend of over £1m.
4. The MPS is already taking steps to reduce its expenditure on hire. But our research has identified six problems with existing practice that, if addressed, could further reduce spending on hire:
 - **Limited utilisation of available vehicles** – both from core fleet and from vehicles already on hire
 - **Insufficient management control** over the acquisition and return of hired vehicles
 - **Untapped commercial opportunities** for reducing the costs of externally supplied transport such as taxi services, as well as through increased sponsorship
 - **A lack of strategic guidance** about the use of transport in operational policing
 - **A mismatch between the needs of Operational Command Units (OCUs) and the current allocation** of the core fleet – not just in Boroughs, but across the whole of the MPS
 - **A limited approach to corporate fleet management** that concentrates on administrative matters and doesn't challenge and support OCUs to ensure they achieve best value.
5. Solutions for the first three of these problems - improved utilisation, strengthened control and sharper commercial practice - can be achieved relatively quickly, generating 'quick-win' savings for 2002/3. Accenture has recommended a series of detailed actions to deliver these savings; the actions are integrated in an implementation plan with timescales and resource estimates. The level of savings generated by our recommendations will vary according to the assumptions made and the range of OCUs to which these assumptions are applied. Accenture's judgment is that £940k can be saved in 2002/3 from hire expenditure across all Boroughs and a more limited number of Specialist Operations/Deputy Commissioners Command units; further research would be required to determine the level of savings that may be possible from the remaining SO/DCC units and for pan-London TP functions.
6. Solutions for the remaining three problems - improved strategic guidance, better allocation of the core fleet and a more extensive approach to fleet management - address much broader issues of value for money in the use of transport. These solutions should be integrated with the action plan arising from decisions on the MPS' transport strategy. They may generate



further savings in hire and in core transport expenditure, or they may be simply enabling actions to help achieve the savings already identified. Accenture has not made detailed recommendations on these issues and has not quantified potential savings.

Introduction

7. The MPS needs an effective and efficient supply of transport to help fulfill its mission of making London safer. It meets this need through:
 - direct ownership of a fleet of approximately 4000 vehicles,
 - the payment of personal use mileage allowances and travel expenses (such as taxi fares)
 - the hire of considerable numbers of cars, minibuses and coaches over the course of a year
 - use of a wide variety of non car-based forms of transport, from public transport (use of which is now free to all MPS police officers) to pedal cycles.
8. The MPS revenue budget for transport in 01\02 totals £49m, £29m of which is fully devolved to individual Operational Command Units. A further £11m capital budget is allocated to the annual programme for replacing vehicles (which is managed centrally in order to maximize the MPS's purchasing power).
9. Getting better value from these budgets will require action on a wide range of issues across the 'transport life-cycle' of specification, procurement, maintenance and replacement/disposal. Many of these issues – and related themes such as the pursuit of greener transport practices (in line with the GLA's environmental agenda) - are within the scope of the MPS transport strategy. The Project Board meeting of 12/9/01 decided that, to avoid duplication by Accenture of existing MPS efforts, the Accenture transport review should concentrate on the £5.2m budget for hire of vehicles to supplement the core fleet – partly because this is a sizeable budget in its own right which has faced considerable pressure in recent years, partly because it is covered only tangentially in the MPS transport strategy and partly because it throws light on a number of issues that are central to the effective management of transport resources. In addition, the 10/10/01 Project Board asked Accenture to perform a high-level 'Quality Assurance' check on the latest version of the MPS transport strategy – principally to ensure alignment between the two pieces of work.
10. This review is based on a combination of qualitative and quantitative analysis. Accenture visited Boroughs and OCUs across the MPS, interviewing a representative range of stakeholders including officers, Finance and Resource Managers and transport managers. Interviews were conducted to both form our initial hypotheses and test our findings and recommendations. Our recommendations are also based on analysis of data drawn from existing MPS sources, as well as from an Accenture sampling exercise. The latter was undertaken in order to obtain information not otherwise available on vehicle utilisation (i.e. how much core fleet and hire cars are actually used) and to provide data on who is using hire, for how long and for what purpose.

11. The review has not covered every OCU across the MPS. Our sample of Boroughs allows us to draw conclusions that will be applicable for all Borough-based sections within Territorial Policing. Our sample of Specialist Operations (SO)/Deputy Commissioners Command (DCC) units limits our conclusions to a sub-set of OCUs within these two parts of the MPS (due to the diversity of OCUs in SO and DCC). And, in large part because of operational priorities in the aftermath of September 11th, we were unable to start in-depth analysis of the key pan-London functions within Territorial Policing (in particular, Public Order) until a very late stage in the review, which has prevented us from drawing conclusions about hire in these functions.

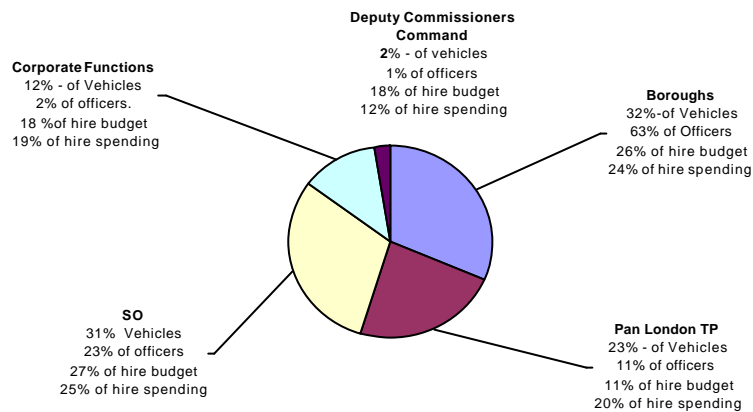
12. This report sets out:

- The review's main findings, with analysis of what is driving spending on hire
- A series of recommendations on what needs to be done, with quantified savings (the approach and assumptions are set out in the section on financial implications)
- An approach for delivering these savings successfully, with an implementation plan showing how these savings can be realised

Main Findings

13. The MPS fleet is allocated across its Operational Command Units. The chart below shows how the fleet is distributed, along with officer numbers and hire budget. The percentage of spending on hire accounted for in each of these five areas during the first 6 months of this year is also shown.

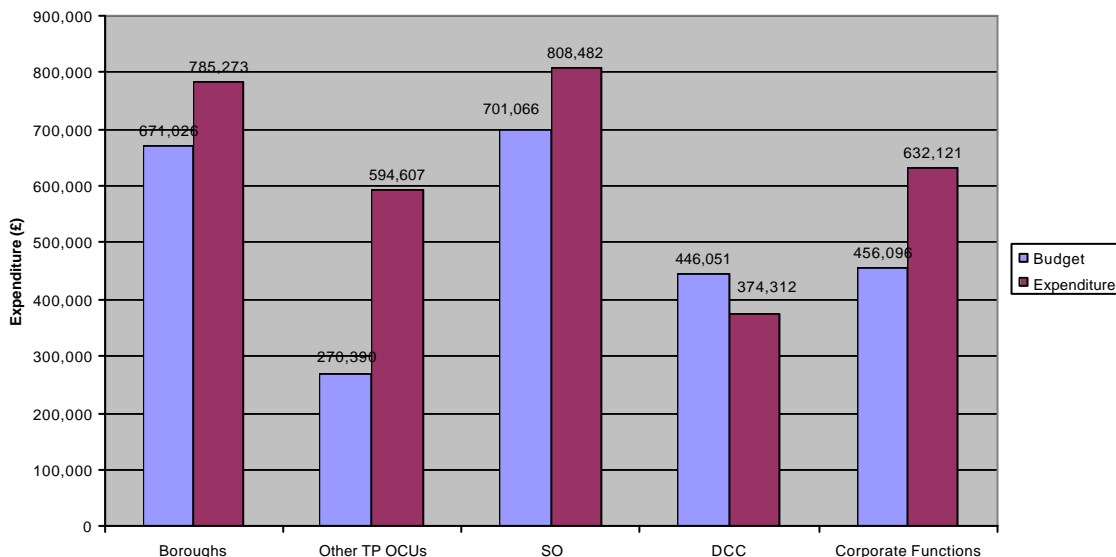
Fleet Allocation Across the MPS of Total Fleet 4,053 Vehicles , Officer Totals of 26,178. Hire Budget Allocation of £2,544,629 and spending of £3,194,795 for periods 1 - 6 - 2001/2002. (snapshot taken prior to mid-year closedown)



Fleet totals sourced from TSD and SO. Excludes Thames Group, sponsored and 67 TP pool vehicles
Officer totals as at 31\08\01 [includes 65 drivers in corporate and 1000 staff in identification]. Source: Workforce Planning. Financial data sourced from MetFin

14. The hire budget for 01\02 totals £5.2m (increased from 00\01 to take account of the £2.9m overspend that year). The table below shows the current spend on hire against budget in the first 6 months of this Financial Year. In all areas bar one there is an overspend (totalling £650k). This overspend excludes the recent spending on minibuses hired for Operation Calm, which alone exceeded £120k in the period between 12th September and 2nd of October.

Budget £2,544,629 V Expenditure £3,194,795, 2001/2002 periods 1-6. Source: Metfin - snapshot before closedown



15. This growth in spending is the result of a number of factors. Some units within the MPS perceive their core fleet allocation to be insufficient to meet their operational requirements and are using hire as a means of 'topping up' their transport provision.
16. More generally, the MPS has faced significant growth in demand for its services in recent years; this is likely to create some knock-on effect for transport services. And some have argued that changes in policing style – in particular, the greater emphasis on intelligence-led policing – have generated greater need for transport. Whatever the exact merits of each of these arguments, it is clear that not all of the expenditure on hire can be eliminated. But our research has identified six key factors that, if addressed could contribute to a reduction in hire spending and therefore an improvement in efficiency and effectiveness. These factors are:
- Limited utilisation of available vehicles
 - Insufficient management control
 - Untapped commercial opportunities
 - Lack of strategic guidance on transport use
 - Mismatch between OCU needs and core fleet allocation
 - Limited approach to corporate fleet management

Limited Utilisation of Available Vehicles

17. Organisations wishing to improve the efficiency of their transport assets and budgets will look to optimise the utilisation of their vehicles. Some organisations will adopt a tight definition of utilisation – getting to the level of hours and mileage that a vehicle is actually used – and aim for a target rate of utilisation approaching 100%. Neither approach is sensible within the MPS, given the nature of police work. We believe that too high a utilisation target would be unrealistic, given the variations in demand, the need for an instant-response capacity and the need for flexibility in front-line operations. Therefore Accenture adopted a definition of utilisation where a vehicle only needs to be used once in any calendar weekday (we have excluded weekends from our definition as this is a low period of demand for the MPS). Maintenance time was incorporated in non-utilisation percentages for core fleet samples, but not for hire vehicles (given no time is lost for maintenance as they can be replaced immediately by the hire company).
18. Nevertheless, even with the loose definition outlined above, the utilisation of core fleet vehicles in our sample OCUs was low (see table below). In Boroughs, the utilisation of pandas and unmarked cars averaged 71% during weekdays; in the SO units, the rate was 60%.

Fleet Utilisation - Sample results

	Core Fleet	Hire Fleet
OCU	2001-02	2001-02
Barnet	71%	88%
Camden	76%	90%
Haringey	67%	81%
Redbridge	71%	84%
Lambeth	69%	83%
Lewisham	74%	91%
Boroughs	71%	86%
Diversity		62%
SCG East	57%	57%
SCG South	76%	73%
SCG West	47%	n\avail
SO\DCC	60%	64%

19. Even the average utilisation rates for hired vehicles – where it would be reasonable to assume that a vehicle would be in an OCU only if there were plans to use it – were some way short of 90%. The average utilisation rate on our sample Boroughs was 86%; in SO and DCC units, the figure was 64%.
20. On the basis of the sampling we have undertaken, it is apparent that there is spare capacity in the core fleet that could be utilised before the hire option is considered. In most cases, hire cars were being used for activities for which core-fleet unmarked cars and (in Boroughs)

pandas were also used, suggesting that the core fleet is suitable for the task; and the low levels of utilisation indicate that these core-fleet vehicles are available. Officers may prefer a hire car to a car from the core fleet; but if those core vehicles sit unused in the yard at the same time that additional vehicles are being hired, then there are clearly opportunities to save money.

21. Our research also revealed good practice in some parts of the MPS. For example, Camden Borough achieves high rates of core-fleet and hired vehicle utilization; and Redbridge and Sutton Boroughs have both reduced hire spend by returning long term hire vehicles to National Car Rentals (the corporate provider). These Boroughs have also refused many requests for spot hire by insisting instead that officers use vehicles already in the Boroughs' possession.
22. In terms of utilisation, 'Best-in-class' rates from our sample were achieved by Camden (76% utilisation of the core fleet and 90% of hired fleet) and SCG South (76% utilisation of both core and hired vehicles).
23. There will be occasions when hire is the only way of meeting operational demand; and there are many legitimate operational reasons why core vehicles may not be appropriate for the task at hand and therefore when hire must be considered. But there is currently no MPS-wide policy that requires OCUs to grant hire requests only if no suitable vehicle is available either from the core fleet or from vehicles already on hire. Introducing such a policy would place the requirement on fleet managers to look at core-fleet availability in the first instance and place the burden of proof on officers to say exactly why an existing vehicle is inappropriate. We believe that such a policy would be an effective means of driving up utilisation rates and squeezing out unnecessary hire expenditure. In effect, it would formalise existing good practice and spread it, consistently, across the whole of the MPS. We believe that an approach based on policy guidance is better than one based on target rates of utilisation. Under a policy approach utilisation becomes an important factor in influencing decisions on hire, rather than an end in itself which could risk increasing vehicles use merely in order to meet a target.

R1. We recommend that the MPS adopts a policy that OCU lead officers for transport should agree to requests for hired vehicles only if no suitable vehicle is available from the core fleet or from vehicles already on hire.

24. But we believe that all OCUs should be required to monitor their utilisation rates and report this information periodically to the corporate fleet management section, to assist with force-wide planning of transport strategies and purchase programmes (as well as to allow corporate monitoring of OCUs' compliance with the new policy).

R2. We recommend that OCUs are required to monitor and report periodically on core-fleet and hired vehicle utilisation, which can be a factor in assessing their hire budget, as well as overall pressures on the fleet.

25. In a number of OCUs, managers already undertake periodic reviews of mileage or usage of vehicles. This has to be done manually using locally developed approaches (which inevitably vary). Given the need for the new management model to be supported by tangible information on utilisation we consider it important that OCUs are provided with

the tools and guidance they need to maximise the accuracy of the data gathered (while minimising the effort and bureaucracy).

R3. We therefore recommend that, in the absence of existing IT capability to support this monitoring and reporting, standard tools (such as spreadsheets) should be developed centrally and provided to all OCUs, along with instructions to ensure consistency of approach and maximise accuracy of data.

26. In addition, the planned MPS resource allocation model and planned reallocation exercise (both part of the MPS transport strategy activity) will further support the reduction of spending on hire. These initiatives should allow OCUs to lose vehicles that do not fit their needs, gain others that do, and so get a better fit between what is required and what is allocated. This process should, as planned, be managed centrally by Transport Services Division.

Insufficient Management Control

27. The extent of management controls varies considerably across the MPS. There is a good deal of best practice already in place that could be drawn together and implemented. But, there are also a number of weaknesses in decision-making and controls. The objective of implementing improved controls is not to make it harder for OCUs to hire, but to ensure an informed decision is taken and with the right level of authority.
28. Currently, not all Supervising Officers are exercising control over their teams' hire requests. This leaves some Finance and Resource Managers (FRMs) facing a myriad of requests from individual officers with no way of prioritising. FRMs are left to arbitrate and negotiate with individual officers on the legitimacy of their need for hire, and the extent to which the money is there to pay for it. In the best OCUs we visited, a Superintendent, or Chief Superintendent, was the key decision-maker, who worked closely with their supervising officers and FRMs to ensure that only essential hire was undertaken. Of these, the Directorate of Professional Standards also strengthened this approach by using data on mileage when reviewing their fleet and hire requirements.
29. There is therefore the need to adopt a management model in which:
- the senior officer (Superintendent or above) is the final decision-maker on hire
 - supervising officers require their teams to explore alternative options before a hire request is considered
 - potential requirements for hire are considered as part of operational planning (e.g. Priority and Tasking (PAT) forms)
 - the FRM supports the senior OCU officer by providing budgetary and utilisation information and, in turn, is supported by the senior officer when saying no to officers who want cars
 - the garage hand (where they exist) is fully briefed, with his/her knowledge about the core fleet and its whereabouts brought into help officers source from other locations within the OCU

R4. We recommend the development and adoption of a new management model that puts senior officers at the centre of decision-making, along with a clear authorisation process that sets out the different roles and responsibilities of officers, their supervising officers and FRMs alike.

30. It is also important that any requirements for hire be considered in the context of operational planning. Some OCUs in the MPS already do this, only authorising hire as part of the wider planning of operations where written requests are considered in the context of competing priorities and limited resources. In 90% of the cases we sampled no justification was recorded. And in 67% of cases no purpose for hire was given. And of the short-term hires (1-59 days) that we sampled, orders for average of 11 days were kept for average of 23. This

raises prima facie questions about the possibility of unnecessary expenditure caused by late returns.

R5. We recommend that the authorisation process requires written justification for hire be included as part of the operational planning process (e.g. through PAT forms), stating the purpose, cost estimates and confirming that all other options have been exhausted.

31. The need to integrate transport planning with resource decisions applies equally at the corporate level. Decisions to set up important new operations and units appear to have been taken without deciding what transport resources are required and where the resources should come from. One example of this was Operation Trident which was not allocated a hire budget but spent £130k in 2000/2001.

R6. We therefore recommend that operational planning, at all levels of the MPS, includes consideration of transport resource needs.

32. We were also presented with examples of individual officers hiring direct from National (the hire company), without going through any local checks or authorisation. Although there are named individuals in each OCU who alone are authorised to hire there is no mechanism for checking that the hire order forms are in fact signed by them. As part of its actions to tackle overspending on hire in 01\02 the MPS is also looking to hire through its Business to Business (B2B) electronic ordering system in a limited number of Boroughs. This change will tackle this problem in those units, but not in the majority of OCUs until roll-out is completed.

R7. We therefore recommend that arrangements be considered to ensure that hire cars are not issued by National unless properly authorised.

33. In addition, under current budgetary arrangements, Transport Services pay for minibuses hired for Boroughs' and other units' local use. This is because, for historic reasons, the devolved budget is for car hire only. Many OCUs are not aware of this, but they are aware of the resulting discrepancies in their financial reports from MetFin. This undermines confidence in MetFin reports. And for those who are aware there is no incentive for them to minimise their call on this (overspent) budget for which someone else is accountable. In addition, it is not currently possible to provide a breakdown between spending on minibuses for corporate and local use.

R8. We recommend that the practice of central payment for minibuses ordered by OCUs be ceased and that the corporate budget be devolved accordingly (probably once the MPS allocation model is applied).

34. In addition, Public Order overspent by £490k in the first 6 months of 01\02, even before the response to events on September 11th. Public Order demands also account for a significant proportion of the Transport Services Division budget, which overspent by £200k in the first 6 months of this FY. We welcome MPS plans to tackle this misalignment by transferring the overall budget and responsibility to Public Order itself.

35. Public Order is clearly affected by special factors. The events of September 11th and subsequent pressures in this area meant we were not able to explore control issues for this part of the MPS in any detail. But the size of the budget and the overspend suggests that this is an important area for further work once the current operational pressures rescind.

R9. We recommend a review of vehicle hire planning and controls in Public Order once the current operational pressures rescind.

Untapped Commercial Opportunities

36. Opportunities exist for the MPS to capitalise on its 'brand' and corporate purchasing power, or simply to withdraw from contracts that are driving up expenditure, in three areas:
- a. Securing greater numbers of sponsored cars
 - b. Ceasing to make use of Computercab
 - c. Reviewing its arrangements for the hiring of minibuses

Sponsorship

37. The MPS currently has 18 sponsored vehicles (16 in Boroughs, 2 in SO) with more on the way. 9 Boroughs currently have one or more, while 23 have none (insurance costs are covered by the MPS own self-insurance, and some Boroughs have successfully done deals that ensure the sponsor covers tax and maintenance costs).. The MPS Procurement Department and Transport Services Division are working on guidance for OCUs on sponsorship. But, there exists the opportunity to exploit this more fully. Our initial view was that each Borough should have at least one vehicle. But we agree that this target for extra vehicles could be met by securing sponsorship in OCUs other than Boroughs (not least to reduce the burden on Boroughs). We considered recommending an increased target be achieved by the beginning of this financial year, but rejected this on the grounds of the lead times and the current economic climate.

R10. We recommend that the MPS set sponsorship target of the equivalent of 25 extra vehicles (instead of hires) across the MPS for at least 6 months of financial year 02\03. Corporate guidance, support and co-ordination should be provided to facilitate this.

Computercab

38. £40k has been spent on Computercab in the first 6 months of this financial year, that is on top of other spend on taxis in the travel and subsistence budget. This is a more expensive option than 'hail in the street' cabs, not least given the basic charge associated with the service and the tendency of managers to keep them waiting. In addition, given that this is primarily a facility for senior officers, withdrawing it would be a symbolic move, and one that many of our interviewees cited as a useful case of 'leading by example'.

R11. We therefore recommend that the Computercab facility be withdrawn, with a saving of at least £40k in 02\03.

Lack of strategic guidance on transport use

39. We believe that further opportunities for improving value for money will flow from greater strategic clarity about the role of transport in policing London – and from this the development of an acceptable use policy to guide local decisions. This belief was reinforced in a number of interviews with officers in the MPS, who either interpreted operational objectives as necessitating more hire vehicles (Intelligence led policing), or were unclear as to whether they should be on the bus or in a car (balance between visibility and reassurance objectives and reactive policing).

40. The types of questions addressed by this acceptable use policy would include:

- What role do bicycles, mopeds/scooters/motorbikes, public transport and foot patrol have in Boroughs? (in particular, for beat officers and CID on enquiries)
- For what purposes are Pandas and unmarked General Purpose vehicle suitable?
- What role does the marked fleet have for CID and other Squads? (e.g. Serious Crime Group Murder Teams)
- What vehicles are appropriate for surveillance?
- when should officers be encouraged to use their personal vehicles– if at all ?
- What is the proper role of personal allowances?
- What functions are sponsored cars suitable for?
- What functions are high-performance, prestige cars required for?
- What should vehicles not be used for?

41. While none of those interviewed wanted HQ to try and manage OCUs choices on this there was a strong feeling that HQ should send clear and consistent signals in order to promote a shared understanding and consistent approach across the MPS. Agreeing an acceptable use policy, driven by operational objectives and cost considerations, would be a positive step towards this.

R12. We therefore recommend that the MPS develop an acceptable use policy to address a range of policy questions key to both specifying the requirement of the fleet as a whole (size and vehicle type), and influencing the use of that fleet by OCUs.

Mismatch Between OCU 'Need' and Fleet Allocation

42. Probably the most quoted reason for increasing hire was the lack of fit between an OCU's vehicle requirements and its allocation of vehicles from the core fleet – those vehicles owned by the MPS and purchased via its capital programme. Indeed, of the hired vehicles sampled in the Accenture research 32% were long-term hire, the majority of which were for a period of a year.
43. Officers interviewed by Accenture talked of a mismatch in two ways:
- absolute numbers of vehicles (i.e. they don't have enough)
 - types of vehicles (i.e. they have the wrong type). Seven Boroughs in this year's Vehicle Replacement Programme (VRP) are bidding for different types of vehicles.
44. The former was more likely to be cited by SO \DCC units; the latter was a stronger factor for CID in the Boroughs. But it is interesting to note that the bids in the VRP are, on the whole, for minibuses and vans, rather than the types of unmarked vehicles CID feel they need.
45. The MPS Transport Strategy is already considering what vehicle types the service requires in the future.
46. The MPS is also working on a resource allocation model for transport that would provide an objective and transparent way of assessing OCUs need for resources (rather than relying, as now, on a combination of an out of date 'points system' based on the historic allocation and senior officers 'negotiating skills').
47. This allocation model is initially intended to apply to the Boroughs, but given that the greater share of transport resources is consumed by the rest of the MPS (68% of fleet and 74% of hire budget), and the need to ensure any reallocation does not result in unplanned consequences (such as increased hire), we consider it vital that the model is actively applied more widely.

R13. We recommend that the planned transport resource allocation model be applied across the whole of the MPS.

Limited Approach to Corporate Fleet Management

48. For most organisations with specialised fleets an over dependence on hire is symptomatic of problems within the core fleet itself. This is even more the case where growth of hire is unplanned and not fully understood.
49. MPS Transport Services Division (TSD) plays a key role in ensuring that the MPS has the fleet that it needs. Currently TSD performs a number of functions, such as running the annual Vehicle Replacement Programme and holding the corporate transport budget (that which isn't devolved). In addition, individual Business Groups, such as Specialist Operations (SO), have their own fleet managers.
50. However, at a corporate level there currently exists no single source of information on transport budgets, spending, fleet numbers or vehicles on hire. In addition, CID officers interviewed cite the need for unmarked cars that are not 'known' on their patch. Currently it is easier to hire these cars than it is to 'swap' core MPS unmarked cars between units. The only way to 'swap' is through the annual Vehicle Replacement Programme which is very limited in its scope and is not frequent enough to deal with this type of need.
51. Until recently TSD was part of a much larger Department of Technology (principally IT focussed) and suffered from a lack of senior management attention. In addition, there are elements of a fleet management function that are not currently defined as part of TSD's role, for example:
- Analysing the potential impact of changing policing styles on the overall fleet requirement, both in the short, medium, and longer-term
 - Identifying what Management Information is required, both to help OCUs manage effectively and for the centre to understand the total cost of ownership of the fleet, and establishing the key performance indicators
 - Challenging and supporting OCUs in managing their transport resources effectively
 - Reviewing fleet management best practice in wider industry and specialised fleets to apply developments to the MPS fleet (such as effective 'pooling' systems to provide efficiencies and flexibilities within the fleet)

R14. We recommend that a review is undertaken of the fleet management capability within the MPS, with a view to defining and strengthening the strategic and management functions the MPS needs from its corporate fleet management section in order to improve value for money and operational effectiveness

Recommendations

52. This section summarises the recommendations set out in the findings section above.

No.	'Quick Win' Recommendations	Priority H\M\L	Timescale	Suggested MPS lead
1	MPS should adopt a policy that OCU lead officers should agree to requests for hired vehicles only if no suitable vehicle is available from the core fleet or from vehicles already on hire.	H	End-Nov 2001	AC PRS (Ghaffur)
2	OCUs be required to monitor core-fleet and hire vehicle utilisation and report periodically to TSD	H	March 2002 onwards	TSD Commander (Given)
3	Standard tools (such as spreadsheets) should be developed centrally and provided to all OCUs, with guidance to ensure consistency of approach and accuracy	H	Jan\February 2002	TSD Commander (Given)
4	MPS should develop and adopt a new management model and authorisation process for hire	H	January 2002 (design) for implementation in March	TSD Commander (Given)
5	The authorisation process should require written justification as part of the operational planning process	M	March 2002 onwards	TSD Commander (Given)
6	Operational planning, at all levels of the MPS, should include consideration of transport resource needs.	M	March 2002 onwards	AC PRS (Ghaffur)
7	Arrangements be considered to ensure that hire cars are not issued by National unless the order is properly authorised.	M	December onwards	TSD Commander (Given)
8	The practice of paying for local use minibuses centrally be ceased and that the corporate budget be reallocated accordingly	M	April 2002	TSD Commander (Given)
9	Review planning and controls in Public Order should be reviewed once Operation Calm has wound-down, or the situation has become more stable	M	Tbc - but after Jan 2002	AC PRS (Ghaffur)

10	We recommend that the MPS set sponsorship target of the equivalent of 25 extra vehicles across MPS for at least 6 months in FY 02\03. Corporate guidance, support and coordination should be provided to facilitate this.	M	Jan 2002 onwards	TSD Commander (Given) and Sponsorship Unit
11	The Computercab facility should be withdrawn	L	December 2001	Director of Resources (Keith Luck)

No.	Strategic Recommendations	Priority H\M\L	Timescale	Suggested MPS lead
12	MPS should develop an acceptable use policy to address a range of policy questions key to both specifying the requirement of the fleet as a whole (size and vehicle type), and influencing the use of that fleet by OCUs.	H	By April 2002	AC PRS (Ghaffur)
13	The planned transport resource allocation model should be applied across the whole of the MPS.	H	By April 2002	TSD Commander (Given)
14	The corporate fleet management capability within the MPS should be reviewed, with a view to defining the strategic and management functions the MPS needs from its fleet management section in order to improve value for money and operational effectiveness	H	By April 2002	TSD Commander (Given)

Recommendations - Financial Implications

Benefits

53. **If the recommendations set out above are implemented, we estimate that hire expenditure in the full year 02\03 will be reduced by at least £940k.** Additional savings are likely from other OCUs across SO, DCC and Pan-London TP which were outside the scope of our sample. If the same efficiency opportunities exist in these units then the savings could be the order of £500k, giving a total potential of £1.44m pa. This figure does not include any assumption about savings from Public Order and TSG.
54. The estimate of savings generated by our proposals for improved utilisation and stronger controls are based upon:
- the assumption that the samples are representative (in terms of OCUs and vehicles chosen)
 - a target level of utilisation that we believe operating units should be able to achieve as a result of our proposals
 - a reduction in the unit cost of individual hires (that hire cars equivalent to the MPS Instant Response Vehicle can replace more expensive hires)
 - an increased level of sponsorship achieved by Boroughs (equivalent savings could be achieved in other OCUs as long as sponsorship is used to replace hires)
 - the replacement of the Computercab facility by a policy of using “hail in the street” taxis
55. **Level of utilisation** – We believe that the utilisation levels achieved by OCUs leave scope for significant improvement, even taking into account the variable and sometimes unpredictable nature of police work. It is reasonable to expect a higher level of utilization in Boroughs than in SO/DCC units (given that demand for transport in boroughs tends to be more even and predictable); and it is reasonable to expect a higher level of utilisation for hired vehicles than for the core fleet. But, as explained above, the nature of police work means that utilisation will never reach 100%. We believe that it is realistic to expect:
- 80% utilisation of core fleet and 90% utilisation of hired vehicles in Boroughs. These assumptions are close to what one Borough is already achieving – Camden’s ‘best-in-class’ performance results in utilisation rates of 76% for its core fleet and 90% for its hired vehicles (and Lewisham is close behind with 74% for its core fleet and 91% for its hired vehicles).
 - 75% utilisation for both core fleet and hired vehicles in SO. This reflects best-in-class existing performance by SCG South, which already achieves 76%.

Unit cost of individual hires – 25% of hires in our sample were a higher specification than the Astra class 1.4 litre, which, from the MPS fleet perspective, is the equivalent of the Instant Response Vehicle (IRV). Based on the interviews we have undertaken, we have concluded that hire vehicles, in general, need not be of a higher spec than this (group C on the National Car Hire tariff). This does not mean that occasional hire of larger vehicles should be barred, but that for budgetary purposes, it should be assumed that group C is adequate, and that lower group cars will more often than not be wholly sufficient.

56. Our sample of BOCUs is representative of all 32 Boroughs, so we have assumed that the improvement opportunities within our sample will be present in similar proportions across all 32 boroughs.

57. However, our sample of SO/DCC OCUs is not representative of SO/DCC as a whole, so we have applied the improvement opportunities from the SO/DCC sample only to SO1, 5, 6, 7 and Diversity Directorate. This generates improvement opportunities of £430k for BOCUs and £380k for the sub-set of SO/DCC OCUs listed above.

58. However, if we applied our assumptions to the rest of SO (excluding SO11/12) and to pan London and DCC units (excluding Public Order and TSG), an additional £500k could be generated - but this is not reflected in our total.

We advise that our proposals to reduce hire spending be adopted in the OCUs where savings have yet to be quantified.

We advise that additional sampling be undertaken in remaining OCUs to quantify additional savings

Level of sponsorship – our savings calculations assume that each borough should have at least one sponsored car for at least six months of 02/03. The additional savings generated by our proposals for increased sponsorship takes the total up to £520k in Boroughs (an additional £90k). This saving could be secured in OCUs other than Boroughs if sponsorship is secured to replace hire vehicles

Amount of taxi expenses avoided - we have estimated the current year's expenditure on Computercab services at £80k (the first six months' spend in 01\02 totaled £40k). We have assumed that there will be a slight reduction in the number of journeys taken by cab and a reduction in unit costs a combination of these assumptions suggests that the MPS can reduce its full year expenditure on taxis by £40k.

Factors Influencing Savings

59. There are a number of factors which could influence the levels of savings secured:

- Changes in current spending this Financial Year (for example if the MPS reduce spending on hire, or negotiate a lower flat-rate daily charge for short-term hires)
- Underlying demand changes (for example, if officer numbers increase or there are significant changes in policing style)
- Variations in maintenance downtime (for example if availability of core fleet vehicles increases or decreases dramatically)

60. In addition, our savings figures only cover Boroughs and limited number of SO\DCC units. If our findings are confirmed to be applicable to a wider group of OCUs then there is clearly scope for further savings to be realised.

Costs

61. The key cost element is the staffday effort required to implement the recommendations, both in terms of developing the products such as guidance, but also supporting OCUs in changing the way they hire. There may be small printing costs associated with the production of guidance, but on the basis of discussions with MPS staff we have assumed that, in the main, these can be avoided by using OTIS and the MPS intranet as vehicles for disseminating information

62. Our initial estimates for staffday estimates are shown alongside the key activities in the implementation plan, as well as in the table below. These are broken down into the additional effort required in OCUs (local staffdays) and that required from central resources. These initial estimates will need to be informed by discussions with MPS on the mix and extent of their available resources (both centrally and within OCUs).

Improvement Opportunity	Staff Day Estimate	
	Central	Local
Hire savings	210	140
Sponsorship and PO review	50	80
Strategic Issues	80	
Evaluation of savings (in 2002)	40	
Total	380	180

63. Implementation and evaluation resource estimates apply only to those OCU's where savings have been quantified (all Boroughs and the selected group of SO\DCC units). We advise that the new policy, management model and so forth are applied across the whole of the MPS. However MPS should reach a view on the scope for additional savings in those OCU's not included in our savings totals before a sensible estimate of additional implementation effort to realise them can be made.

64. The estimates for resources on sponsorship reflect the effort to secure additional sponsorship and exclude current MPS effort on developing guidance and strategy.

Implementing the Recommendations

65. In developing our proposed approach we have taken into account:

- our experience of working with organisations to implement improvements and secure efficiency gains
- the need to avoid the erosion of savings given the recent experience of the MPS – for example, the savings that could have been realised from renegotiating 20% price reduction in hire contract were reported by MPS to have been completely eroded by a 20% increase in consumption
- the size and complexity of the MPS

66. In light of this we recommend:

- **A short, focussed period of planning and preparation ahead of implementation** in order to produce a more detailed work plan and develop the detailed implementation approach
- **Hands-on central design and implementation team** - providing co-ordination from the centre, with responsibility for the management of the change across the Met by supporting OCUs before and during the implementation. This team would also produce the recommended guidance and tools, in conjunction with representatives from each OCU, as well as take the lead in supporting OCUs in their implementation.
- **Implementation approach that makes maximum use of existing communication channels**, for example, in order to minimise both the resource effort required, and the demands on senior officers and FRMs, we recommend making full use of existing forums (e.g. FRM meetings and Business Group Command meetings) to disseminate information and guide implementation
- **Comprehensive communication programme to support effective implementation** - to be developed during the planning phase. Elements of this will include the agreement of clear and consistent messages, as well as an assessment of the right ways of communication with the different groups affected within the MPS.
- **Effective evaluation** - quarterly monitoring of progress of implementation and savings realisation will be necessary to ensure benefits are secured in 02\03. As well as incorporation of lessons learned into additional guidance

Implementation Plan

67. The implementation plan below shows the key actions necessary to deliver the recommendations and secure the savings. It concentrates on the actions required to deliver the quick wins, but also includes an initial resource estimate for the recommended strategic actions.

68. We originally proposed a mid-November start date in order to dovetail with planned MPS action in this area. However, given MPS concerns that this was not practical (given their competing priorities) the plan now begins the bulk of work in January.

Phase 1 –December 2001 - January 2002: ‘policy and planning’:

- MPS Management Board agrees the policy change (recommendation 1)
- The central implementation team undertakes a short period of planning and preparation,
- The central team, in consultation with selected OCUs develops the new management model (recommendation 4), along with the practical guidance for OCUs, management information requirements, and tools to support the collection of utilisation data (recommendations 2 and 3)
- Decisions and proposed changes to be communicated to OCUs
- Centrally co-ordinated planning for sponsorship completed (recommendation 10)

Phase 2 –February to 31st March 2002: ‘Implementation’:

- The new arrangements on hire are communicated
- The new guidance and tools are implemented, focussing on those where savings opportunities have already been identified
- Work to secure additional sponsorship continues

Phase 3: April 2002 onwards: ‘benefit realisation’:

- Completion of, and on-going support to, implementation activity in OCUs
- Quarterly monitoring and evaluation of performance against plan and target savings, as well as softer evaluation of the effectiveness of guidance and tools

	2001		2002			April 2002 onwards	Staff Days	
	November	December	January	February	March		Central	Local
QUICK WINS ON HIRE								
Core utilisation								
Agree policy change		▲						
Announce Policy Change		▲						
Planning and Preparation		◆	◆	◆			30	20
Controls								
Develop new management model			◆	◆			20	20
Develop management information requirement			◆	◆			30	20
Develop guidance and tools			◆	◆	◆		30	20
Communicate new arrangements				◆	◆		10	20
Commence Implementation				◆	◆	◆	90	40
Commercial Opportunities								
Plan and secure sponsorship			◆	◆	◆	◆	20	80
Withdraw Computacab		▲						
Evaluate savings realisation						▲	40	
Other Opportunities								
Cease payment by centre for local minibus use						▲		
Review Public Order budgets				▲			30	
STRATEGIC								
Develop Acceptable Use Policy							40	
Review Fleet Management Capability							40	
Implement Transport Resource Allocation Model							n/a	n/a

Critical Success Factors

69. The following will be essential to the successful implementation of this review's recommendations:

- senior MPS commitment to realising savings, in particular at corporate and OCU commander level
- guidance and tools that are fit for purpose. OCUs need to be actively involved and consulted on their development and implementation
- achieving effective and consistent adoption of improved controls across OCUs
- ensuring effective Management Information is available
- planned MPS reallocation exercise taking the priority for reducing hire into account when making final decisions
- ensuring that the improved performance of Vensons (the outsourced vehicle maintenance contractor) is sustained

Relationship with other reviews/initiatives

70. The following interdependencies between the transport review and other reviews/initiatives are worthy of note:

- **Devolution.** In interviews with officers and resource managers, views on the response to solutions on the management of hire illustrated a wide range of views as to what devolution means. For example, some saw it as a 'free rein' with no leadership from, or accountability to, the centre. Others felt that devolution was the right approach, but that it should be within consistent and corporate policy framework of policy and standards.
- **MPS Transport Strategy and reallocation exercise.** The implications for the current MPS work are highlighted in the main body of this report