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SPONSOR: DCC Jon Stratford

DECISION NUMBER: D08-2019

SUBMITTED TO: Martin Surl, Police & Crime Commissioner for Gloucestershire

SUBJECT: Vehicle Telematics Business Case

EXECUTIVE SUMMARY: This paper requests funding for the procurement and installation of telematics into the Constabulary's vehicle fleet.

There are a number of benefits of this proposal including a fleet which is greener, safer and more efficient.

A total of £239,444 is being requested.

Estimates state that the payback period on this investment is 1½ years based on an annual 10% fuel saving.

Procurement is requested though a direct award (sole source) to a preferred supplier using the process recommended by SWPPD.

RECOMMENDATION:

It is recommended that:-

- 1. Funding of £239,444 is provided to allow the procurement and installation of vehicle telematics**

OUTCOME/APPROVAL BY:

Signature: 
Police and Crime Commissioner for Gloucestershire

Date: 26 March 2019

<p>Public Access to Information</p> <p><i>Information in this form and associated reports is subject to the Freedom of Information Act 2000 and the Elected Local Policing Bodies (Specified Information) Order 2011. Where it has been indicated that this is a decision of significant public interest, all of this form except Part Two will be made available on the website of the OPCC.</i></p> <p><i>Any information that should not be automatically available on request should not be included in Part One but instead on a separate Part Two form.</i></p>	
<p>Is this a decision of significant public interest?</p> <p><i>This includes a decision with any impact on the community, expenditure in excess of £50,000, or any decision that would be of obvious interest to the media or the general public</i></p>	<p>Yes – based on value of initiative</p>
<p>Is there a Part Two form?</p> <p><i>This section should only include information that, if published:</i></p> <ul style="list-style-type: none"> a) <i>would, in the view of the chief officer of the police, be against the interests of national security;</i> b) <i>might, in the view of the chief officer of police, jeopardise the safety of any person;</i> c) <i>might, in the view of the chief officer of police, prejudice the prevention or detection of crime, the apprehension or prosecution of offenders, or the administration of justice; or</i> d) <i>is prohibited by any enactment.</i> e) <i>breaches commercial sensitivity</i> 	<p>No</p>

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	Comments including who has approved the report if applicable
Has legal advice been sought on this submission if required?	No
Has the Chief Finance Officer been consulted, if required?	Yes
Have equality, diversity and human rights implications been considered, as appropriate?	Yes
Is the recommendation consistent with the objectives of the Police and Crime Plan?	Yes – Safer and Social Driving; Green and Pleasant County
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes
Has communications advice been sought on areas of likely media, community, staff or partner interest and how they might be managed?	Yes
Have all relevant implications and risks been considered?	Yes

PART ONE – For publication

1. Purpose of the report

This paper requests the provision of funding to allow the procurement and installation of vehicle telematics into the Constabulary's fleet, by means of a direct award to a preferred supplier.

Vehicle telematics captures data directly from vehicles replacing the need for a number of manual processes which currently take place including the initial recording of mileage by drivers and the subsequent transfer of that data from paper to an electronic system.

This process is mandrolic and prone to errors as well as costly.

Telematics will reduce the manual effort of error detection and correction and the data will be more accurate, allowing more effective scrutiny of vehicle utilisation. This will provide essential management information which allows the maximum value to be extracted from our assets and potential reductions in the overall fleet number.

The implementation of vehicle telematics will improve the delivery of transport services operationally and strategically. Enhanced data will ensure that vehicles are maintained, serviced and repaired promptly and will provide the data needed to inform decisions on vehicle swapping and rotation, replacement and longer term replacement strategy. The data will ensure that the right type of vehicle is provided and that decisions around changes to our estate, structure or establishment can be considered with full understanding of the impacts for and from vehicles.

There are a number of risks, opportunities and impacts of this proposal:-

Risks

- Disruption to operations due to vehicles being off road for fitting – to be mitigated through scheduling and communications with affected stakeholders
- Slippage due to vehicles not being presented as scheduled for fitting - flexibility to respond where scheduled vehicles are unavailable for fitting
- Regulatory data protection risks – to be mitigated through ICT led due diligence and scrutiny of relevant certification
- Failure to realise benefits if data not acted upon – initial processes and resources have been identified – further mitigation through focus on data driven prioritisation of areas for action

Opportunities

- To further integrate vehicle telematics with other hardware such as dashcams and satnav at a later date if viable
- Further process improvement through integration with fleet management system
- Potential to provide location data to FCR along with details about the vehicles

- Potential to provide improved data regarding environmental impacts for planning and monitoring purposes.

Impacts

- Scale of change will require considerable input from Transport Services including learning of new system and processes
- Transport Services – switching of capacity from current manual processes to system based processes
- Drivers – some concern that telematics will be used as a punitive tool – this can be managed through policy development and communications
- Collision Investigation and Sergeants – new ways to access data where requirement to investigate a collision or complaint

It is also important to note that the introduction of vehicle telematics would contribute to:

Police and Crime Plan 2017 – 2021

- ‘A green and pleasant county for now and in the future’
- Accessibility and accountability ‘to get the right resources to the right situation or problem first time, every time, on time’
- Safer and social driving

Corporate Strategy 2017 – 2021

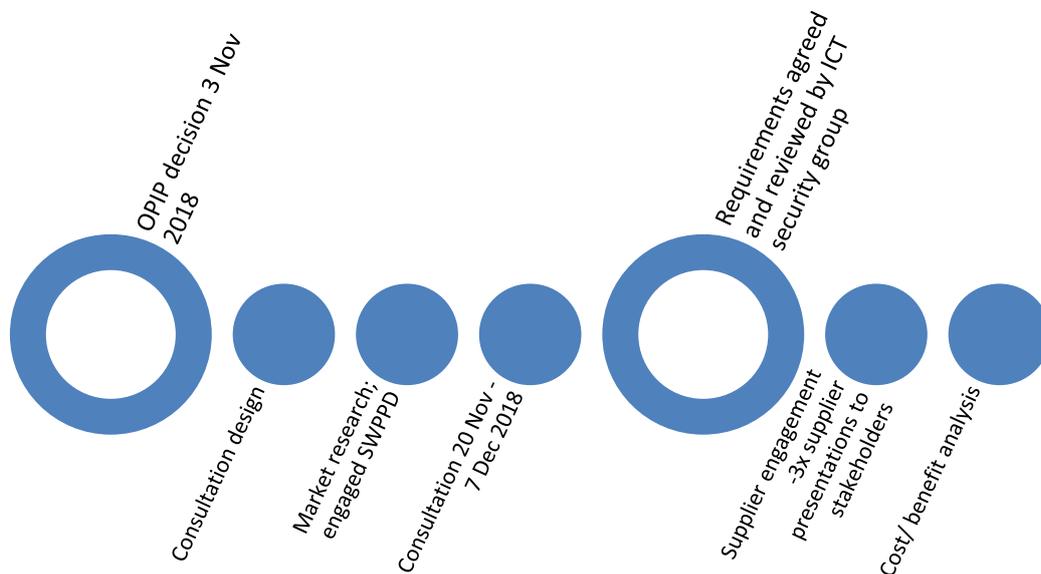
- Mission – ‘To keep people safe from harm.’
- Pillar – stabilise – ‘Fleet – demand, requirements, efficiencies.’
- ‘To deliver data and information this is accurate, available and accessible, enabling staff to perform their jobs effectively.’ – includes key deliverable - develop management information capabilities and provide timely and relevant data to inform decision making.
- ‘To modernise our functions, processes and supporting technology to optimise the delivery of efficient and effective services.’ – includes key deliverable ‘review and define the estates requirement for the constabulary, enabling a modern fit-for-purpose operational policing and staff working environment’ and outcome and measurable benefit ‘embed carbon management and environmental awareness into everyday business.’

2. Background

Vehicle telematics have been discussed numerous times and some of the detail of this history is no longer available. A recommendation to progress a feasibility study was raised in the 2017 Fleet Review and some progress appears to have been made.

Estimated figures for the preferred solution at the time, TomTom, were provided by the South West Police Procurement Department (SWPPD) however no action was taken. On 3 November 2018, OPIP gave approval for the development of a full business case for vehicle telematics.

The timeline shows the activity undertaken since then to inform the business case.



The business case was presented to OPIP 26 February 2019, OPIP fully supported the paper. Comments from the board were:

- Organisationally and public perspective is this is something that should be implemented and become BAU
- Federation fully supportive
- Operationally needed and can develop alongside deployment and demand principles
- Similar to Body Worn Video – protect staff and public – build trust and confidence

The introduction of vehicle telematics will contribute towards the following areas:-

Safer

- Currently, vehicles are being presented overdue for servicing and with unreported damage.
- Drivers report that satellite navigation is not always available and this can delay arrival at the scene of an incident.
- We are unable to reliably gather or access data to inform collision investigation. A report from the IPCC following a fatal collision recommended that we consider replacing our INCA devices (the current hardware used to gather basic data such as speed, lights on and off). INCA is no longer supported and has not been for some time. We are unsure of how many of the devices function and when data has been retrieved, it has been found to be inaccurate. We have not progressed against the recommendation to consider replacement since the time of the report and subsequent communications in 2017.

Greener

- We are currently unable to measure baselines such as miles per gallon or to assess and influence driving behaviours such as idling.

More efficient

- We are seeing increasing difficulty attracting insurers
- We lack data about actual usage to inform demand forecasting and long and short term planning
- We have process waste from manual processes
- We have waste due to inability to schedule servicing
- We lack the data to drive a reduction in the size of the fleet

3. Recommendation(s)

It is recommended that:-

- **Funding of £239,444 is provided to allow the procurement and installation of vehicle telematics**

Note about sole source procurement

It should be noted that the proposal is to procure the telematics equipment from a preferred supplier. This route has been subject to discussions with SWPPD who have agreed that this route is permissible and does not offend against procurement requirements.

The rationale for not tendering the telematics solution is that SWPPD have identified the South Yorkshire Police Framework Agreement with UK Telematics. This Agreement was let in Aug 2018 following a competitive EU tendering process and resulted in a national single supplier agreement that any Police Force can use.

SWPPD have done some extensive price benchmarking with other suppliers and the UK Telematics product pricing is considerably below average costs.

These lower than average costs have been submitted by UK Telematics specifically for the South Yorkshire Framework due to the potential collaborative volumes and there is also the potential for the monthly costs to further reduce in line with collaborative Contract volumes.

As part of the stakeholder engagement process, SWPPD have facilitated supplier presentations involving 3 national suppliers and have used Gloucestershire Constabulary's requirements to provide a structure for the presentations. This helped to highlight the similarities between suppliers and also the differences in their capabilities.

Other benefits for making a direct award to UK Telematics include:-

- Being part of this wider police consortium allows us to benchmark vehicle utilisation, MPG usage and vehicle mileages with other Forces.

Vehicle Telematics

- UK Telematics also offer a Contract Lifetime warranty on their product, 50% of the suppliers only offer 12 months warranty.

The risk of undertaking a separate tendering process will lead to unknown outcomes, including the potential for increased costs based on SWPPD benchmarking. Whilst not a decisive factor, running a tender process will take between 6-8 months before award plus additional time for the installations (a further 3-6 months).

On this basis that there is a South Yorkshire 'call off agreement', SWPPD confirms that it is appropriate in the circumstances to use this sole supplier.

4. Financial and resource implications

The option being recommended is costed as follows:-

Based on installation of telematics into 385 vehicles:-

	Purchase Price	Installation Costs (Per Unit)	Monthly Licence Fee (Per Unit)	Number of Units	Total Purchase Price	Total Installation Cost	Total Annual Licensing Cost	5 Year Cost
FULL	£85	£50	£7	385	£32,725	£19,250		
Total					£32,725	£19,250	£32,294 per year	£213,444

The cost over 5 years is a total of £213,444 which consists of:-

- One off capital cost of purchase and installation = £51,975
- ongoing revenue costs for licensing of £32,294 per year. (£161,470 over 5 years)

There is an additional £6,000 one off cost to purchase 2,000 fobs therefore the overall cost over a 5 year contract period is **£219,444**.

In order to implement this initiative, Transport Services have requested project management support - this has been costed, based on 0.5 FTE, at £20,000.

This would increase the total cost of the project to **£239,444** over 5 years.

This request has been made due to recent pressures and changing circumstances in Transport Services and was not an anticipated cost in the original business case attached.

In line with the Police and Crime Plan, the Constabulary is currently working toward increasing the percentage of electric vehicles on our fleet.

As the percentage of electric vehicles increases, the total cost of fuel (petrol and diesel) reduces.

This affects the pay-back period for the cost of telematics.

Savings have been calculated for a range of scenarios with regard to increasing electrification of the fleet as follows:-

		Year 1 saving from telematics	Year 5 saving from telematics	Payback period in years
Baseline - current fleet	10% fuel saving from telematics	£71,444	£357,220	3
With 57 electric vehicles	10 % fuel saving from telematics	£62,994.70	£314,973.50	3.4
With 84 Electric vehicles	10% fuel saving from telematics	£58,992.30	£294,961.50	3.7

It can be seen that as the number of electric vehicles on the fleet increases from 57 to 84, the payback period extends from 3.4 to 3.7 years. The additional project resource at £20,000 will increase the payback period by approximately 4 months.

Finance department view the payback period should be considered as 1½ years based on the initial investment costs in the 1st year of:

- £32,725 - Hardware
- £6,000 - Other Hardware
- £19,250 - Install
- £32,294 - Licensing
- £90,269 - Total

Then small yearly licensing costs of £32,294 x 4 over the 5 year period.

Summary of costs

The costs over a 5 year period is as follows:-

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Initial purchase and installation	£51,975					£51,975
Annual licensing costs	£32,294	£32,294	£32,294	£32,294	£32,294	£161,470
Key fobs	£6,000					
Project resource 0.5 FTE	£20,000					£20,000
	£110,269	£32,294	£32,294	£32,294	£32,294	£239,445

It is proposed that the initial capital investment is taken from the Vehicle Reserve budget and that ongoing revenue costs will be met by ongoing savings. These savings will also allow the vehicle reserve to returned to the current level.

5. Risk assessment

A number of risks have already been identified including:-

- Disruption to operations due to vehicles being off road for fitting – to be mitigated through scheduling and communications with affected stakeholders
- Slippage due to vehicles not being presented as scheduled for fitting - flexibility to respond where scheduled vehicles are unavailable for fitting
- Regulatory data protection risks – to be mitigated through ICT led due diligence and scrutiny of relevant certification
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In addition, there is a real reputational risk to the organisation if the vehicle fleet is not equipped with telematics in the following areas:-

- Lack of evidence that assets are being used effectively due to the lack of management data
- The risk that opportunities to reduce fleet numbers and reduce costs are not fully realised
- Absence of the ability to determine accurate data on vehicle data in relation to speed, location and driving style as recommended by the IPCC (now IOPC) report in 2017.

6. Equality & Diversity impact assessment

No apparent issues for this initiative.

7. Environmental impact assessment

The Constabulary is committed to delivering on the requirements of the Police and Crime Plan's section on the Green and Pleasant County.

The Constabulary has developed a Carbon Management Plan as part of the ISO 14001 Environmental certification requirements.

The Carbon Management plan states that the Constabulary will endeavour to reduce emissions wherever possible.

Carbon emissions data for 2016/17 totalled 5,179 tonnes of CO2:-

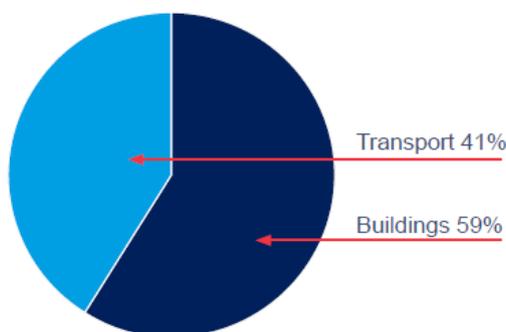


Figure 1 - Gloucestershire Constabulary Carbon Emission Sources

Transport – vehicle fleet – makes up 41% of that total, so any measure which contributes to the more efficient use of the fleet, provides a contribution towards reducing that overall carbon emission total.

The Constabulary has set a target in the Carbon Management plan of reducing carbon emissions from our buildings, fleet and business travel by 15% by 2021.

The plan makes specific reference to the requirement to have better management data which will be provided by vehicle telematics.

8. Consultation

As part of the CGB process the following areas have been consulted:-

Communications & engagement	<input checked="" type="checkbox"/>	
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Vehicle Telematics

Environmental	<input checked="" type="checkbox"/>	All the information around carbon management etc is well covered in the paper. My only comment is that the ISO14001 environmental standard which we have refers to risk and opportunities. I think that the ability to provide the data from telematics should be recorded as an opportunity to show continuous improvement in our environmental performance.
Finance	<input checked="" type="checkbox"/>	Sought confirmation that SWPPD have confirmed able to make direct award to UK telematics (confirmed).
Governance & Compliance: (DP, ID, RM, AC, IS, Unifi & PNC)	<input checked="" type="checkbox"/>	
HR	<input checked="" type="checkbox"/>	No issues
ICT	<input checked="" type="checkbox"/>	
Legal	<input checked="" type="checkbox"/>	No issues
Staff Associations: (Federation/Unison/Supts)	<input checked="" type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	
Training	<input checked="" type="checkbox"/>	

9. Discussed with Communications & Engagement

A communications plan will need to be developed for internal use to ensure that officers and staff understand the reasons for the installation of vehicle telematics.

The management information provided by the system will allow supervisors to feedback to individual users about their driving styles and highlight opportunities to reduce costs (for example, by reducing unnecessary vehicle idling).

Staff associations will also need to be engaged to ensure that they explain the benefits of vehicle telematics.

10. Conclusion

The issue of vehicle telematics has been discussed for some time and this proposal presents a cost-effective solution which has passed through Constabulary governance and is supported for implementation subject to PCC authority.

SPONSORING BOARD MEMBER APPROVAL

Name: Jon Stratford

Job title: Deputy Chief Constable



Signature:

Date: 19 March 2019

CHIEF EXECUTIVE APPROVAL

I am satisfied that relevant advice has been taken into account in the preparation of the report and that this is an appropriate request to be submitted to the PCC.



Signature:

Date: 21 March 2019