



STRATEGIC POLICING AND CRIME BOARD 3 November 2015

Police Vehicle Purchase Contract

PURPOSE OF REPORT

1. This report updates the Board in relation to the arrangements for purchasing police vehicles.

BACKGROUND

2. Police forces are able to purchase vehicles through a national public sector framework established by Crown Commercial Services (CCS). This framework creates benefit through the aggregation of volume across government departments, but recognises the specific requirements and brand value of policing by having separate 'blue light lots' that police forces use. Unlike the previous national vehicle purchase framework, the use of this is not mandated, but it does represent the most cost effective route to market. The framework includes a range of capable suppliers, and whilst Jaguar Land Rover is included in the main CCS public sector framework they are not included in the 'blue light lots'.
3. Under the previous framework forces came together at ACPO regional level to create buying groups. This was an approach for increasing volume, and hence obtaining volume discount, but it lacked strategic direction and failed to maximise the commercial advantage available to all forces by working more collaboratively across the UK. Taken as a whole, the police fleet is the 10th largest in the country, but buying at regional level diluted this buying power significantly.
4. Therefore, a new approach to developing strategic buying groups has been implemented over the last year under the leadership of the National Lead for Vehicle Procurement. This has resulted in the majority of the demand for police vehicles being aggregated into two strategic buying groups. The first buying group was led by West Yorkshire Police, included 22 forces with a combined demand for around 2000 vehicles over two years and went to market in April 2015.
5. The second buying group is led by West Midlands Police and includes 31 police forces and 5 fire authorities (some forces are in both buying groups but for different vehicle types) with a combined minimum demand of around 3000 vehicles over two years. The buying group, which is governed through a Collaboration Board chaired by David Wilkin, went to market in October 2015 with a planned contract award in early November 2015 so that vehicles can be delivered this financial year.

6. Soft market testing with suppliers showed that the most effective way of achieving discounts is to aggregate volume and demonstrate a firm commitment to actually purchasing that volume. Therefore, all organisations in the West Midlands led buying group have been required to sign a Section 23A Collaboration agreement that legally commits them to purchase a minimum volume of vehicles and also includes exclusivity provisions to ensure that forces do not deviate from contractual obligations. The purpose of this is to give the market the best view of committed volume and to protect the West Midlands PCC from group fragmentation post contract award.
7. The contract is divided into thirteen groups to reflect the different types of cars and vans required by forces, and there is no requirement for forces to commit to purchase from all the groups. The groups range from basic low performance beat cars, through to high performance cars used for traffic and motorway policing, as well as 4x4 vehicles, pick-ups and three types of vans. Some of the groups have been bundled together and awarded to the same supplier to gain commercial leverage and minimise the cost of maintaining mixed fleets.
8. It is likely that the actual numbers of vehicles purchased through the contract will exceed the minimum committed levels as forces have generally been very cautious given uncertainties in funding and operating models into the future. The West Midlands Police minimum committed demand is 248 vehicles, which represents 8.5% of the total, and this commitment is aligned to the operating model being designed through the WMP2020 programme of work.
9. Detailed specifications for the vehicles have been developed and agreed across the buying group members to ensure we purchase vehicles that are fit for purpose and operationally suited to the at times unique demands of police use. Whilst individual preferences about suppliers will be difficult to avoid, the fundamental test has to be that our vehicles are safe to drive for our staff and the public, they do what we need them to and that we buy and operate them in a way that represents good value for public money.
10. Fundamental to the approach for buying vehicles is the concept of whole life cost, and this is represented in the evaluation criteria for the contract award. Typically the capital cost of a vehicle is about one third of the whole life cost, when the costs associated with maintenance, fuel, repair and insurance are factored in.
11. The estimated whole life cost of the West Midlands led buying group is in excess of £100m. Despite vehicle manufacturers operating at an international level and the production footprint in the West Midlands being limited to a small number of manufacturers, there is a significant contribution to the local economy through fuel purchase at garages, parts and warranty work through the dealer network and repairs contracted to local businesses.
12. Neither of the two strategic buying groups has included motorcycles or Protected Personnel Carriers. Specifications for these categories have been aligned across the majority of forces and because volumes tend to be low it is the intention that demand will be combined into single national exercises for these categories later this year.

FINANCIAL IMPLICATIONS

13. The capital cost of vehicle purchase is funded within the approved capital programme (£3m/year), and revenue costs are included in the approved annual budget.
14. As the contract has not been awarded yet it is not possible to quantify the savings that will be achieved, but based on the outcome of the first buying group it can be expected that savings in the capital cost of vehicles for the whole group of £5m-£7m will be achieved over two years, with the West Midlands Police' share therefore being in the region of £0.5m.
15. The contract award will be for a minimum of two years, with the possibility of an extension of up to two years. The option to extend will be reviewed and considered through the Collaboration Board.

LEGAL IMPLICATIONS

16. Section 6 of the Police Act 1996, requires the PCCWM to secure the maintenance of an effective and efficient Police Force for its area.

RECOMMENDATION

17. The Board is asked to note the contents of this report and the arrangements for vehicle purchasing.

David Wilkin
Director of Resources