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GOVERNMENT SPENDING REVIEWS CONFERENCE

**Topic: Provision, Management and
Utilisation of Fleet Services in the Police
Service**

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Date: 6 May 2021

Introduction

Purpose of the report

Assess the extent to which police vehicles are effectively deployed and efficiently utilised in accordance with the department's service delivery needs

To benchmark the department's costs for the acquisition, utilisation, maintenance and disposal of fleet across provinces (and if possible, at station level) and in accordance with industry best practice

To develop and propose options for SAPS for effectively and efficiently managing its fleet

To identify possible efficiency savings

The review adopted the Data Envelopment Analysis (DEA) model to analyse trends and map out findings at provincial and selected police stations. Model also linked with GTAC spending review methodology especially in developing efficiency indicators

Fleet services constitute approximately **26%** of the total goods and services budget. Overall, the provision, utilisation and management of fleet in the department takes up approximately **29%** of the total non-CoE budget of the department

Key points of the report

Over the past five financial years, the department recorded total average spending of **R5.5 billion** on fleet services. SAPS had over 50 000 vehicles in 2019/20. Lower level spending items:

- 43.6 per cent (R2.4 billion) for *fuel, oil and grease*
- 27.3 per cent (R1.5 billion) for the *acquisition of new fleet (transport equipment)*
- 22 per cent (R1.2 billion) for *fleet maintenance*
- 7.1 per cent (R400 000) for *spare parts, tires and tubes*

The distribution of vehicles in the department is centralised and the allocation per station is informed by a resource allocation model which takes into account operational requirements; crime trends; socio-geographic terrain; police to population factors; and needs assessments per province

The analysis provided in the review highlights cost variations of new vehicles purchased and maintained per province; above market rates spending on fuel; mismatch between allocation of vehicles with performance; excess vehicles in the department; and service delivery performance gaps

High Level Findings

- Review of vehicle allocation criteria is needed to save costs (most expensive vehicles procured by SAPS are at Head Office above R250 000 national average). Gauteng also has a high allocation (982 p.a)
- Vehicles outside RT57 contract are more expensive i.e. Nyalas, BMW X5s, Mercedes, Audis and Volvos etc. Costs escalated by fitment and conversion equipment, exclusive models for VIPs units, and importing vehicles that are unavailable locally
- Above market rate spending on fuel due to inefficiencies and extra costs such as admin charges for fuel cards (RT46). Driver behaviour another major issue causing high spending. Poor consequence management in the department
- Operational requirements for vehicles need to be reviewed given excessive consumption of LDVs vehicles on fuel and mismanagement in some provinces. Formal curriculum being developed to address bad driving behaviour
- Lower scale efficiency scores highlight minimal utilisation of resources. Provinces such as the Eastern Cape have a significant budget allocation and more vehicles in comparison to provinces like Free State, Mpumalanga, North West, and Northern Cape yet the province was the least performer on technical efficiency
- Vehicles at inefficient provinces need to be re-allocated to efficient areas. There is also scope for auditing the allocation process per province/station (HO SCM not empowered due to complex decision making arrangements involving PCs)
- The department needs to improve its vehicle preventative maintenance function that is performed at the garages/workshops. In some provinces, there is efficiency in carrying out this function whilst others reflect poor performance
- Internal controls must be strengthened on vehicle repairs and maintenance: service provider cannot always guarantee the quality of vehicle parts used in the maintenance and repair process; and there is also no benchmarking of prices
- Ageing fleet a major operational and financial risk (vehicles going over planned service/maintenance plans)
- More costly to maintain and service internally due to staffing costs. However, when broader scope of work is considered (specialised aircraft, and panel beating), outsourcing is more expensive. SAPS must capacitate its garages

Findings: Institutional analysis

Vehicle Acquisition	Vehicle preparation	Vehicle Utilisation	Vehicle maintenance	Vehicle Disposal
Public Finance Management Act (PFMA) (1999) Treasury Regulations, 2005 Preferential Procurement Policy Framework Act (No. 5 of 2000) RT57 Transversal Contract guidelines National Transport Circular 4 of 2000 Vehicle Fleet Management policies Supply Chain Management regulations of SAPS Office of the Chief Procurement Officer (OCPO) procurement Guidelines, Circulars and Instruction Notes	PFMA (1999) and Treasury Regulations (2005) National Road Traffic Act, 1996 and Regulations (use of identification lights) SAPS Vehicle Fleet Management policies, guidelines and internal circulars/directives	RT70 Transversal Contract (petrol and diesel), RT69 (Tyres and tubes) guidelines National Transport Circular 4 of 2000 Public Service Act (1994) Public Service Regulations (2001) SAPS Vehicle Fleet Management policies, guidelines and internal circulars	RT46 Transversal Contract (Fleet vehicle maintenance) guidelines PFMA (1999) and Treasury Regulations (2005) Preferential Procurement Framework Act (2000) National Transport Circular 4 of 2000 SAPS Vehicle Fleet Management policies, guidelines and internal circulars	SAPS Asset Management policies PFMA (1999) and Treasury Regulations (2005) Preferential Procurement Framework Act (2000) National Transport Circular 4 of 2000

Findings: Programme delivery and performance

Acquisition

- Supply Chain Management Division at SAPS Head Office. Procurement is centralised within this environment

Utilisation

- Provincial offices
- Police stations
- SAPS centres and divisions

Maintenance

- SAPS garages are costs centres for transactions
- Transit Solutions is appointed as an external contractor. Funds are accounted for per programme and SAPS divisions.

Disposal

- Provinces mainly oversee auctions and disposal of vehicles. However, tenders exceeding R500 000 are at national level.

Transversal contracts decisions for acquisition of vehicles (RT57), Petrol and Diesel (RT70) and Fleet vehicle maintenance (RT46) are done in consultation with the National Treasury (OCPO). NT appoints service providers in terms of transversal contracts

- Cost saving decisions are made by SAPS based on demand analysis, needs assessment and service delivery obligations
- Head Office SCM not capacitated and empowered to scrutinise and challenge decisions made by operational environment (Commanders focusing on crime and not properly managing vehicles)
- Programme not delivering effectively on set targets due to **internal control deficiencies; ageing fleet; supply chain irregularities; lack of consequence management; capacity constraints on critical occupations such as detectives, mechanical staff in provinces; bad driver behaviour; misuse of vehicles and fuel**
- Mismatch between allocation of new vehicles in some provinces with crime rates (Limpopo and Western Cape) and performance targets. Over the past 5 years, Limpopo received 135 increase in vehicles whilst the Western Cape received 151. Yet, the number of serious crimes reported in these provinces declined by 14 192 and 52 679, respectively. Context differs but scope for better allocation of vehicles is needed. **Programme reach questionable. The issuing criteria needs to be reviewed and audited.**

Findings: Expenditure Analysis

Province (DMUs)	VRS Efficiency Score	Scale Efficiency	Number of crimes detected through police action	Number of crime prevention and crime investigation officers	Expenditure on crime prevention and crime investigation (R'000)	Number of vehicles
Eastern Cape	0.549	0.549	20 869	18 556	5 799 069	5 593
Free State	0.783	0.270	8 313	9 831	3 230 242	3 556
Gauteng	1.000	0.703	83 090	32 295	10 220 227	9 545
Kwa-Zulu Natal	0.709	0.883	54 199	23 771	7 336 844	6 985
Limpopo	0.929	0.480	16 920	11 127	3 420 214	3 062
Mpumalanga	0.905	0.406	13 267	9 470	3 020 384	2 914
North West	0.929	0.366	12 028	9 119	2 774 088	2 850
Northern Cape	1.000	0.129	3 316	6 853	2 112 063	2 075
Western Cape	1.000	1.000	78 174	19 525	6 119 646	6 309
Mean/Total	0.867	0.795	290 176	140 545	44 032 777	42 889

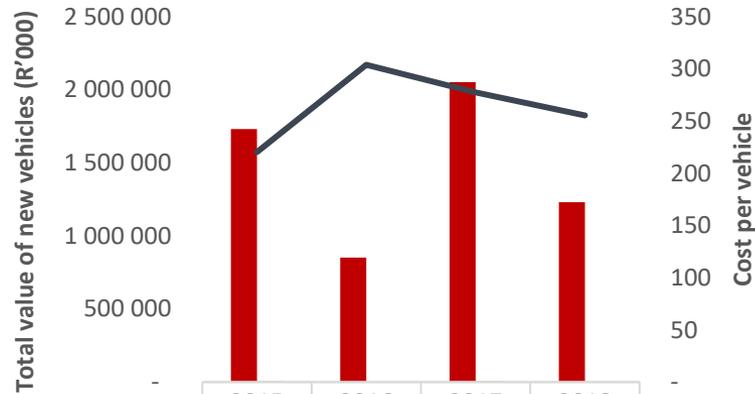
Province (DMUs)	VRS Efficiency Score	Scale Efficiency	Number of Vehicles maintained /repaired	Number of Garages	Personnel	Expenditure
Eastern Cape	0.665	0.897	17 457	16	282	102 580
Free State	0.794	0.864	10 414	10	207	53 242
Gauteng	1.000	0.915	35 659	16	431	156 774
Kwa-Zulu Natal	0.937	0.815	29 684	16	396	136 201
Limpopo	0.871	0.952	14 059	7	155	59 450
Mpumalanga	1.000	1.000	12 183	5	102	42 692
North West	1.000	0.714	8 519	9	146	41 794
Northern Cape	1.000	1.000	10 669	5	79	50 012
Western Cape	1.000	0.845	23 543	12	241	97 649
Mean	0.919	0.889	162 187	96	2 039	740 393

Overarching expenditure and technical efficiency issues

- Only **3 (33%)** of provinces efficient on crime related performance whilst **5 (56%)** are efficient on maintenance and repairs
- Better utilisation and management of resources necessary. Inefficient provinces need to learn from efficient ones (peers). Reprioritise vehicles from less performing provinces.
- Spending heavily driven by **excessively high costs of vehicles outside the RT57 contract; the size of the department's fleet (over 50 000)/bigger than most government departments; accident damages; outsourcing of maintenance; international oil prices and exchange rate fluctuations**; mismanagement; **overutilisation of vehicles in some environment**;
- Performance achievements patchy. Provinces like Western Cape, Mpumalanga and Northern Cape more efficient. Attributed to effective leadership, sound management and better internal control arrangements. Scale efficiency missing in most provinces indicating resources are not optimally being used
- Operational requirements need to be reviewed. Strengthen oversight performance mechanisms using economy, effectiveness and efficiency
- Efficiency index system available in the department. Needs to be better utilised
- Proper costing model also needed to assess option of leasing certain vehicles for support functions (i.e. Justice leases vehicles and spends over R100 million pa.)

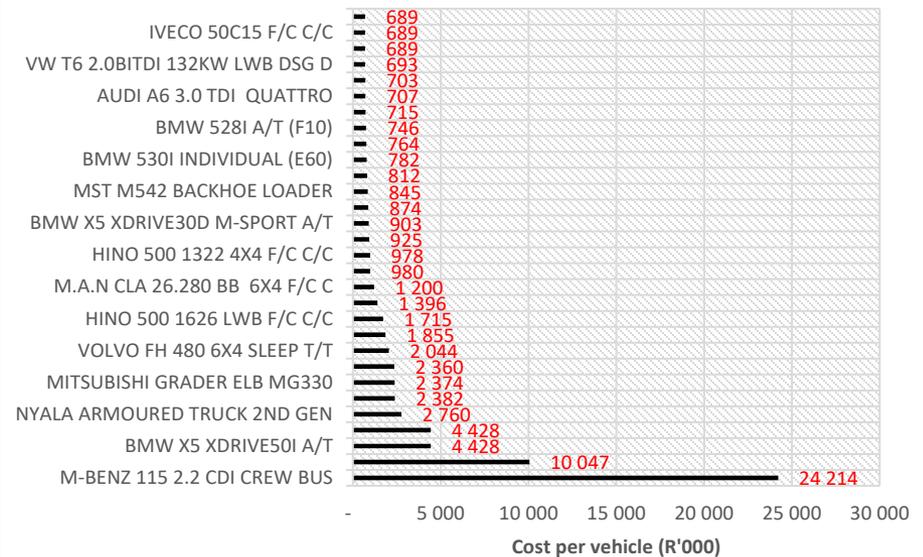
Findings: Expenditure Analysis2.

Cost per vehicle (SAPS national)



	2015	2016	2017	2018
Purchase price	1 731 30	852 320	2 052 60	1 231 28
Number of new vehicles	7 858	2 804	7 397	4 820
Cost per vehicle	220	304	277	255

Cost per vehicle (SAPS Head Office)



- The spending review has found that the most expensive vehicles procured by SAPS are at Head Office. The cost per vehicle at Head Office far exceeds the national average and is above the RT57 pricing for certain vehicle models
- Although most divisional and provincial commissioners know their policing terrain and support the existing vehicle issuing criteria, there is room for reviewing allocation criteria considering service delivery trends in provinces
- Increasing growth levels in spending and procurement not adequately justifiable i.e. changing cars every year; buying expensive models for Generals, certain provinces getting more vehicles than others

Findings: Savings, Trade-offs and Constraints

Item	Programme	Savings per year	Over the MTEF
Reducing the number of garages and personnel	Administration	R61.6 million	R185 million
Reducing vehicles from inefficient provinces	Core programmes: Visible Policing; Detective Services; Crime Intelligence; and Protection and Security Services	R710.1 million	R2.1 billion
Reducing personnel from inefficient police stations	Core programmes: Visible Policing; Detective Services; Crime Intelligence; and Protection and Security Services	R534.2 million	R1.6 billion
Purchasing fuel at market related prices		R223.5 million	R670.5 million
Purchasing vehicles in line with OCPO RT57 pricing	Core programmes: Visible Policing; Detective Services; Crime Intelligence; and Protection and Security Services	R3.6 million	R10.8 million
Reducing the number of vehicles procured at Head Office	Administration	R137 million	R411 million
Increasing the number of vehicles maintained and repaired externally	Administration	R101 million	R303 million
Total		R1.2 billion	R3.5 billion

Key trade-offs and constraints

- SAPS is a labour intensive department. The number of personnel and their specific functions influence surplus/ shortage of fleet. Can be better managed using the vehicle issuing criteria
- Insourcing vehicle maintenance may save costs but requires additional capacity, technology equipment (extra financial implications)
- Operational requirements and geographic terrain in provinces among major factors
- ‘Political buy-in’ needed for Protection and Security Services vehicle issuing criteria (a protected environment)

Conclusions and recommendations

Recommendation	Required actions	Responsible person/department
The department must review its vehicle allocation criteria to save costs and enhance service delivery.	Performance review of all divisions utilising vehicles Scrutinise vehicle needs assessments and only allocate vehicles based on efficiency and improved performance	SAPS main divisions
Operational efficiencies need to be improved in the department's garages.	Consultation with stakeholders such as Transit Solutions (PTY) LTD to review scope of work in relation to vehicle repairs and maintenance Internal workshops and meetings with provinces and supply chain officials	SAPS main divisions, Transit Solutions (PTY) LTD/relevant service provider
The department should reduce personnel and vehicles at inefficient provinces or re-allocate to efficient ones.	Performance review of all divisions utilising vehicles Scrutinise vehicle needs assessments and only allocate vehicles based on efficiency and improved performance	SAPS main divisions
It is recommended that the department review its spending on fuel as the findings of the study show spending on fuel is above market rates.	Strengthening internal controls on utilisation of fuel The department may explore the Transversal contract arrangements on petrol and diesel	SAPS, National Treasury and Department of Transport
The department must explore the use of cheaper models particularly for patrolling cities and urban areas.	Review of vehicle needs assessment per province Use small cars for patrolling cities	SAPS Visible Policing and Supply Chain Management divisions
It is recommended that personnel and expenditure should be reprioritised from inefficient police stations towards efficient police stations.	Review of underperforming police stations Identification of areas where funds can be reprioritised i.e. compensation of employees and transport equipment	SAPS

- Spending review findings to be implemented in consultation with the department and strategic budget negotiations. Presentations already made and SAPS has provided constructive feedback.
- Reform related findings will take longer to implement (i.e. capacitation and restructuring of garages). May also require additional funding
- The model and methodology is also used in normal baseline analysis and departments are given specific timelines to address and respond to issues raised
- Policy matters flowing from the review to be presented by CD at the Justice, Crime Prevention and Security (JCPS) forum in May
- Access to information is very crucial. Needs to be addressed early in the spending review process. This promotes evidence-based decision making
- It is more useful and effective when departments are involved in the spending review process. Better engagement and support is provided.

Solution room 1: LTSM

- How do you plan for the provision of LTSM?
 - To meet universal coverage targets
 - For top ups
 - To address increases in learner numbers
 - Delivering timeously
- Do you have a retention policy in place?
 - What does your retention policy say about the preservation and upkeep of LTSM?
 - What is the estimated retention rate?
- What innovative solutions can be put in place to curb LTSM expenditure?
- Which procurement method is better (i.e. transversal contract, decentralised procurement? Centralised procurement), and why?
- What is the progress on e-learning? E.g. digital textbooks
- How well is your province performing regarding the “1 textbook per learner, per subject” goal?
- What M&E mechanisms are in place? (Including reporting and site visits)
 - Frequency of M&E?
 - Systems and processes that enable reliable reporting of actual service delivery
- What are some of the challenges confronting the programme?
- What suggestions can you propose that may help improve programme delivery?
- Where can we find potential savings?

Solution room 2: Key Cost Drivers of Foreign Missions

- What is the role of SA's foreign missions?
- What has happened since the last spending review in 2014?
- How does SA's expenditure on foreign missions compare to everyone else?
 - What are the key cost drivers?
 - What are some of the challenges in curbing expenditure?
 - What role can NT play here?
 - How/where can we find savings?
- What were the key findings?
- What mechanisms can be put in place to assess and determine if the current missions add value?
 - What M&E mechanisms are in place? (Including reporting and site visits)
 - Frequency of M&E?
 - Systems and processes that enable reliable reporting of actual service delivery
- How can you action your findings/recommendations?

Solution room 3: Clothing and Textile Competitiveness Programme

- What led to the introduction of the Clothing and Textile Competitiveness Programme?
- What are the expenditure telling you?
- Is there value for money?
- What are some of the challenges confronting the programme?
- What suggestions can you propose that may help improve programme delivery?
- Where can we find potential savings?
- How can you action your findings/recommendations?

Solution room 4: HPV Immunisation Programme

- How are other provinces rolling out the HPV Immunisation programme?
- How is the dual function/ partnership between DoH and DoE working out?
- How is the programme performing? Are targets successfully met annually?
- Decision processes on which school/s to target?
- What M&E mechanisms are in place? (Including reporting and site visits)
 - Frequency of M&E?
 - Systems and processes that enable reliable reporting of actual service delivery
- What are some of the challenges confronting the programme?
- What suggestions can you propose that may help improve programme delivery?
- Where can we find potential savings?
- How can you action your findings/recommendations?

Solution room 5: Agriculture

- What are the different types of farmer support programmes?
 - Types of financial/non-financial support provided to farmers?
- How is efficiency and effectiveness of these programmes measured?
- What M&E mechanisms are in place? (Including reporting and site visits)
 - Frequency of M&E?
 - Systems and processes that enable reliable reporting of actual service delivery
- What are some of the challenges confronting the programme?
- What suggestions can you propose that may help improve programme delivery?
- Where can we find potential savings?
- How can you action your findings/recommendations?

Solution room 6: Commuted overtime

- Briefly detail the National Policy on Commuted Overtime for Medical Officers
- What led to the need to regulate the overtime system?
- What are the policy gaps?
- What are the differences in overtime spending across provinces by level of care?
- What are the linkages of overtime to workload?
- What are the trade-offs between capacity obtained through overtime and additional appointments?
- What suggestions can you propose that may help improve programme delivery?
- Where can we find potential savings?
- How can you action your findings/recommendations?

Solution room 7: Cost drivers in Malaria Programme

- What is the relationship between financial and non-financial performance?
- Which is better: outsourcing or insourcing the whole programme?
- What M&E mechanisms are in place? (Including reporting and site visits)
 - Frequency of M&E?
 - Systems and processes that enable reliable reporting of actual service delivery
- What are some of the challenges confronting the programme?
- What suggestions can you propose that may help improve programme delivery?
- Where can we find potential savings?
- How can you action your findings/recommendations?

Solution room 8: ICT in Basic Education

- Why is Information Communications Technology (ICT) seen as an essential learning and teaching aid in basic education?
- How much are provincial governments spending on ICT?
 - What are the reasons for large variations across provinces?
 - What are some of the variances in procurement processes across provinces?
 - Are we getting value for money for what we spend on ICT?
 - How can this be resolved/addressed?
- What can provinces do better to help understand what Provincial Education Departments (PEDs) are getting for their ICT spending?
- What will the implications of these large disparities in ICT spending on educational outcomes over the long-term?
- What suggestions can you propose that may help improve programme delivery?
- Where can we find potential savings?
- How can you action your findings/recommendations?

Topic: xxxxxxxx

Thank you

Heading

Sub-heading



Sub heading 2

