



Ministry
of Defence

[REDACTED]
DE&S Secretariat (Land Equipment & ISTAR)

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Bristol BS34 8JH



Via: [REDACTED]

Your References:

Our References:
FOI2015/06215

Date: 22 July 2015

Dear [REDACTED],

Thank you for your email of 9th July 2015 requesting the following information:

Good morning - by way of introduction I'm a freelance journalist and have been asked by Fleet News to follow up a Mail on Sunday story (July 5) about the MoD fleet. I therefore, hope that you are able to provide answers to the following questions.

- 1. The MoD awarded a four-year contract to Babcock to manage around 15,000 non-combat vehicles in 2011. I understand that the contract has a one-year extension option. Is that option being taken up? Is a new tender/contract to be drawn up/announced when the current contract ends on September 1, 2015? What are the plans for the contract moving forward?*
- 2. Fleet News highlighted the contract and the Phoenix fleet in an interview with you both (January 2013) reporting 15,000 administrative vehicles and around 250,000 rental bookings a year. The Mail on Sunday story mentions "an average 29,000 spot hires" a month and a further 21,000 longer term leases at a cost of £48 million and £70 million respectively in 2014. Can you reconcile the figures? In other words has the Phoenix fleet increased from 15,000 vehicles to 21,000 longer term leases and the requirement for short-term hire vehicles increased? If the fleet has expanded and demand for rental increased it would be good to know why, the types of vehicles leased/hired, the use the vehicles are put to etc?*
- 3. The Mail on Sunday report mentions that the car fleet will be "slashed" in an efficiency drive ahead of the Strategic Defence Review. Is this correct? What are the plans for the Phoenix fleet going forward? What is the MoD doing in terms of reducing vehicle costs - both the Phoenix fleet and rental vehicles?*
- 4. The 2011 contract announcement suggested it was worth £338 million. The Mail on Sunday suggested the MoD was spending £120 million a year maintaining the fleet, which is correct? Does the £338m figure include rental vehicle costs - an idea of the figure's make-up would be useful?*
- 5. What is the day-to-day use of the Phoenix fleet giving that the Mail on Sunday suggests that vehicles are being used like taxis?*
- 6. I understand that the MoD is currently running a competition for a replacement Phoenix fleet contract - what is the timeline on this in terms of an announcement? What is the expected value of the contract and how many vehicles will it involve?*
- 7. The Defence Secretary has spoken of the need for efficiencies. What is the MoD doing in terms of reducing fleet costs?*

I am treating your correspondence as a request for information under the Freedom of Information Act 2000 (FOIA).

A search for the information has now been completed within the Ministry of Defence, and I can confirm that some information in scope of your request is held. The answers to your questions are as follows:

1. The one year extension to the existing contract has been exercised. A new competitive exercise for a replacement contract (Phoenix II) is currently underway.
2. The figures used in the Mail on Sunday article were not accurate. There are between 14 – 15,000 lease vehicles at any one time, but this number varies dependent on demand. The same is true of spot rentals which is why an average is quoted rather than the figure for a specific month.
3. The vehicles are delivered through the Crown Commercial Services (CCS) frameworks and the cost is derived from these frameworks. The MOD has no direct influence over these costs, except be aggregating volumes and optimising specifications which allows Government wide economy of scale to be secured. The management of the Phoenix contract is transferring to the CCS which is looking to deliver savings across government under a Cabinet Office initiative. Under this work McKinsey has been employed to look at near term efficiencies. In the longer term MOD is running a competition to replace the three contracts that cover the UK and Northern Europe with one contract (Phoenix II). This will deliver efficiencies as well as focussing on delivering greater utilisation of the existing fleet, and thus reduce vehicle numbers. This contract is currently planned to be placed in January 2016 with a commencement date of September 2016.
4. In reality both figures are correct. The £338M was the figure in the original business case. Since that date, further approvals have been sought and the figure of £120M is now the average spend on the provision and utilisation of vehicles per annum. Maintenance is included within this figure.
5. The MOD often needs to transport personnel and equipment around the country particularly to areas not readily accessible by public transport. It is not value for money to own all the vehicles that are required, as well as the support infrastructure, on a permanent basis. A smaller leased fleet provides the optimum operation capability and additional vehicles can be called up to meet further or unexpected transport needs.

These vehicles are used for various tasks ranging from operational activities such as bomb disposal, mountain rescue, emergency support to the civil authorities and the civilian communities as well as standard administration activities such as moving defence personnel and stores to support military operations or training exercises. The fleet utilisation is a rough split of 50:50 across these two types of activities.

6. The Phoenix II contract is currently on schedule to be signed in January 2016. This contract will be for the fleet management activities and will have a value of circa £10M per annum and will aggregate the three contracts into one. The overall intent of the contract is to drive greater efficiencies with improved utilisation of the fleet, thus reducing vehicle numbers. However, the number of vehicles is entirely driven by demand.

7. As above.

If you are not satisfied with this response or you wish to complain about any aspect of the handling of your request, then you should contact me in the first instance. If informal resolution is not possible and you are still dissatisfied then you may apply for an independent internal review by contacting the Information Rights Compliance team, 1st Floor, MOD Main Building, Whitehall, SW1A 2HB (e-mail CIO-FOI-IR@mod.uk). Please note that any request for an internal review must be made within 40 working days of the date on which the attempt to reach informal resolution has come to an end.

If you remain dissatisfied following an internal review, you may take your complaint to the Information Commissioner under the provisions of Section 50 of the Freedom of Information Act. Please note that the Information Commissioner will not investigate your case until the MOD internal review process has been completed. Further details of the role and powers of the Information Commissioner can be found on the Commissioner's website, <http://www.ico.org.uk>.

Yours sincerely,

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