Moving Together

with UN Fleet Sharing

Guidance for Setting Up and Operating a Carpool System

Contents

Background

UNDP, UNFPA and UNICEF have joined forces to explore the concept of fleet sharing. Under the project title of ***Moving Together (MoTo),*** this is an inter-agency initiative designed to meet the demand for cost efficiencies and increased effectiveness of UN business operations.

The three participating organisations are often co-located and the project is closely linked to the OneUN and the expansion of Common Services. The aim of Common Services initiative is to reduce costs of business operations by avoiding duplication of effort and resources at the country level, and to enhance quality of services by facilitating access to tested practices in other countries.

Sharing of vehicle assets between agencies located in common premises was identified as an area for potential cost reduction and optimisation of the vehicle fleet. A pilot project, named Fleet Sharing Proof of Concept (PoC), was run in 5 countries in 2016. The PoC demonstrated the willingness of the users to adopt, the ease of use, the effectiveness of the technology and the quality of the data and analysis delivered by this kind of system. See the evaluation of the PoC

The perceived benefits of vehicle fleet-sharing in United Nations Country Offices (UNCTs) include:

- More effective use of vehicle assets
- Potential reduction in vehicle fleet size and associated costs
- Improved road safety performance through in-vehicle monitoring
- Reduced environmental impact from optimised journey management

The Evaluation Report of the PoC demonstrated that the participating Country Offices were willing to use the system. A survey conducted of the users elicited a high level of user satisfaction. Data analysis indicated that fleets were oversized before any attempts to optimise, driver behaviour improved and fuel consumption decreased. It has been determined at a senior management level to roll-out fleet sharing to a wider group of UN Country Offices.

The UNDP, UNFPA and UNICEF operate a combined light vehicle fleet of approximately 6,000 vehicles. At this stage, the system is recommended for use in all Country Offices but is not mandatory.

Although the concept was initiated and implemented by the three agencies named above there is no requirement that roll-out should be confined to these three agencies or exclusively to OneUN locations.

How the System Works

To achieve the benefits of car-pooling the vehicle assets of the different agencies the Operations Management Team (OMT) need to agree to combine their vehicle assets and implement the UN Fleet Sharing system for the allocation of vehicles to the users in need of transport.

The system comprises three principle components:

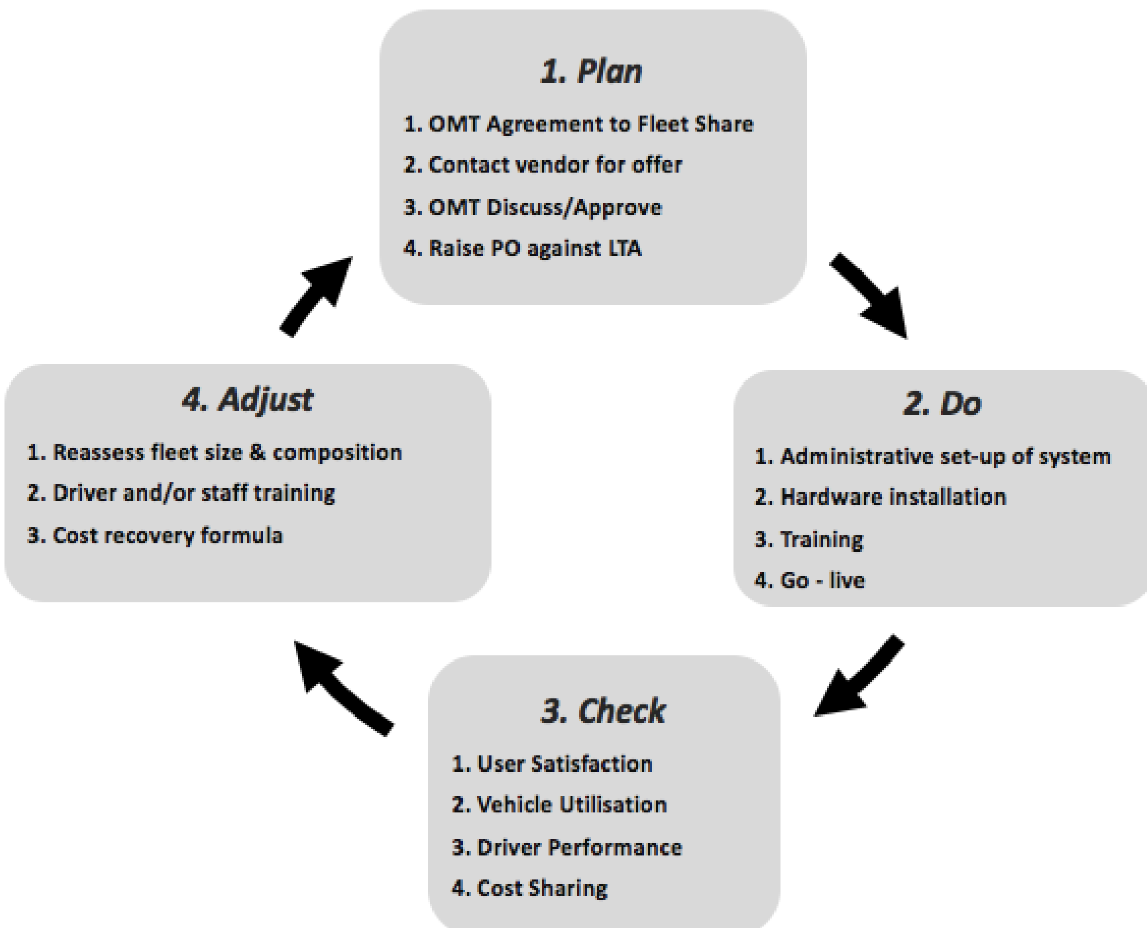
1. A web-based booking tool through which users can request a vehicle for a specific journey.
2. Each of the vehicles on the pool is fitted with a GSM enabled tracking device which records the use and behaviour of the individual vehicle.
3. A software platform which captures the date from the vehicle booking and tracking systems which allows monitoring and generates reports. These reports include vehicle utilisation, driver behaviour and cost sharing and cost allocation.

The carpool is managed using the online booking system with requests for access to vehicles being approved by the pool manager.

How-To Guide

This document aims to provide guidance to UNCTs interested in adopting the Fleet Sharing system in the form of a step-by step guide.

The PDCA (plan–do–check–adjust) interactive four-step management method is used for the control and continual improvement of the business process of the UN Fleet Sharing model, as illustrated below:



The Business Process

1.1 PLAN: OMT Agreement to Fleet Share

The first step is to establish the joint car pool by having each participating Agency commit their vehicles to the pool. Some Agencies may choose to reserve one vehicle for their respective Representative, but since the objective is to ultimately reduce the size of each Agency's fleet, the participating Agencies are advised to commit *all* vehicles to the pool.

1.2 PLAN: Contact Vendor

Once the number of vehicles in the pool has been agreed within the OMT, the vendor of the system should be contacted. A quotation will be provided by the vendor based on the requirements of the OMT. All the administrative, installation and training costs will be included.

The focal points at MiX Telematics, Dubai (the system vendor) are as follows:

- Noel Fernandez (Key Account Manager): noel.fernandez@MiXtelematics.com

1.3 PLAN: OMT Discuss/Approve

The OMT should determine which agency will take the lead role and be responsible for managing the contract with the service provider.

When the costs are known, approved and the lead agency determined, a purchase order based on the quotation from the vendor against the LTA that UNDP holds with MiX Telematics can be raised. This LTA is global, and may be used by any agency, fund or program in the UN system.

Other UN entities that are interested in piggy-backing on the contract between UNDP and MiX Telematics can access the LTA through the United Nations Global Marketplace (UNGM).

The LTA reference number is RFP/UNDP/PSU/LTA/2015/001 and will expire on 15-Jun-2018. All necessary information regarding the LTA can be found in UNGM's LTA Search (once logged in with the UNGM account) with "Fleet Management System" as its title.

Each of the UNCT's will have a single contract holder with MiX Telematics. This would be the lead agency and will be the one to be billed by the service provider.

For further guidance on how to piggy-back on the existing LTA with MiX Telematics, please contact the UNDP Procurement Services Unit in Kuala Lumpur at pso.order@undp.org or +60-383-080-061.

2.1 DO: Administrative Set-Up of the System

In order to ensure the booking system and the tracking system functions effectively and appropriate data is being captured, the following steps (in collaboration with the system provider) are required:

- The OMT will provide the required vehicle data to the vendor through filling in the standard form (Annex 1)
- The service provider will enter the vehicle data into the system and set the agreed parameters
- It is recommended that the most frequently travelled to locations have agreed, standardised titles
- The OMT should appoint a Pool Manager. The Pool Manager's role is to manage the system and approve all trips for all of the participating Agencies. It is recommended that this role rotates between participating organisations on an annual/biannual basis
- The OMT to establish the values for the in-system cost recovery formula (see Annex 2)
- The OMT needs to agree on Key Performance Indicators (KPIs) to facilitate efficient reporting
- Staff need to be trained – both end-user and pool manager

2.2 DO: Installation

The system hardware can be installed either by the vendor or by a vendor certified local service provider. For more details on the GPS devices, software package and training please contact MiX Telematics' focal points (attached on the "Plan: Contact Vendor" section of this document).

It is also recommended to buy one or two additional tracking devices, to ensure swift replacement, or if new vehicles are procured. Similarly, tracking devices should be removed before selling or disposing of a vehicle and may be reused in new vehicles.

2.3 DO: Training

The training will be conducted by the vendor, who will be able to train staff members and drivers through webinars, training videos, telephone support and other media, significantly reducing the costs of flying a trainer technician to the field. These training sessions can be broken down into three different parts:

- UN Staff training
- Driver training
- Pool manager training

2.4 DO: Go live

Once the vehicles have been committed to the joint carpool, the hardware has been installed, administration of the system is complete, the booking system set-up and staff trained the system is ready to go live.

It is recommended that all vehicles of each of the participating agencies is included in the system. If certain vehicles are restricted in their availability, for example the Representatives official vehicle, they should be included in the system and fitted with a tracking device and blocked in the booking system for exclusive use.

It is important that the booking system is the only way in which users may book vehicles. The number of trips made outside of the booking system should be monitored and users encouraged and if necessary retrained to use the booking system.

This system will only work effectively if all parallel systems are discontinued and that all vehicle requests and allocations are made through the Fleet Sharing system. The POC experience demonstrated that when parallel systems remained in place some of the drivers would receive reservation inquiries from other sources (quick phone calls, personal emails, for example), undermining the value of the online booking system, as often the vehicles that were shown as free in the online booking system had been booked already. Based on this experience UNCT's are encouraged to only provide transportation to passengers with a valid booking in the system.

It is necessary to appoint a Pool Manager who is responsible for overseeing the system, approving journeys, monitoring the pool performance.

- Pool Manager

  The carpool is managed using the online booking system with requests for access to vehicles being approved by the pool manager.

  The POC project revealed that the function of carpool manager should be performed by one person managing all vehicles of all agencies. Often this role falls on the operations manager; in order to alleviate the burden, the participating Agencies should consider rotating this carpool manager function to another participating agency on a periodic basis, for example annually. By rotating this function between participating agencies, a separate charge back for the Pool Manager costs can be avoided. Alternatively, the costs of the pool manager can be recovered through the cost recovery model.

- Cost Recovery

  To facilitate accurate and efficient cost-sharing of resources in the joint carpool, the OMT needs to agree on setting the parameters for the cost recovery module in the system. This allows the system to automatically reference all passengers listed on a given vehicle booking, and calculate and then allocate a proportionate share of the vehicle running costs for each trip.

  It is essential for the effective functioning of the vehicle pool that all costs related to each vehicle are accounted for in the unit price (cost per vehicle driven). As such the price per kilometre/minute needs to include more than just fuel and driver costs. Maintenance costs, insurance costs and a vehicle depreciation cost for each vehicle should be included in the unit process.

  Another factor that should be included in the cost recovery calculations is an interest rate. In order to collaborate in economic terms, a standard interest rate should be applied to the acquisition cost of the vehicle.

It is recommended that the cost recovery calculations should be made using the standard format provided in Annex 2 with country specific data entered by the UNCT.

At the end of each month a vehicle usage report is generated by the software automatically, providing complete transparency of the running cost for each vehicle. The total monthly cost is based on kilometres driven (cost per kilometre) and time usage (cost per minute). Additionally, the monthly costing report automatically summarises how much each agency owes the others, which reduces transactional costs.

3.1 CHECK: Performance Monitoring

To achieve maximum efficiency from the UN Fleet Sharing system OMTs are advised to make full use of the existing reporting capabilities, and carefully validate the performance indicators to be used. The system can provide standard reports on the following:

Vehicle Utilisation:

- Kilometres driven
- Time used
- Days used
- Number of trips

Driver Behaviour:

- Over-speeding
- Harsh-braking
- Harsh-acceleration
- Harsh-cornering

In addition, the OMT is recommended to monitor other vehicle related costs to ensure the rates used in the cost sharing calculation are accurate and fair. These costs include:

- Fuel cost per kilometre per vehicle
- Maintenance cost per kilometre per vehicle
- Driver cost

It is also important to monitor:

- Client satisfaction – are the requesters happy with the quality of the service provided?
- Number of instances no vehicles are available per day – is the car pool the correct size?

4.1 ADJUST: Re-Assess Fleet Size

During the PoC phase it was clear that Fleet Sharing can be used to optimise vehicle utilisation. Based on the UN Fleet Sharing Business Case, Fleet Sharing should enable the Agencies to reduce the size of their fleet from a conservative 10% to a challenging but achievable 30%. Following this evidence, the OMT will want to assess the number of vehicles in the carpool that are not being used, and liquidate these redundant assets as per their Agency's rules and regulations.

In order to have an efficient pool of vehicles, the oldest vehicles should be disposed first. It is not relevant which individual Agency owns that vehicle. Newer vehicles have lower operating costs due to better fuel consumption and need for less maintenance and repair. The process of right-sizing the pool should be used ensure that the pool is composed of the most appropriate types of vehicles. For example, it might be more cost effective to use a single minibus as a staff shuttle than two or three heavy duty 4x4 vehicles. In cases where there are occasional peaks in demand for transport it may be more cost effective to enter a service-level agreement with an approved taxi company to cover these peaks in demand.

If additional performance indicators are required by an UNCT they should be specified and discussed with the service provider.

4.2 ADJUST: Driver and/or Staff Training

The active engagement of the drivers is critical for a well-functional carpool. Drivers generally respond well to feedback and support. During the PoC phase of the project it was noticed that driver performance greatly improved when they were provided with the feedback from the system. When informed of the number of over-speeding, harsh acceleration and braking events they had during a given period most positively modified their driving behaviour. Improved driver behaviour improves the quality and safety of the journey for the passenger as well as reducing fuel and maintenance costs in the longer term. Driver performance ranking systems have proven to provide positive encouragement and recognition to drivers.

4.3 ADJUST: Cost Recovery Formula

For the participating agencies in the Fleet Sharing to feel comfortable about committing vehicles to the pool it is important that the cost recovery calculation accurately reflects the true cost of operating the vehicle. Costs should be checked regularly and adjusted if necessary.

After adjustments have been made the car pool performance should be closely monitored and further adjustments identified, changes planned and implemented the process of continuous improvement of the business process.

Governance

The OMT is advised that only the lead agency is to contract Mix Telematics and Mix Telematics will not entertain multiple contracts from the same UNCT.

Additionally, the UNDG Memorandum of Understanding (MOU) should be used as a formal instrument that governs this Common Service solution among UN organizations. A standard template can be found on the UNDG website.

The MOU is mandatory, in that it forms the legal basis for the services transaction among Agencies, and should reflect the agreed cost recovery and distribution.

While these instruments allow for a certain leeway to adapt to local context, it should be noted that any substantive deviation from the standard template is to be reviewed by the legal department of the respective lead Agency, which often causes significant delays in the process of establishing the MOU. Any fundamental changes from the template are therefore not encouraged.

The MOUs are signed by the Resident Coordinator in his/her capacity as UNCT Chair and the Representatives of the participating organisations.