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South Wales Police & Bridgend County Borough Council Joint Vehicle Maintenance Service Heads of Terms



Scope

This Heads of Terms document between Bridgend County Borough Council and South Wales Police provides an agreement outlining the principles relevant to the creation of a fully integrated joint fleet maintenance capability at a shared location.

The Heads of Terms agreement represents the first step on the path to a full legally binding Collaborative Partnership agreement, and serves as a guideline for the roles and responsibilities of the parties involved in a potential partnership before any binding documents are drawn up.

Vision

To implement a joint fleet maintenance service as a collaborative partnership. The facility will service the Bridgend County Borough vehicle fleet and the South Wales Police fleet based in the south and west Wales.

Purpose and principles

Bridgend County Borough Council and South Wales Police will co-locate their existing fleet facilities and implement a joint operating model that provides for an integrated management structure and a move towards fully integrated operations which will ensure the following aspirations and objectives are delivered:

- The integrated operation is effective and well measured in terms of delivering and evidencing improved value for money and efficiency
- The customer experience is enhanced
- The operation is compliant with the health & Safety, VOSA, Operator Licence conditions and all other relevant quality standards

Management and accountability

Joint project and strategic boards have been established to develop and agree the collaborative partnership agreement. The board's proposals will be submitted to Bridgend County Borough Council Cabinet members and Police Authority members for approval.

Project board membership

Corporate Director - Communities

Head of Neighbourhood Services

Head of Finance & ICT

Project Manager

Director of Finance (South Wales Police)

Head of Fleet (South Wales Police)

Chief Inspector

Estates & Property

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Strategic board membership

Leader of the Council

Chief Constable

Chief Executive

Deputy Chief Constable

Corporate Director - Communities

Director of Finance (South Wales Police)

Head of Regeneration & Development

Signatories

Darren Mepham, Chief Executive, Bridgend County Borough Council

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Peter Vaughan, Chief Constable, South Wales Police

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Dated:

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1	<p>Governance & Control</p> <p>Principals of the collaborative partnership governance</p> <p>Bridgend and SWP legal officers are currently in the course of finalising the initial current draft agreement.</p> <p>The current draft proposes (subject to both clients instructions) a governance structure that will consist of a Joint Vehicle Management Board (JVM Board) that will be responsible for strategy, overview, budget, etc, and a Joint Vehicle Management Team (JVM Team) which will be responsible for the operational aspects of the JVM e.g. planning of the service, service allocation and prioritisation, performance, and staffing issues. The proposed structure is shown in the diagram at 1.2 of this report.</p> <p>The JVM Board will provide overall management of all matters relating to the agreement and provide strategic direction to the JVM Team. It is proposed this will include (but will not be limited to):</p> <ul style="list-style-type: none">• Agreeing and monitoring budget• Approving spending decisions in respect of any surpluses• Monitoring performance of the service• Maintain a forward work programme and report quarterly to each of the Authorities• At the end of each year report to each Authority on the achievements of the JVM during the last year against the JVM Board’s defined objectives and targets for that year, together with the JVM Board’s strategic recommendations for the following year and the medium term. <p>It is proposed that the JVM Board will consist of 3 Board Representatives from each Authority who shall have voting rights. An elected chair from one of the Authorities shall chair the JVM Board. The person to be appointed to this post to be agreed by the two Authorities.</p> <p>The JVM Board shall only be quorate if all Board Representatives are present, however, urgent decisions may be taken by way of written vote.</p> <p>All resolutions will require the unanimous decision of the JVM Board. If the JVM Board fails to reach a unanimous decision the JVM Team will provide an alternative solution for decision by the JVM Board. There will be provisions in the agreement to resolve any decision making issues if the JVM Teams solution is not accepted by the JVM Board.</p> <p>The JVM Board shall appoint a secretary, and the secretary will circulate to Board representative’s agendas for the Board meeting and the secretary shall be responsible for recording the actions and decisions of the JVM Board.</p> <p>The Board Representatives of each Authority shall be responsible for reporting decisions of the JVM Board to their respective Authorities</p> <p>A Board Representative may be replaced at any time by the Authority appointing that Board Representative subject to the secretary having been notified of the replacement</p> <p>A Board Representative cannot also be a member of the JVM Team.</p>
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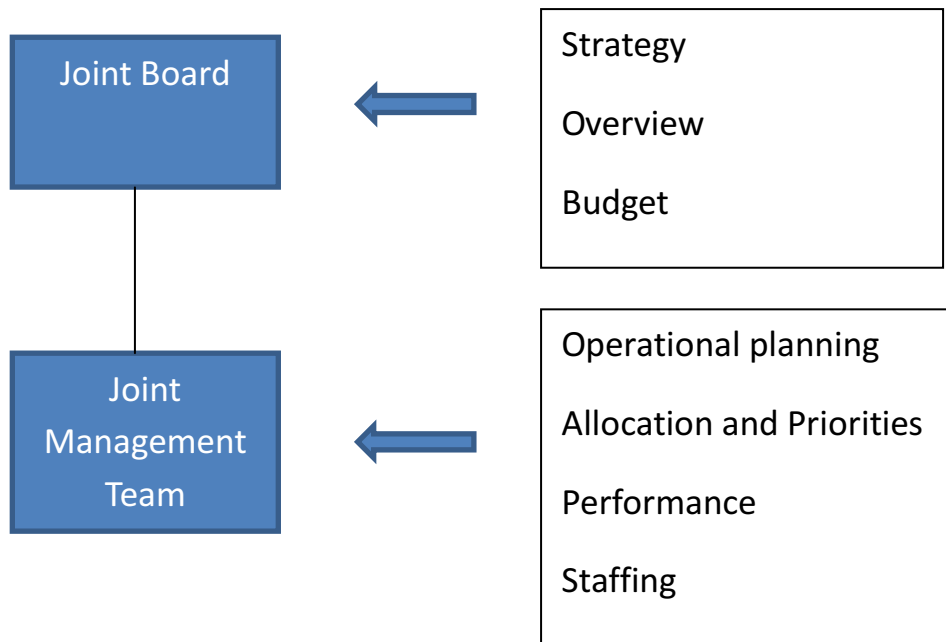
A Board Representative shall comply with reasonable requests for attendance at the scrutiny committee of Bridgend County Borough Council and the corresponding meeting of the Police and Crime Commissioner (or Police Authority as applicable).

It should be stressed that these are the initial views of the legal officers who are preparing the discussion draft of the collaboration agreement, and are of course subject to change as the work-streams identify issues that relate to the governance aspects of the agreement.

The remit of the JVM Management Team is to manage the JVM operations and report to the JVM Board on items including operations, management information, the budget, performance and staffing issues. Whilst some specific issues have initially been identified in the draft agreement these have not been set out in detail in this report as (being operational in nature) the final content will be very much governed by the work-streams which will populate this part of the agreement.

It is proposed that the employees that shall constitute the JVM Team will be identified from the outset of the agreement and thereafter shall only be replaced with the approval of the JVM Board, unless that employee ceases to be employed by that Authority, in which case the Board Representatives of that employee's Authority may nominate a replacement.

Supporting Structure 1.2



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2	<p>Assets and Buildings</p> <p>Building Ownership The building will be owned by SWP, and BCBC will be charged an annual rental reflecting the value of the joint fleet depot only with the BCBC portion amounting to 50% (based on current usage). The rental will be based on open market rental value of the finished depot as valued by the District Valuer. The rent per square foot is capped at £4.50, but could be less subject to independent valuation. There will be no rent review provisions.</p> <p>Terms and Length of Agreement The rental will be based on a 10 year licence agreement. Exit and amendment provisions will be included in the collaboration agreement, including the provision of a minimum 12 month notice period of withdrawal from the agreement and therefore the license, negating the need for a specific break clause in the licence agreement. The licence agreement will include provision to annually review the extent of use between the parties, commencing at 50%. This will determine the rental share.</p> <p>Responsibility for maintenance Responsibility for repairs and maintenance of the facility and the equipment will rest with SWPA, subject to the provisions below of replacing equipment.</p> <p>Split of Contribution to Service Charges All property costs related to the facility will be met in the first instance by SWP and then recharged to BCBC based on a 50/50 split. The licence agreement will include provision to annually review the service charge share based on extent of use between both parties, commencing at 50%. There will be no property management fee charged by SWP over the course of the licence. Expenditure on large or non-recurrent repairs to the premises or plant and equipment shall be spread over the life of the relevant component.</p> <p>Initial and on-going equipment purchase and transfer All existing equipment used in the facility will remain the property of the donating body and any receipts from the eventual sale of this equipment will be reimbursed to the original owner. No rental will be payable for any donated equipment. All new equipment installed as part of the initial build will be included within the overall cost of the facility and will form part of the annual rental paid by BCBC to SWP for the building. Going forward, any replacement equipment will be jointly funded by both organisations and in the event of these assets being sold, sale proceeds will either form part of the funding for replacement equipment or be shared between the parties in the same proportion as the initial funding.</p> <p>Adaptations Any future adaptations to the building agreed by the Strategic Board will be funded by SWP and the annual rental payment due from BCBC adjusted to reflect this.</p>
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3	<p>Finance</p> <p>Financial mechanisms All accounts for the new facility will be kept on an 'open book' basis with finance officers from each party having full and open access to costs incurred by the other party. Each party will continue to be responsible for staff employed by them including national insurance and pension contributions for at least the first 18 months, except in respect of the two supervisory posts which would be funded 50/50. All property running costs (as per Appendix B) will be met by SWP and BCBC will be invoiced for their share of the joint costs calculated on a 50/50 split as per section 2. Regular updates of running costs incurred to date will be provided by SWP with an exercise to be undertaken at each financial year-end reconciling actual costs to invoices raised to BCBC.</p> <p>Each party to retain responsibility for recovering income from its own end users.</p> <p>Costs and income relating to the MOT facility will remain the sole responsibility of BCBC. Any use of the MOT facility by SWP to be recharged by BCBC at an agreed rate per vehicle.</p> <p>Funding SWP to meet all upfront capital costs associated with the new facility from money allocated in its capital programme.</p> <p>Other costs associated with the project (IT connectivity for shared area, feasibility, abortive costs) will be shared 50:50 by both parties.</p> <p>Any redundancy costs will be borne by the party currently employing the member of staff. This is based on the premise that staff reductions will, in the main, be achieved by natural wastage and redeployment rather than redundancies.</p> <p>Assets brought to the agreement, Asset depreciation, maintenance, disposal and renewal All existing equipment used in the facility will remain the property of the donating body and any receipts from the eventual sale of this equipment will be reimbursed to the original owner. No rental will be payable for any donated equipment. Each party will show depreciation for their own equipment within their accounts. The donor party will bear the risk of any increase or loss in value of assets.</p> <p>Financial Control SWP Financial Governance Arrangements will apply in respect of Financial Regulations and Standing Orders. Internal and external audit from both parties will have access to all records as required</p> <p>Financial Reporting Monthly consolidated financial reports for the facility to both bodies Quarterly financial reports to operational board Annual financial statement to strategic board Each body to include it's own costs and income within it's own Statements of Accounts including an appropriate share of the use of assets</p>
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4	<p>HR & Staffing</p> <p>4.1 Legislative Considerations</p> <p>It is noted that there are some important differences between Local Authority and Police legislation.</p> <p>The powers of local authorities have undergone significant change and expansion in recent years. Notably they now have increased powers to co-operate with each other and to trade under Section 95 of the Local Government Act 2003. Police Authorities however are not included under this section. They are restricted by the Police Act 1996 and have a duty to provide best value in line with recommendations of the Welsh Improvement Authorities created by the Local Government Wales Measure 2009. Until there are changes in legislation, this means it is unlikely that SWP can commercially 'trade' via the new joint organisation.</p> <p>Whilst Section 111 of the Local Government Act 1972 would allow the setup of a company with a shareholders agreement, there could be challenges to the legal ability of either organisation to trade outside of their statutory powers, with particular emphasis on the ability of South Wales Police to do so.</p> <p>There may be a challenge as the powers to establish 'joint committees' under the Local Government Act 2000, sections 19 and 20, referring to the Local Government Act 1972 section 101 (5) which permits the creation of joint committees between Police Authorities or between Local Authorities but does not extend to joint committees between a mix of the two types of organisation. It therefore appears that a joint committee between BCBC and SWP would fall outside of the parameters set by statutory guidelines.</p> <p>4.2 Staffing Model</p> <p>At the outset a co-location model is being adopted bringing staff together at a single site, sharing premises and equipment only. Two separate organisations are retained and staff remain employed by their current respective organisations. The first 18 months will see each party continue to meet their own staff costs, except in respect of the two supervisory posts which would be funded 50/50.</p>
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5	<p>IT & Data</p> <p>Licenses – primary application Tranman</p> <p>At the outset separate BCBC and SWP Tranman systems, having distinct data sets and security profiles that only allow BCBC staff to log into the BCBC Tranman system and vice versa, will be run. Any necessary flow of information between systems will be completed via a batch interface.</p> <p>Consideration will be required in respect of the future integration of IT systems at a later stage in the collaboration project.</p> <p>Licenses – supporting software</p> <p>There is a range of desktop software and delivery/virtualisation software (e.g. Citrix) which will require appropriate licencing.</p> <p>Controls</p> <p>Controls should be considered for Business Continuity and Disaster Recovery.</p> <p>A robust change control process should be implemented to cater for joint system ownership.</p> <p>An appropriate Service Management model should be agreed to cover all necessary support aspects, especially for hosted arrangement.</p> <p>Clearly identified system/business owner or agreed owning body to govern user access requests.</p> <p>Agreed health check/penetration testing prior to any go-live, appropriate regime thereafter.</p> <p>Data Management</p> <p>Agreement must be reached on security level of information contained within Tranman. SWP currently treat this as Impact Level 3.</p> <p>Segregation or amalgamation of supporting information of new unit to be agreed, plus Impact Level e.g. all non Tranman documentation, reference documents, management information etc...</p> <p>Direct access to datasources to be agreed e.g. DBA access from both BCBC and SWP for reporting purposes may be an organisational requirement.</p> <p>Network</p> <p>Hybrid where both networks come into building and are switched to either SWP/BCBC desktop machines.</p>
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Appendix A - Joint Fleet Depot Financial Model

Expenditure	Proposal
Building / Car parking	- Independent Valuation on building and equipment
Equipment	- New equipment installed as part of initial build – included in annual rental - Replacement equipment – jointly funded by both organisations
Staffing	- Each party continue to meet own staff costs - Two supervisory posts funded 50/50
Running Costs	All property costs related to the facility will be met in the first instance by SWP and then recharged to BCBC based on a 50/50 split
Consumables	Tranman Direct Costs
Property Management	- No property management fees are to be charged by SWP over the course of the licence - Non Depot Direct Costs
Fuel	Direct Costs
Washing Cars	Direct Costs
Statutory Account	- Process for disclosure - Who owns the asset - In general accordance with International Accounting Standard (ISA) 31 interest in joint ventures
Modifications to Buildings etc	- Joint, Shared - Specific, 100% recharge to relevant organisation

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Appendix B – Initial estimates of annual service charges

Charging Area	Estimated Costs (Fleet Depot SWP & BCBC)
Electricity	£12,550
Heating	£9,100
Repairs & Maintenance	£15,560
Cleaning	£7,520 (Excluding workshop)
Rates	£51,300
Water	£6,860
Insurance	£2,520
Waste	£4,270
Confidential Waste	£1,400
Pest Control	£1,500
Grounds Maintenance	£3,750
Security	£6,000
IS Infrastructure	£12,500
TOTAL	£134,830

The revenue costs will vary year on year dependant on usage. It is expected that each party's contribution will not exceed the actual costs incurred, evidenced by open book accounting.