

Hampshire Fire and Rescue Authority

Finance and General Purposes Committee

Item 8

23 October 2012

Joint Working with Royal Berkshire Fire and Rescue Service for the provision of Fleet Maintenance

Report by the Chief Officer

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1 Purpose and Summary

- 1.1 This is a proposal for joint working arrangements between Hampshire Fire and Rescue Service (HFRS) and Royal Berkshire Fire and Rescue Service (RBFRS) for the provision of fleet maintenance.
- 1.2 Work has been undertaken to explore the possibility of maintaining the RBFRS fleet when their current outsourced arrangements expire. This will address spare capacity in the Fleet Maintenance Centre (FMC) as well as delivering benefits to RBFRS.

2 Recommendation

The Committee is invited to:

- 2.1 Approve the proposal to enter into a co-operation arrangement between RBFRS and HFRS for the provision of fleet maintenance services.

3 Introduction and background

- 3.1 The HFRS Fleet Maintenance Centre at Eastleigh has the capacity to accommodate additional work. RBFRS outsource the servicing and maintenance of their vehicle fleet to a private provider through a contract which expires on 31 December 2013.
- 3.2 HFRS officers have undertaken exploratory work with their counterparts at RBFRS to identify how the two authorities may work together to make use of the excellent FMC facilities recently constructed at SHQ.
- 3.3 The Fleet Managers from both services met in April and agreed that their preferred outcome would be for a joint working arrangement in which both parties would contribute to the delivery of fleet maintenance and support. The meeting investigated the scope of service delivery, joint management arrangements, employee resources, procurement and options for delivery. It was clear at this meeting that both parties had closely aligned expectations but that further advice was needed in respect of the delivery model. This is addressed in the legal and governance section of the paper.
- 3.4 The proposal and business model has been endorsed by the Financial Challenge Programme Board and approved by SMT.

4 Supporting information

- 4.1 The RBFRS fleet comprises around 300 assets, including vehicles and equipment, which is approximately 30% of the size of the HFRS fleet. The RBFRS fleet has similar service and maintenance requirements and HFRS have the leadership, management, facilities and support to accommodate the proposed arrangement.
- 4.2 A business model has been constructed based upon an extensive analysis of HFRS's FMC activity. The actual data extracted from the HFRS fleet management system has been applied to the RBFRS fleet and subjected to a sensitivity analysis
- 4.3 The table below shows the type of cost incurred by HFRS and RBFRS in the first instance. This demonstrates the areas in which each authority is currently incurring cost. The table illustrates that both authorities will be making a proportional financial contribution to the joint working arrangements before considering any balancing cost.

Primary Cost	HFRS	RBFRS
Administrative Staff	✓	✓
Fleet Management	✓	✓
Mobile Workshop Management	✓	✓
Technical Staff	✓	✓
Workshop Management	✓	✓
Workshop Overheads	✓	

- 4.4 Both HFRS and RBFRS will contribute staff to the joint working arrangements in proportion to the size of their respective fleets. The number of staff available to be provided by each authority are shown in the table below. Resources will be allocated to meet the demand of each authority and will be reconciled to determine if any cost apportionment is appropriate.

Staff Type	Number of full time equivalent staff	
	HFRS	RBFRS
Controllers	2.00	1.00
Mechanics	6.50	6.00
Allied Trades	7.00	-
Electricians	3.00	-
Painter	1.00	-

- 4.5 Initial analysis indicates that two of RBFRS's mechanics will relocate to the FMC at Eastleigh when joint working arrangements commence. While still employed by RBFRS, they will become an integral part of the FMC team. The other four RBFRS mechanics will provide a mobile workshop service to the North of the combined region, undertaking safety inspections and any preventative or reactive maintenance which can be performed on station.
- 4.6 There will be a two tier model based on work undertaken at HFRS FMC and on work carried out on station. This model assumes the 'on station' work will be undertaken by RBFRS staff so no additional labour costs are incurred by HFRS.

For work at HFRS FMC the rate will include:

- Direct Labour Rate
- HFRS Overhead – representing the cost of running the FMC facility
- FMC Management – representing the cost of managerial and support staff
- FMC Controllers – representing 70% of ‘job’ administration and supervision

For work ‘on station’ the rate will include

- FMC Management – representing the cost of managerial and support staff
- FMC Controllers – representing 30% of ‘job’ administration and supervision
- RBFRS Controller – representing ‘job’ administration and supervision

5 Legal and governance

- 5.1 Legal advice with regard to public procurement implications has been obtained from Clarkslegal on behalf of RBFA, Hampshire County Council Legal Services, Achilles Group (procurement specialists) and Bevan Brittan (public services law firm) on behalf of HFRA. We will continue to seek the advice of our legal advisers on the best partnership model.
- 5.2 The recommended delivery vehicle for the joint working arrangement is in line with the principles from *Commission v Germany (Hamburg Waste) C-480/06*. The “Hamburg” exception permits an agreement between two authorities (HFRS and RBFRS) of genuine co-operation to jointly deliver a common public task, in this case the maintenance of vehicles in support of the provision of an efficient fire and rescue service.
- 5.3 The case exemption means that both HFRS and RBFRS must contribute in some way to the joint delivery with mutual rights and obligations. This is not required to be 50/50 but both HFRS and RBFRS must be jointly responsible for delivering the service to each authority.
- 5.4 There must be no private sector involvement and activity with third parties should not exceed 10%. Only reimbursement of costs is permitted and no party may profit from the arrangement.
- 5.5 To enter into this arrangement RBFA will take back in house the delivery of fleet maintenance at the end of the current outsourced contract. This may involve the TUPE transfer of staff currently employed by the service provider to RBFRS and these will subsequently be deployed within the joint working arrangements.
- 5.6 The partnership will be governed by a small joint management board consisting of officers from both authorities. This board will work within a regulatory framework created by a memorandum of understanding that incorporates a level of service that is consistent across both authorities.

6 Supporting our corporate aims and objectives

- 6.1 By adopting joint working arrangements, HFRS will address excess capacity in the FMC which will result in increased levels of productivity and a contribution to the overhead costs. The resulting financial benefits will make a substantial contribution to strands of the Financial Challenge Programme, particularly by increasing partnership working.

7 Risk analysis

- 7.1 The proposed model seeks to share risk equally between both authorities once the partnership is in an established state. There are however risks to be considered during the transitional stage and a full risk assessment and register will be established.
- 7.2 Implementation of the joint working arrangements will require a significant amount of work across a number of disciplines and mutual agreement on many issues. Both parties will each need to understand and integrate processes and systems and manage a seamless transition from the current to the new arrangements.
- 7.3 To mitigate this risk it is intended that both authorities contribute to a full time project management resource for the implementation of the joint working arrangements. This dedicated resource will be employed until the new arrangement goes live.

8 People Impact Assessment (PIA)

- 8.1 The proposals in this report are considered compatible with the provisions of the equality and human rights legislation.
- 8.2 A full PIA will be required to assess the impact on individuals of the joint working arrangements and this will form part of the project governance

9 Environmental Impact Assessment

- 9.1 The joint working arrangements will provide a platform for reducing the carbon footprint of both authorities over the longer term. They will be using the same fleet management system and be coordinated by the same control team. The mobile mechanic vans of both authorities should be fitted with trackers and work allocated based on priority and proximity. En route mobilisation will reduce carbon emissions, encourage more integrated joint working and reduce costs.

10 Resource implications

- 10.1 Human Resources – RBFRS may require HR support with the TUPE transfers of employees from the current provider.
- 10.2 Human Resources – HFRS will require HR support to integrate the joint workforce and to harmonise terms and conditions of employment.
- 10.3 Physical resources – The joint entity will provide two fully equipped mobile workshop vehicles
- 10.4 ICT resources – RBFRS currently use Firewatch for defect reporting and elements of their fleet management system are included within the existing contract. HFRS use the Tranman fleet management system and this will replace the currently outsourced applications. There will be a requirement to integrate and develop business reports.
- 10.5 Financial implications – the shared costs of implementation will be recovered within the first year of the joint working arrangement
- 10.6 Financial implications – the proposed partnership model will enable the costs of HFRS

existing overheads to be shared with RBFRS, in effect creating a saving for HFRs. RBFRS will also benefit since it is expected that the costs to it under the partnership will be less than those arising under the current contract.

11 Conclusion

- 11.1 The proposals set out in this paper should be adopted by both authorities and preparations should begin to facilitate joint working arrangements. These should strengthen the current support to HFRS and build a partnership with RBFRS which may lead to further collaboration in the future, producing a long term recurrent benefit.

12 Background papers

- 12.1 The following documents disclose the facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of the report:

None

Note: The list excludes: (1) published works; and (2) documents that disclose exempt or confidential information defined in the Act.