

Hampshire Fire and Rescue Authority

Finance and General Purposes Committee

Item: 11

29 October 2013

Joint Working with Royal Berkshire Fire and Rescue Service for the provision of fleet maintenance – UPDATE

Report by the Chief Officer

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1 Summary

- 1.1 This report updates the Committee on the progress which has been made towards a co-operation agreement for the provision of fleet maintenance with Royal Berkshire Fire Authority (RBFA).
- 1.2 The co-operation agreement is scheduled to commence on 1 January 2014. From this point Hampshire Fire and Rescue Authority (HFRA) and RBFA will jointly provide fleet maintenance to their combined region.
- 1.3 The partnership will increase utilisation rates of HFRA's excellent fleet maintenance facilities and provide a significant contribution to the associated running costs.

2 Recommendation

- 2.1 That the committee notes the progress towards the scheduled commencement of a co-operation agreement with RBFA for the provision of fleet maintenance.

3 Introduction and background

- 3.1 HFRA has a state of the art fleet maintenance centre (FMC) at Service Headquarters, Eastleigh, which has the capacity to undertake additional activity. RBFA currently outsource their fleet maintenance to the private sector through a contract which is due to expire on 31 December 2013.
- 3.2 RBFA operate a fleet of around 60 fire or special appliances, 80 light vehicles and 200 items of equipment including ladders, generators and light portable pumps. Appendix 1 details the current level of assets in both organisations.
- 3.3 A report was presented to Finance and General Purposes Committee on 23 October 2012 and the Committee authorised officers to enter a partnership arrangement with RBFA for the provision of fleet maintenance.
- 3.4 This report updates the Committee on the progress which has been made since October 2012 and provides an illustration of how HFRA and RBFA will benefit from the partnership.

4 The Partnership

- 4.1 The Partnership is scheduled to commence on 1 January 2014 for an initial term of 5 years 3 months to enable alignment with financial years. RBFA will send 1-2 fire or special appliances to the FMC each week to undergo both scheduled and unscheduled maintenance. Equipment will be maintained at the same time as the appliance it is associated with.
- 4.2 RBFA will contribute people to the FMC. These members of staff will work alongside the existing FMC team. In addition, RBFA will provide mobile technicians working from mobile workshops. These technicians will undertake any scheduled or unscheduled maintenance which can be undertaken at fire stations and facilitate the logistical movements of vehicles to the FMC.
- 4.3 The partnership arrangement will enable HFRA to utilise RBFA mobile workshops and RBFA to utilise HFRA mobile workshops. This will increase efficiency across the combined region.

5 Legal Basis and Governance

- 5.1 The delivery vehicle for the partnership 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 (HFRA and RBFA) 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.
- 5.2 The case exemption means that both HFRA and RBFA must contribute in some way to the joint delivery with mutual rights and obligations. This is not required to be 50/50 but both HFRA and RBFA must be jointly responsible for delivering the service to each authority.
- 5.3 There must be no private sector involvement and commercial activity with third parties should not exceed 20% (this figure is provided for in a draft European Directive and therefore could change). Additional partnerships with other public sector organisations are permitted. Only reimbursement of costs is permitted and no party may profit from the arrangement.
- 5.4 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 involves the TUPE transfer of staff currently employed by the service provider to RBFA and these will subsequently be deployed within the joint working arrangements.
- 5.5 One of the critical components of a valid partnership is a robust set of joint governance arrangements allowing for meaningful participation by both parties. HFRA and RBFA must demonstrate that they are jointly providing fleet maintenance services.
- 5.6 To establish an appropriate level of governance arrangements a significant amount of time has been invested in developing a partnership agreement which will underpin the joint working arrangements. The agreement will state each authority’s commitments, contributions and liabilities. Indemnity provisions will be included to protect HFRA’s interests relating to liability for staff and ownership of assets.

- 5.7 The joint working arrangements will be overseen by a Joint Management Board which will consist of a Director and Senior Manager from each authority. The board will control the strategic direction of the partnership within the scope of the partnership agreement. The Joint Management Board will act as a body of resolution for any disputes which may arise between the partners.
- 5.8 The Joint Management Board will delegate certain functions to a Partnership Board which will deal with management issues which arise during the course of the partnership. An Operational Management Group will oversee the day to day running of the partnership.

6 Supporting our corporate aims and objectives

- 6.1 This partnership supports the corporate aims and objectives of both HFRA and RBFA.
- 6.2 Working with Partners – Both HFRA and RBFA have similar goals and values. Working together enables both authorities to maximise value for the taxpayer. This agreement with RBFA has the potential to create further partnership opportunities.
- 6.3 Assets and money – HFRA have a fixed asset in the form of the FMC. Sharing the costs of this facility with RBFA provides a significant monetary benefit to HFRA.

7 Risk analysis

- 7.1 A full risk analysis has been undertaken and maintained as part of the implementation project.
- 7.2 Once the partnership is in a steady state risk will be shared equally by HFRA and RBFA.

8 People Impact Assessment

- 8.1 The proposals in this report are considered compatible with the provisions of the equality and human rights legislation.

9 Environmental and sustainability 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 workshops of both authorities will have work allocated based on priority and proximity. This has the potential to reduce carbon emissions, encourage more integrated joint working and reduce costs.

10 Resource implications

- 10.1 Human resources – HFRA will maintain current staffing levels in the Fleet Maintenance Function with RBFA contributing additional staff to meet the increased demand.
- 10.2 Physical resources – The activity levels at the FMC will increase.

- 10.3 Information and communications technology resources – The current fleet management system will be enhanced to accommodate the developing need of both HFRA and RBFA.
- 10.4 Financial Implications – The financial modelling indicates that a recurrent benefit of at least £108k p.a. will accrue to HFRA and at least £65k p.a. will accrue to RBFA. The recurrent benefit to the public sector is likely to be at least £173k p.a. which equates to £908k over the duration of the initial partnership agreement. The benefit is dependent on the outcomes of RBFA’s TUPE consultation with their existing provider. An illustration of the possible financial scenarios is included as Appendix 2.

10 Consultation

- 10.1 A wide range of internal stakeholders across HFRA and RBFA have been consulted including representatives from Service Delivery, Logistics, Fleet Maintenance, Fleet Management, Information Services and Marketing and Communications. External IT Providers have also been consulted.
- 10.2 A formal consultation under TUPE regulations is currently being undertaken by RBFA with their current fleet maintenance provider.

11 Conclusion

- 11.1 A significant amount of planning has been undertaken to ensure that HFRA and RBFA can enter a partnership arrangement for the provision of fleet maintenance on 1 January 2014. The partnership will increase flexibility and generate a significant financial benefit for HFRA.

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:

Report to Finance and General Purposes Committee dated 23 October 2012 - Joint Working with Royal Berkshire Fire and Rescue Service for the provision of Fleet Maintenance.

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

Key Facts	HFRA	RBFA	Total
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<u>Fleet Maintenance Staff (WTE)</u>			
- Fleet Maintenance Controller	2.00	1.00	3.00
- Technicians	17.00	5.00	22.00
- Apprentices	1.00	-	1.00

<u>Assets</u>			
- Fire Appliances	98	40	138
- Special Appliances	57	15	72
- Light Vehicles	135	78	213
- Equipment	914	230	1,144

<u>Finances</u>	£	£	£
2012/13 Turnover	1,228,397	610,000	1,838,397
Workshop Income	(128,373)	-	(128,373)
Cost Recharged to Capital	(201,205)	-	(201,205)
Revenue Cost of Fleet Maintenance	898,819	610,000	1,508,819

Partnership Financial Summary

Appendix 2

RBFRS FMC Requirement

Hours	Scheduled	Non-Scheduled	Total
Vehicles	1159	1591	2750
Assets	549	375	925
Total	1708	1966	3674

Number of Staff Transferring

	1 Supervisor 4 Mobile Techs 2 FMC Techs	4 Mobile Techs 2 FMC Techs	1 Supervisor 4 Mobile Techs 1 FMC Tech	4 Mobile Techs 1 FMC Tech	1 Supervisor 3 Mobile Techs 2 FMC Techs
FMC Hourly Labour Rate	44.52	44.52	46.23	46.23	44.52
RBFRS Labour Usage	163,571	163,571	169,887	169,887	163,571
Less: Cost of RBFRS FMC Techs	- 72,829	- 72,829	- 36,415	- 36,415	- 72,829
HFERS Cost Recharge to RBFRS	90,742	90,742	133,473	133,473	90,742

HFERS Benefit

FMC Labour Recharge	90,742	90,742	133,473	133,473	90,742
Parts Overhead Recharge	14,135	14,135	14,135	14,135	14,135
Systems Recharge	4,000	4,000	4,000	4,000	4,000
Total Benefit	108,877	108,877	151,608	151,608	108,877

RBFRS Benefit

Benchmark	609,893	609,893	609,893	609,893	609,893
Less: Cost of Techs @ FMC	- 72,829	- 72,829	- 36,415	- 36,415	- 72,829
Less: Cost of Mobile Techs	- 148,840	- 148,840	- 148,840	- 148,840	- 111,630
Less: Cost of Controller	- 43,676	-	- 43,676	-	- 43,676
Less: Parts Cost	- 135,000	- 135,000	- 135,000	- 135,000	- 135,000
Less: Light Vehicle Maintenance	- 29,200	- 29,200	- 29,200	- 29,200	- 29,200
Less: Cost Recharge from HFERS	- 108,877	- 108,877	- 151,608	- 151,608	- 108,877
Total Benefit	71,471	115,147	65,155	108,831	108,681

Public Sector Benefit

	180,348	224,024	216,762	260,438	217,558
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