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additional papers 1

Executive

Committee

Tue 25 Nov
2014
7.00 pm

Committee Room 2
Town Hall
Redditch

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Tuesday, 25th November, 2014

7.00 pm

Committee Room 2 Town Hall

Agenda

9.	**Joint Property Vehicle Full Business Case** (Pages 1 - 158) Jayne Pickering, Executive Director, Finance and Resources	To consider a report updating the Committee on the Joint Property Vehicle initiative. Due to the size of the document the full business case has been printed as a separate document and copies have been placed in Group Rooms for Councillors. It is also published with the agenda on the Council's website. **(No Specific Ward Relevance)**

2014

Full Business Case

Joint Property Vehicle Project

Proposals to develop a single Property Management function across a wide range of public sector organisations covering the Counties of Herefordshire, Shropshire (incl. Telford and Wrekin), Warwickshire and Worcestershire

A One Public Estate Pilot

A partnership study between the following public sector organisations

Version Control

Version A – Issued 20th October 2014

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23. Leadership Triangle
24. TUPE

11:00 Acknowledgements

Foreword

The Worcestershire Capital and Asset Partnership have been at the forefront in better using public sector assets and has shown what can be done when public sector organisations work together for the benefit of local communities. This approach means that much more can be achieved than simply rationalising assets, important as that is. This innovative partnership has opened up real opportunities for service improvement and inward investment, to support regeneration, growth and the creation of jobs. The Worcestershire Partnership is a great example of the Government's 'One Public Estate' Programme.

We have therefore been pleased to support the Partnership in its work to set up a unique Joint Property Vehicle, which could see seven public sector partners come together to manage their property in a collaborative way across the region. Not only would this provide significant savings, it would also offer the chance to influence regeneration and the delivery of public services through the adoption of a single asset management strategy. It could truly deliver a 'One Public Estate'.

It is pleasing but not surprising, given the Partners past track record in innovation, that they would wish to take this step, to seek out a truly transformational way of cementing this way of working into the future. So I am delighted to have been able to support the partners as Chair of the Shadow Shareholder Group and it is in this role that I commend the Full Business Case to you.

Bruce Mann
Executive Director, Government Property Unit &
Finance Director, Cabinet Office

Independent Chair of the Shadow Shareholder Group

Introduction

The concept of Joint Property Vehicle is developed under the Cabinet Office's "One Public Estate" Programme and has attracted funding from DCLG, LGA, GPU and Home Office to support the delivery of the project.

This Full Business Case (FBC) represents the culmination of a process to examine options for delivering an improved and more efficient property management service. Through this journey the vision has grown to present more strategic opportunities, acting as a catalyst to regeneration proposals and being an enabler for economic growth. The possibility exists to expand the partnership to others within our operating area, including central government. However delivery of this report is not the end of the road, but simply a milestone achieved on a potential longer journey. Whilst a challenging timetable was set at Strategic Outline Case (SOC) stage, all key milestones have been achieved over the 18 months of development.

Many of the questions raised from the Outline Business Case (OBC) are answered, however, some remain to be resolved, not due to lack of time but rather clarity and commitment by partners to progress to delivery before a number of tasks can be finalised. It is intended to use the time between delivery of this report, decision making, and implementation to resolve such matters to Shareholders satisfaction through the Shadow Shareholder Board.

This report builds on the outputs from the Outline Business Case, which each partner supported for further development. It enhances the picture and enriches the proposals with a greater level of detail, evidence and validation. The report creates a platform from which Directors, Chief Executives, Elected Members and PCC's can make an informed choice about whether to pursue this pioneering venture.

We operate in challenging times; the current landscape in the public sector is one of budget shortfalls, efficiency drives, change programmes and an exploration of partnerships and collaborations. Transformation in the public sector is paramount with a need for each organisation to break the mould and consider pioneering, radical solutions and brave decision making.

In developing this study it becomes more and more apparent that change is needed in the management of public sector assets and the need to break out of individual silo`s and manage a portfolio as a vehicle to deliver public sector services, rather than service delivery being defined by the property it owns and occupies. Property is an expensive asset, yet through years of devolvement, separate silos of property portfolios have flourished in the public sector. This perpetuates under use, and vacant space exists for substantial periods of any working week. We shall need to challenge not only our need for property but also how we use them in order to maximise their benefit.

This principle underpins the latest Government Estate Strategy to "*remove artificial boundaries between departments, local authorities and other public bodies*", and, "planning *a smarter working revolution to transform how and where civil servants work*". We believe this partnership can exceed the parameters identified in this document and become a beacon of best practice, a national exemplar.

Property continues to be the largest and second most expensive asset an organisation has, after its people. We procure contractors and services from a restricted pool of suppliers in our region. Yet through our duplication of property management we continue to create an oversupply of demand through multiple tendering exercises which can be disadvantageous to Small and Medium Enterprises (SME) who cannot operate over wide geographic area but could readily support property clusters in towns and cities.

Strategic Property Management can drive and facilitate transformation in service delivery. To do so requires a holistic approach to the wider public sector property portfolio. This Joint Property Vehicle can deliver to that goal.

This Joint Property Vehicle proposal aims to create a model which is more efficient and improves service delivery to its partner shareholders. It is a model which can expand to embrace other partner shareholders within the geographic area. Importantly it is a model which can be replicated nationally by other public sector groups and in other support service areas.

To deliver this project requires commitment at all levels of an organisation and represents a major operational and culture change in how we do business in the property management arena in the public sector in our region.

Partnership and collaborative working in the public sector today remains complex to achieve, but with the drive and commitment shown by our Chief Officers, Members and PCCs it remains worthwhile pursuing. Especially when it can deliver operational gains and community benefits. This proposal represents an opportunity to deliver an important legacy in public sector property management.

1:00: Executive Summary

The intention of this section is to give a brief summary of the extensive detail in each of the sections which follow. This will allow decision makers to gain a quick over view of the report. Each section can then be digested independently, appreciating that this review whilst important, is quite extensive to read.

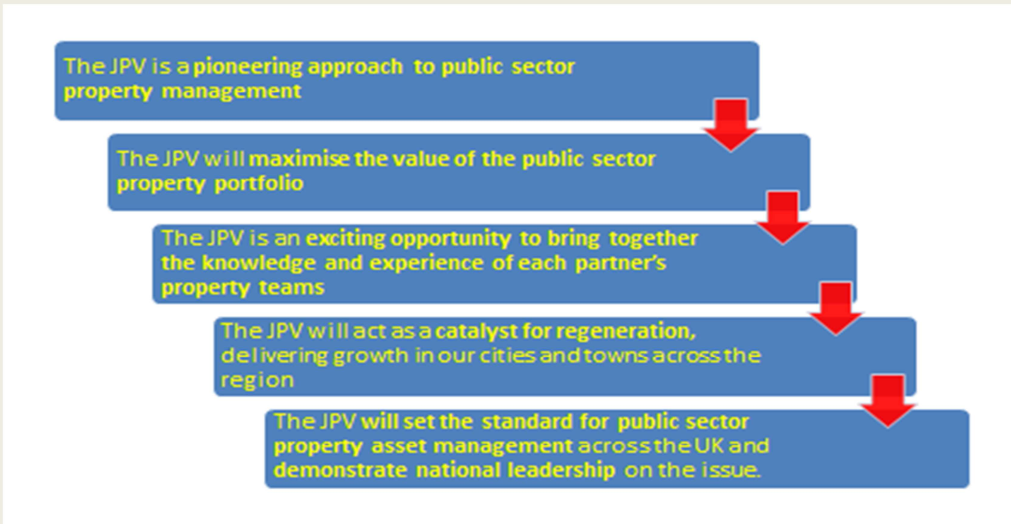
Generally this report will be presented to Chief Officers and Members with an accompanying PowerPoint presentation to aid understanding and explanation.

Police Central Records Store, Worcestershire, (potential multi agency)

Executive Summary: Economic Case

The Economic Case is a short review of the journey so far through the SOC and OBC stage of investigation and how they have informed the FBC study. It reviews the current risk and those which may impact on implementation. The Target Operating Model is defined in brief and sets the scene for more detailed study in the Organisational Development and Implementation section. Finally it reviews the data collection and benchmarking position.

- **Review Critical Success Factors**
  These are reviewed and it demonstrates the journey of development experienced by the partners, showing a more strategic view of the key measures of success.



- **Statement of journey to decide on Options**
  This quickly reviews the original six options explored in the SOC, which was refined to two options in the OBC for more detailed study.

- **Preferred Option**
  The preferred model for more detailed analysis, as approved by partners, was to explore the JPV concept as outlined in the OBC.

- **Risk/ Liability**
  A risk register has been prepared and will be maintained as a live document for report to the Board. We have also collated thoughts from team members on the risks associated with undertaking no strategic changes to how we do business.

- **Target Operating Model**
  This set outs the basic principles of how the business will operate and is explained in more detail in Section 7:04:01.

- **Benchmarking**
  Comments on the process of assembling data to allow accurate comparison between all partners building and suggests an exercise to be completed during the transition phase.

Executive Summary: Commercial Case

The governance structure recommended in the OBC has been developed with defined roles and responsibilities for the different levels in the structure. In summary, this determines that the JPV as an organisation will:

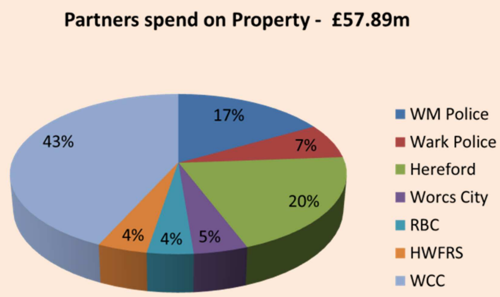
- Be a company limited by shares, wholly owned by the partner organisations as shareholders with an equal share in the company.
- Have a board of directors consisting of partner representatives as directors, a JPV Director and Non-Executive Directors (NEDs).
- Have a shareholder Annual General Meeting (AGM), consisting of other representatives of the partners.
- Be underpinned by a shareholder Members Agreement which details how the organisation will be formed and includes details such as appointments, entry and termination arrangements and reserved matters etc.
- Operate to a Service Agreement which details how the organisation will provide the service to shareholders and includes details such as pricing, customer service and performance management, and indemnity arrangements etc.
- Be formed to preserve 'Teckal' principles of operation, providing best-value for partners and driving savings on their behalf.
- Transfer staff on the agreement that 'TUPE' will apply to the transfer process.
- Receive a budget in the form of an annual service charge from partners, proportionate to the equivalent revenue budgets at start-up, acting as a 'retaining fee' for services.
- Administer direct partner charges (such as energy use) as 'disbursements', which will be paid at cost and will 'pass-through' the JPV.
- Manage special projects on behalf of partners, which will be paid separately as an individually agreed 'professional fee' to partners.
- Manage all partners' contracts to maximise efficiencies and create savings, within a procurement strategy which provides transparency and assurance for partners.

Executive Summary: Financial Case

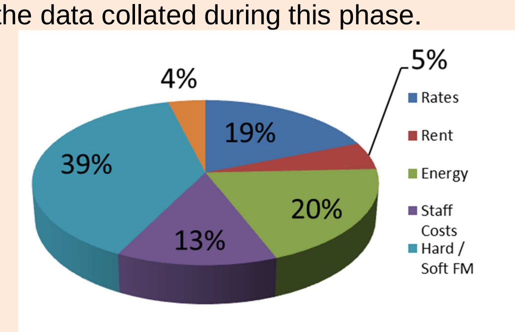
The financial appraisal and benchmark data presented in the OBC has been updated to September 2014, with information provided by partner representatives on the Finance Workgroup and HR workgroup. They have checked and validated this benchmark position so that we have a sound base for savings assumptions to be built upon. The assumptions used are identified in the document. The financial management arrangements for the JPV can be found in the Organisational Development and Implementation Section 7:00.

- A gross spend by partners of £57.9 mill has been identified. This is an increase on data presented in the OBC and accounts for savings made by partners and data not previously available. We believe this still does not capture the total spend partners may have on their property holdings.

- The breakdown of spend by partner is identified as a percentage.



- The breakdown of property portfolio costs is presented as a pie chart. This breakdown has variance on percentage from OBC due to greater accuracy on the data collated during this phase.



- Value of savings over 10 years; the partners can reduce the spend in the public sector by a conservative projection of £76 mill over the period.

- Savings assumptions; key assumptions are identified based on experience and professional knowledge held by partners and industry consultants.

- 3 key areas of savings are identified; firstly a reduction in establishment numbers, secondly contract alignment, and thirdly property rationalisation.

- Annual running costs of JPV are identified as approx. £5.88 mill per annum.

- Audit proposals, these are to be delivered by Worcester City Council.

Executive Summary: Benefits

The benefits outlined at OBC stage remain constant in principle although the details may have changed. We previously identified a £15 mill saving on the gross spend by year 10. Due to more detailed analysis and choosing to take a more conservative view of the appetite for cultural change partners may have we have now identified a saving of £11.35 mill. Benefits are identified for each partner. They include:-

Quick Wins

- Equal shareholding
- Commercial ethos to property management
- Efficiency savings
- Improve service integration
- More sustainable service
- Property database
- Access to helpdesk
- Access to own property team
- One Town Review
- Contribution towards change programmes

Medium Term

- Legislative compliance
- Embrace new technology
- Strategic estate management
- Drive revenue savings
- Contribute to local economy through SME's
- Greater purchasing power
- Serve the community
- Enhance quality of property portfolio
- Maintain and protect front-line services
- Drive operational efficiency

Long Term

- Drive regeneration and growth
- Drive capital receipts
- Drive cross organisational working
- Development of national model for benchmarking
- Potential regional vehicle to manage central government estate

Executive Summary: Organisational Development and Implementation

In preparedness for the formation of the JPV the following activities are required:

Legal

- Continue legal advice to support the Implementation Phase
- Establish the JPV as a limited company, including company registration

Procurement

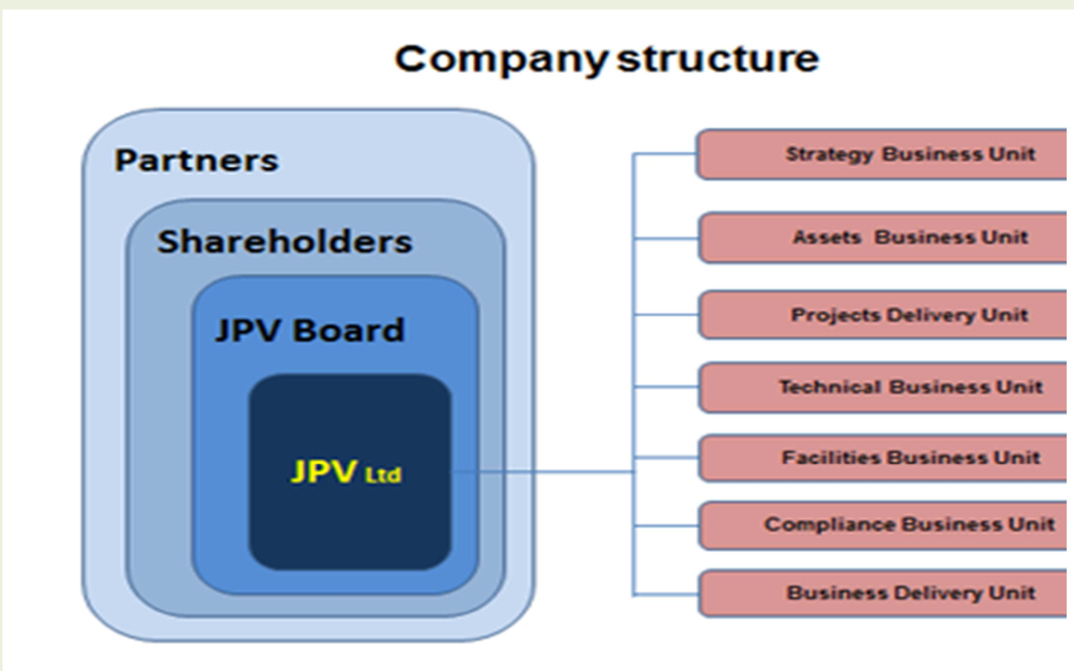
- Develop a comprehensive contracts register
- Develop a set of Procurement Strategy for the JPV to operate for all partners

Communication

- Continue the development of a brand vision and identity for the JPV, including identifying a name for the company
- Identify communication support for post formation of the JPV

Operating Model

- Use the Target Operating Model in support of the development of Roles and Responsibilities under the JPV



- Develop a single database for all partner asset information.
- Develop a Helpdesk model linked to the single database and in support of Service Excellence.
- Put in place a management structure of Chief Operating Officer (COO) (Director), Commercial Executive, Operations Executive and Business Executive as the Management Team for the JPV operating across the organisation rather than in a vertical specialist silo.
- Put in place an operational structure based upon seven identified Business Units.
- Agree a set of Service Levels for the JPV identified against the Business Units
- Support the commencement of a five year Locality Review programme following the formation of the JPV.
- Implement the identified activities to put in place support functions (HR, ICT and Finance) for the JPV.
- Secure a main office location for the JPV in Worcestershire with a satellite office in Herefordshire.

Transfer of Staff

- Appoint a Chief Operating Officer (Director) to the JPV in early 2015.
- Implement the staff transfer timeline with TUPE taking place for identified staff on 1 April 2015 and a six-month timeframe to move selected staff into the JPV Terms and Conditions.

Finance

- Establish a Finance System to manage payments between and on behalf of partners as well as the JPV and link to JPV HR, Payroll and Property Management systems.
- Payment of a service charge to the JPV will be quarterly and cover JPV running costs, 'pass through' costs and 'Professional Fees'.
- Worcester City Council will undertake an Audit of the JPV during the implementation phase and the first year of operation of the company.

Implementation Costs

- The costs for the implementation phase of the JPV have been identified as £2.7m (inclusive of an estimated redundancy strain of £1.75m).

2:00: Strategic Context

In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the FBC documents the wide range of options that have been considered in response to the potential scope identified within the Strategic Outline Case and Outline Business Case.

Warndon Community Centre, Worcester, Worcestershire

Strategic Context

2:01 Case for Change

The status quo for asset management is not a sustainable option for most public sector bodies. The ability of individual organisations to meet an increasingly challenging asset management environment with what is likely to be diminishing resources is very questionable. We have identified in the OBC that there are differing levels of performance across each organisation, (this is explored in Section 3.06). Only a single management organisation could have the capacity to exploit the potential of the combined estate.

Background

By 2013 the Worcestershire Capital Asset Pathfinder (WCAP) project was well established and delivering co-location and sharing services across public bodies in Worcestershire and the wider region. Its achievements were being acknowledged nationally and it has already delivered evidenced projects of co-location, releasing financial and social benefits.

In January 2013 the Worcestershire Partnership Executive Group (PEG), commissioned a feasibility study into the development of a Joint Property Vehicle by the Heads of Estates of the then partner organisations of;

- Hereford & Worcestershire Fire and Rescue Service
- Redditch Borough Council
- Warwickshire Police
- West Mercia Police
- Worcestershire County Council
- Worcestershire Health and Care NHS Trust
- Worcester City Council

Through a successful bidding process to the LGA and GPU the project gained Pilot status under their One Public Estate programme

This Fulll Business Case (FBC) document delivers greater level of detail to allow the partners to make an informed decision on proceeding with the model proposed. The Business Case development has followed the Treasury Green Book guidance with the following analysis being undertaken:

- Strategic Outline Plan; developed the Case for Change.

- Strategic Outline Case; explored six options available ranging from Do Nothing to Outsource with a recommendation of two options to be explored further.

- Outline Business Case; explored and tested two options. Firstly a continuation of the CAP`s partnership working, and secondly the creation of a single Joint Property Unit to service multiple public sector partners, with a recommendation for partners to explore further the Joint property Vehicle (JPV) concept in more detail.

This FBC document represents the culmination of this work, with further Due Diligence testing of the model, greater detail has been explored and evidenced solutions proposed, in particular around Governance, Structure, and Management.

2:02 Proposal

The forming of a public sector owned vehicle to jointly manage property with a singular approach to planning and managing the collective estate will help to realise the greater savings.

It will also have the potential to drive transformational change in the way property is utilised across the four counties in which the JPV will operate resulting in the realisation of a number of significant benefits, including:

- A more joined up, cohesive property management solution with the aim of optimising the use of property on a much larger scale;
- Material efficiencies and economies of scale across property management services;
- A unique model which meets the current government agenda and has the potential to satisfy various partner needs, including the flexibility to allow new partners to join, or existing partners to leave;
- The potential for large scale regeneration acting as a catalyst for both cost savings and growth through the One Town approach, (Locality Review)
- The potential to exploit revenue generating opportunities more effectively.

Whilst the WCAP's Strategy document, included in the OBC, established principles and vision for the public sector estate being a vehicle for transformational change and efficiency savings, this has now evolved into an Estates Transformation Plan which maps out the framework for the JPV to develop its own Estate Strategy included at Appendix 1.

This opportunity is recognised by the Government Property Unit (GPU). The GPU and Cabinet Office have selected the JPV as a pilot to test a model for how Central and Local Government might explore an integrated approach to property management, across Government Departments. We are currently exploring the benefits of a single approach to management of the wider government estate as part of one of the first Locality Reviews.

This report is a result of a combined input from all partners under the direction of the Implementation Team, 12 Workgroups have been established involving 62 members of staff and 7 consultants. Governance to the proposal has been provided by the Shadow Shareholder Group, with the Review and Steering Group providing challenge to proposal as a "critical friend". See Appendix 2 for full details of the structure and compilation of these groups.

2:03 Vision - Leadership Triangle

This leadership triangle aims to capture the rationale of the new organisation by a series of building blocks. This will evolve as the company matures and needs review by the new management team when appointed with the Board.

Purpose

To deliver exceptional property services to the public sector.

Vision

To be a national leader of innovation and outstanding commitment to customer and community service, whilst delivering maximum value to the public sector estate.

Strategic Focus

- Maximise value
- Be unique
- Pioneer new ways of working
- Deliver radical front line services
- Lead innovation and transformation
- Deliver significant savings
- Rationalise properties

2:04 Clients Business Needs

Establishing the business needs was identified through exercises undertaken with many workgroups and the Review and Steering Group; this is captured in a service matrix which can be found in Appendix 7. It compares the existing services delivered by in house departments and identifies what is considered in scope for the JPV. As the JPV matures this will be continually reviewed and market tested on the most cost advantageous delivery model.

To justify why we need to consider such a radical change this has been reviewed in Section 3:04 giving reasons why we cannot maintain the status quo.

Once the new Management Team are appointed they will need to review the Operational Model and Service Delivery Templates with business users and ultimately seek approval from the Board.

2:05 Customer requirements

At OBC stage the customer requirements were identified at quite a tactical level of operation, whilst these are all still relevant, as the vision for the company has matured the requirements have grown to be more strategic.

The bigger picture is now to see the JPV being responsible for transforming environments through our Locality Review, and being a catalyst for regeneration. Also to be pioneers of public sector property management, being a national exemplar.

Underpinning all of this however we seek to deliver;

- High quality customer service
- Be a trusted and respected partner
- Deliver unmatched excellence
- Be experts in our field
- Have a positive impact on operations
- Have visibility in the area.

All of these requirements have been captured and will be reflected in the operating model and service delivery templates.

The customer delivery solution is further explored in Section 7:04:02.

2:06 Delivery requirements of JPV

The new JPV organisation will have a number of transitional issues to address to ensure strong foundations for success are established early.

Opportunity exists to remove substantial duplication of functions and roles particularly at a senior level across each of the organisations current estates team by alignment into a single unified team. This will demand a change programme once staff transfer across into the JPV, covering both a cultural and organisational development change programme in addition to physical change programme.

HR and management consultants have been engaged to work with the Implementation Team to develop further the structure and processes by which this can be achieved. Further detail for which is given in Section 7:00.

Key to the success of this programme is a clear and transparent communication strategy which has been developed and continues to evolve with a joint input from both the Communication and HR Groups.

Ensuring the company moves towards becoming a lean and commercial streamlined organisation is created by undertaking process improvement to make key processes leaner and reduce duplication and bureaucracy. This will take a significant time to deliver potentially over a minimum of a 6-9 month period post FBC approval. Undertaking this work is essential as departments from different organisations are being merged, bringing with them inherited ways of working and possible inefficiencies. It is essential that a new way of working is established from the start of the new company to deliver best practice.

The cultural change programme could take longer to embed and will require strong management to ensure it is delivered and engrained into the new ethos.

We shall also need to accept that a skills gap may exist in this new private limited company. Excellent technical, professional and support staff will be transferring with a depth of knowledge and property expertise, but perhaps with little prior experience of the challenges which working for a limited company will bring, embedding customer service and performance quality.

Part of the change programme therefore not only needs to define the new roles but also identify the existing skills and gaps in staff transferring. We shall need an acceptance that not all transferred staff may secure a role in the new organisation.

Investment in technology is identified elsewhere in the report, particularly with regards a single Assets Database and Helpdesk system. We shall need to be clear that this is not to provide systems in addition to existing resource, but to allow us to stream line resource requirements behind these functions.

Further it would be proposed to advocate more mobile working of staff through the use of laptop computers and tablets rather than desk based equipment. This will give greater flexibility to the workforce when covering such a wide geographic area and reduce the strain on office floor space, further reducing on costs for the organisation. It is imperative that our clients see staff "out on the patch" delivering a service to them and not remotely hidden away in an office.

With the desire to dramatically improve customer service, it could be perceived that there is a natural tension with the key aim of the JPV, which is to reduce cost. With all the savings identified (through for example a reduction in staff and improved negotiation of joint contracts), there is still a requirement for services to be aligned to a common standard where perhaps the 'needs' of partners are delivered rather than their 'wants', in order to achieve the savings partners expect. This proposal may create some concerns for partners so the JPV must have robust systems of performance management to ensure that customer service is improved.

Partners have identified some concerns that service delivery may reduce in the transition to a JPV, and so by providing clear definition of how performance will be measured moving forward, it is hoped that these concerns can be mitigated.

2:07 Constraints and Dependencies

- Analysing data across 7 organisations is a complex process, particularly when these organisations are responding dynamically to shifting financial and workload pressures. It has, therefore, been necessary to fix a baseline for all resources in this report against which the costs and benefits of the JPV can be measured. The position of known structures and establishment levels as of 30 September 2014 has been used for this purpose.

- It is acknowledged that between that date of the publication of the Final Business Case and consideration process by partners the actual baseline position may change. It is unlikely that any variations will have a substantial impact on the viability of this proposal overall.

- Some partners have clearly identified a number of staff particularly in Facilities Management functions which they wish to retain and declare as "out of scope". This has been respected at this stage and noted, but requires further consideration by specific partners if we are to maximise the benefits the JPV can deliver.

- The FBC is not a finalisation of the study on this proposal. Most workgroups have further work to undertake if we are to maintain the programme. Further decisions are dependent upon a decision to proceed. The financial commitment can be addressed through the current funding but resource commitment is unlikely to be forthcoming unless we have certainty to progress with the proposed model.

- Embedded culture was identified early on in this process as a potential constraint on success. As part of a training programme we would intend to lead all incoming staff through a culture change programme led by Innovation Central Ltd. This will serve to break down silo thinking, improve customer services delivery, and develop a commercial ethos. This culture change however will not be restricted to the JPV staff.

It will be critical for all client groups to understand the New Target Operating Model along with incoming Board members, to achieve this a communications plan will be implemented on a phased basis.

- The recruitment of the Director and Senior Management Team is an absolute requirement prior to any restructuring and staff transfer occurring. It is necessary that this new team are embedded, work cohesively and have ownership of the Vision and Values of the company.

- WCC has a Commissioning agenda which proposed considering Hard FM for outsourcing However, the efficiencies captured in the JPV Business Case assume the retention of the Hard FM function as an integral part of it, reflecting the majority view within the Review and Steering Group developing the operational model. Upon delivery of the OBC WCC decided to withdraw the Hard FM from the commissioning process and include in the JPV project.

  The formation of a JPV and transferring responsibility for Hard FM to it as part of a strategic core fulfils the broader goals of the County Council by providing a Commissioned service, delivers financial and operational efficiencies, retains expertise and knowledge within the organisation without loss of ownership, and also removes risk.

- For the purposes of the financial element to this business case the Sold Service to Schools activities that are delivered by both County Councils Property Services teams are embedded as a service provided by the JPV and is captured as a fee earning piece of work. While the removal of this could be seen as being cost neutral overall, since fees earned could be regarded as covering the cost of resource employed to deliver the service, the opportunity to make a trading surplus is lost. Generating trading surpluses through the retention of the capacity to deliver property related services to schools can be used to cross-subsidise other more core activities. The Steering Group believe that this route will also deliver a more cost effective solution through greater quantum and organisational resilience, and also could reduce the eventual cost to schools.

- Other services currently provided by partners, whether by external consultants or by the in house team, are reviewed in the JPV solution and may result in some elements being partially outsourced to the private sector. Alternatively, they may be "internalised" if this is found to be the most cost efficient approach, but in all cases they would be managed by the JPV. The over-arching principle will be to maximise efficiencies and purchasing power through the quantum that the JPV can deliver for the wider public sector partners.

- The Police are currently reviewing and implementing a change programme which will move the Soft FM function out of Estates and into a new department. However the JPV continues to capture this discipline within its remit. We have not been able to assess the implications of this change with the police as their new model is not fully designed. All establishment costs reflect the position when FM was included in the Estates function.

- No partner organisation has been able to deliver accurate information on the impact of other support functions if the JPV is created (i.e. Finance, HR and IT). There exists potential for more staff to be considered in scope and subject to TUPE. This will need to be assessed by each organisation and any such posts identified. This has the potential to add to the savings profile offsetting against running costs of the JPV.

3:00: Economic Case

The Economic Case tests and expands on the proposal in the OBC It presents economic appraisals and validates assumptions made in the OBC, which include estimated costs and benefits.

3:01 Review Critical Success Factors

3:02 Statement of journey to decide on Options

- SOC 6 options
- OBC 2 options

3:03 Preferred option

3:04 Risk/ Liability

- Approach to risk
- Risk register
    - Retained risk
    - Transfer of risk
- Risks associated with status quo position

3:05 Target operating model

3:06 Benchmarking

"Collaboration can take effort,

emotional resilience, and courage."

Emily Miles Director of Policing; Home Office

New Police station Market Drayton, Shropshire

Executive Summary: Economic Case

The Economic Case is a short review of the journey so far through the SOC and OBC stage of investigation and how they have informed the FBC study. It reviews the current risk and those which may impact on implementation. The Target Operating Model is defined in brief and sets the scene for more detailed study in the Organisational Development and Implementation section. Finally it reviews the data collection and benchmarking position.

- **Review Critical Success Factors**
  These are reviewed and it demonstrates the journey of development experienced by the partners, showing a more strategic view of the key measures of success.

- **Statement of journey to decide on Options**
  This quickly reviews the original six options explored in the SOC, which was refined to two options in the OBC for more detailed study.

- **Preferred Option**
  The preferred model for more detailed analysis, as approved by partners, was to explore the JPV concept as outlined in the OBC.

- **Risk/ Liability**
  A risk register has been prepared and will be maintained as a live document for report to the Board. We have also collated thoughts from team members on the risks associated with undertaking no strategic changes to how we do business.

- **Target Operating Model**
  This set outs the basic principles of how the business will operate and is explained in more detail in Section 7:04:01.

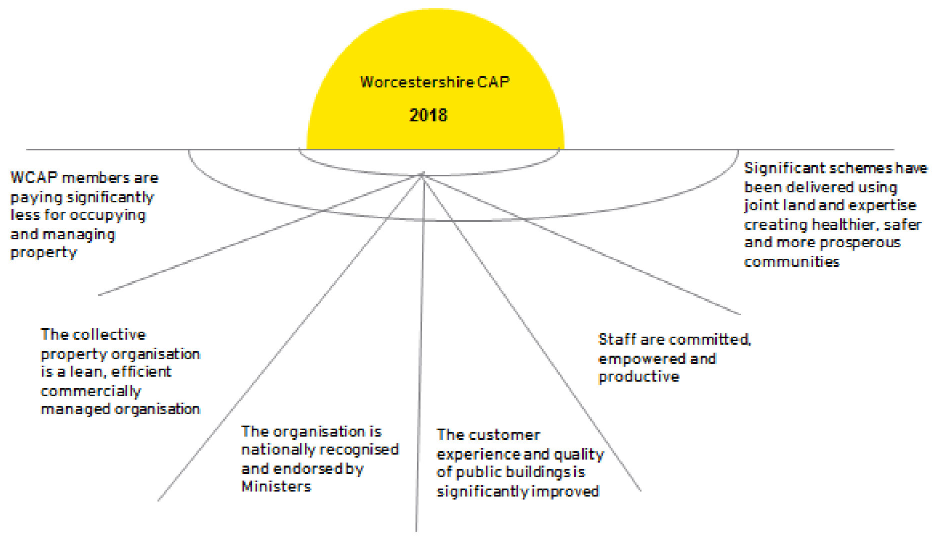
- **Benchmarking**
  Comments on the process of assembling data to allow accurate comparison between all partners building and suggests an exercise to be completed during the transition phase.

3:00 Economic Case

3:01 Review of Critical Success Factors

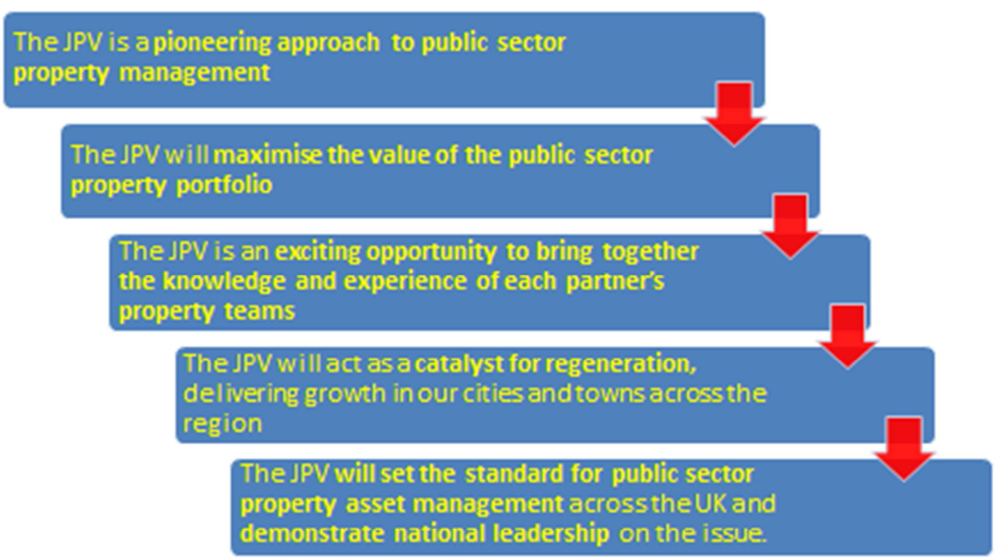
OBC Stage

The original vision and key success factors for the JPV as identified in the Outline Business Case were as follows;



FBC Stage

These have now been further tested and refined and the key measures of success are now identified as;



3:02 Statement of journey to decide on Options

3:02:01 The Strategic Outline Case (SOC) considered 6 options

The long-list of options for pursuing further collaborative working arrangements across the partners has been developed from which a shortlist of preferred options has been derived. The options have been assessed and scored using the CSFs as scoring criteria.

Long listed options	Overview
Option 1: Do not pursue partnership working	This *option* considers the situation where resource and focus is no longer targeted towards pursuit of joint working between the partners. The partners would withdraw completely from partner activity and focus upon their own service in isolation.
Option 2 – Continue current collaborative arrangements (Do minimum)	This option considers the situation where the partners continue with collaboration between the organisations on the present basis. This involves a formal board but with multiple property functions and governance arrangements.
Option 3 – Enhanced hosted shared service	This option considers the situation where a shared service is provided to the WCAP partners, hosted by one or more of the partners.
Option 4 – Outsourcing/Strategic partnership	This option considers the situation where a significant part of the service (of all the WCAP partners) is outsourced jointly to private sector providers or a strategic partner to secure efficiency and improvement in the property service and portfolio. Under this option the private sector controls the collective service. The WCAP partners would retain minimal in house resource and would be focused largely on contract and supplier management.
Option 5 – Joint publicly owned vehicle (with private sector involvement)	This option considers the establishment of an arm's length joint publicly owned vehicle with its own governance arrangement to manage a joint service. Elements of the service are likely to continue to be subcontracted to private sector providers to maximise efficiency and deliverability.
Option 6 – Joint publicly owned vehicle with asset transfer	This option is as per option 5, but including transfer of some or all of the WCAP partner's property assets into the vehicle.

3:02:02 The Outline Business Case reflected on the two preferred models from the SOC as described below

Option 2: Continue current collaborative arrangements (Do minimum)

This option considers the situation where the partners continue with collaboration between the organisations on the present basis, which involves a formal board but with multiple property functions and governance arrangements.

Option 5 – Joint publicly owned vehicle (the JPV)

This option considers establishing a joint property vehicle as an arm's-length company limited by shares, but wholly owned by its public sector partners, with its own governance arrangement to manage a shared service. It was proposed that it should be explored if Teckal exemption would apply to avoid any procurement complications

3:03 Preferred option

The OBC reached a conclusion that the JPV model represented the best solution for partners to explore further. In turn this was supported and approved by each or the partners. Clarity was given that they were not approving the implementation of creating a JPV, but rather approval that they would support the development of the FBC. This report is the output from that recommendation. It must be emphasised at this point that whilst this document tests and explore more fully the JPV concept it is by no means the final fully completed design and further work will be necessary if partners support the approval of this case.

3:04 Risk/ Liability

3:04:01 Risk Register

The JPV project has maintained a risk register during the development of the FBC. This has collated the risks identified by the Project Implementation Team and Workgroups that could impact on the delivery of the FBC and approval of the JPV concept by partner organisations. Obviously as the FBC has progressed, risks relating to the formation of the JPV as a company have also been highlighted and although these risks have been noted, they have not been quantified in the same way. The reason for this is that they are of course subject to approval of the FBC and would require extensive examination outside of the Project Implementation Team. In addition, different organisations will have different risks and so work needs to be undertaken to capture the risks relating to individual partners and then combine these for an overall implementation risk register. It is proposed that this is undertaken by a dedicated workgroup to be established after FBC approval.

The legal workgroup has given consideration to the liabilities of the JPV and these have been included in the draft shareholder agreements. More work will be undertaken following approval of the FBC around this area and further information about company liabilities are given in section 5:09 'Identify insurance liabilities to be accounted for'.

3:04:02 Risks associated with status quo position

With each authority and estates department under pressure to reduce costs still further for the emerging CSR period to commence in April 2015 radical solutions are required if partners continue to own building assets and are required to maintain their estate to conform with legislation and respond to changing operational requirements.

Most departments have undergone a minimum of two restructuring programmes over the last 3 years, which has led to process changes and establishment reductions alongside a property rationalisation programme (where possible). From discussion with staff the sustainability of further reductions, the impact on workload stress and meeting the legislative liabilities which fall to the property teams is beginning to have impact.

Whilst the potential to outsource work and reduce in house establishment numbers to address these concerns is a solution this does not always lead to the most cost efficient proposal, nor one which delivers the operational integrity required.

Most savings plans which are currently transparent are result of a run over from CSR1 and solutions for CSR2 are only currently being explored. The JPV proposal offers a designed solution which can deliver savings within year 1 of the new CSR period.

3:05 Target Operating Model principles

Like many companies, the JPV will develop a business plan to be agreed by the Board of Directors (details of the Board of Directors, under the proposed governance model are given in section 4:02:02 'Test and challenge the function of the governance arrangements' onwards). The aim of the business plan is to give a clear direction that the JPV as a limited company will take over the following 12 months, to achieve the aims of the shareholder partners. It will establish the Key Performance Indicators of the JPV and detail how they will be achieved. Ultimately, it will provide assurance that the JPV is forward thinking.

The business plan will underpin the delivery of the operating model which is detailed later in paragraph 7:04:01 'Operating Model'. The business plan will suggest targets to be achieved in all the functional areas of the JPV, including ones which are not directly property related such as customer care, Health and Safety, resilience arrangements, performance management and staff development and welfare.

In addition, the JPV will develop a number of One Town Reviews, which will propose how property can be better utilised in a specific area, freeing up space for regeneration and creating capital receipts for partners. These are explained later in section 7:04:09 'One Town Review Programme'. The business plan will outline how the JPV will set up and mobilise to achieve these reviews, ensuring that they are completed within budgets and not impacting on the sustainability of the JPV in a negative way.

3:06 Benchmarking

In recommending improvements and cost reduction projections a challenge always exists to compare with what is Best Practice either within a geographic region, a family of similar authorities, or against industry standards.

At OBC Stage it proved impossible to find suitable indicators which could measure across public sector property portfolios. Ernst and Young undertook an exhaustive exercise to try and identify such comparators to no avail.

Currently the Police subscribe to a Police family benchmarking club administered by NPEG, which has taken 10 years to evolve to a state, which now is sustainable to robust challenge. The County Councils contribute to a CIPFA benchmarking exercise. Health also have their own benchmarking system. The Fire service has no national benchmarking requirements. None of these systems measure comparable data leading to complexities when trying to compare building performance between partners.

Discussions with GPU, LGA and CIPFA have concluded that currently, no current benchmarking system exists which allows for comparisons on building performance pan Government. Where performance statistics have been quoted historically to encourage organisations to improve, when examined in detail, the information is flawed and can easily be challenged to have little value.

In the delivery of this project we have identified issues with the quality and access to data held by all partners. The call for benchmark data at the outset of this phase immediately identified weakness`s which need to be resolved for the JPV to be success. To differing degrees there exists a lack of a common recording systems, incomplete electronic systems and authorities who are still relying upon information held by individuals in personal filing systems.

We have, however, benefited from collating information from a number of senior staff across all partners to ensure accuracy and validation of facts. This has now allowed us to inform our design solutions

It is imperative that the JPV has the ability to benchmark building performance, moving forward. Therefore we have commissioned Mace Macro (responsible for the police national benchmarking exercise) to collect data from all partners and present with a methodology that allows realistic and, worthwhile, informative comparisons across all the partners property portfolios. The outputs from this exercise will be instrumental to informing the portfolio analysis that will be necessary to construct a combined Estates Strategy.

As an exercise this has proved complex due to the different data collection processes and quality of information available as identified above. It has not been possible therefore to conclude this exercise for FBC delivery. However, work continues and will be available for interrogation to inform an emerging estates strategy prior to JPV formation. It is our intention to complete this work by end of December 2014.

Both LGA and GPU have expressed a keen interest in this exercise, and through the funding provided, have requested that once our "internal" exercise is complete they would like us to work with Mace Macro to develop a model which could be adapted for national public sector use.

4:00: Commercial Case

The Commercial Case provides enhanced detail for all the Legal and Governance models and processes. All of which has been designed, tested and validated by the Legal Workgroup representative of each partner group in addition to external legal consultants with expertise in establishing arm's length companies. Fundamental tests and challenges of the HR implications have been explored and answered.

4:01 Review OBC recommended structure

4:02 Legal

- Due diligence test on OBC proposals
- Test and challenge the function of the governance arrangements
- Test and challenge viability of Teckal exemption
- Review implications of sovereignty retained /approvals
- Review of liability transfer
- Exit strategy arrangements

4:03 Finance

- Budget management process

4:04 Procurement

- Review of transfer of contracts to JPV
- Contract values
- Procurement efficiencies (targeted savings)

4:05 HR

- Test and challenge of TUPE transfer proposals
- Review of existing Terms and Conditions

"It is not the strongest of the species that survive,

nor the most intelligent……….

but the one most responsive to change"

Charles Darwin

Countryside Centre, Worcester, Worcestershire

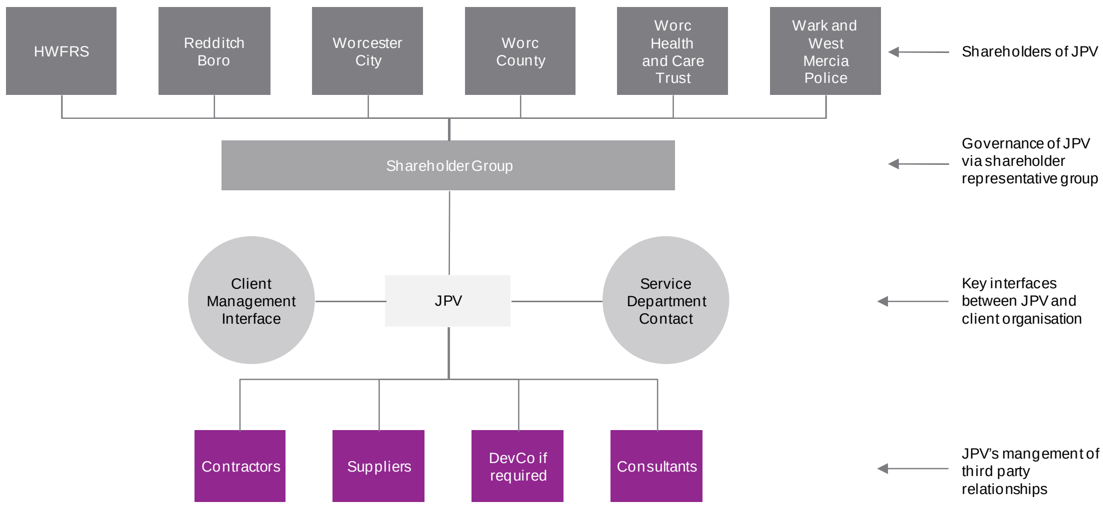
Executive Summary: Commercial Case

The governance structure recommended in the OBC has been developed with defined roles and responsibilities for the different levels in the structure. In summary, this determines that the JPV as an organisation will:

- Be a company limited by shares, wholly owned by the partner organisations as shareholders with an equal share in the company.
- Have a board of directors consisting of partner representatives as directors, a JPV Director and Non-Executive Directors (NEDs).
- Have a shareholder Annual General Meeting (AGM), consisting of other representatives of the partners.
- Be underpinned by a shareholder Members Agreement which details how the organisation will be formed and includes details such as appointments, entry and termination arrangements and reserved matters etc.
- Operate to a Service Agreement which details how the organisation will provide the service to shareholders and includes details such as pricing, customer service and performance management, and indemnity arrangements etc.
- Be formed to preserve 'Teckal' principles of operation, providing best-value for partners and driving savings on their behalf.
- Transfer staff on the agreement that 'TUPE' will apply to the transfer process.
- Receive a budget in the form of an annual service charge from partners, proportionate to the equivalent revenue budgets at start-up, acting as a 'retaining fee' for services.
- Administer direct partner charges (such as energy use) as 'disbursements', which will be paid at cost and will 'pass-through' the JPV.
- Manage special projects on behalf of partners, which will be paid separately as an individually agreed 'professional fee' to partners.
- Manage all partners' contracts to maximise efficiencies and create savings, within a procurement strategy which provides transparency and assurance for partners.

4:01 Review of OBC recommended structure

The Outline Business Case (OBC) proposed a very detailed model for the Governance arrangements of the JPV. The original structure from the OBC is represented in the diagram below* (*please note that partner information has changed during the development of the OBC).



In very broad principles, this arrangement has been supported, but there are a number of significant detail changes which partners felt were critical for the practical application of the proposed structure and to ensure it would work for partners. The detail of the revised proposal is given below.

4:02 Legal

The legal workgroup consists of legal representatives from all partner organisations and was formed to advise on all legal issues relating to formation of the JPV and primarily the governance arrangements for the JPV as an organisation. The group in its early stages requested that an independent legal advisor was employed to work along side the team to inform discussions over the proposed legal issues and governance model. Following a procurement exercise, Freeths LLP were appointed to advise in this respect. The team met on a fortnightly basis and discussed a number of key issues which are dealt with separately below.

4:02:01 Due Diligence test on OBC proposals

The legal workgroup tested a number of assumptions which were included in the Outline Business Case (OBC). In general, it was felt that the proposals for the governance model suggested in the OBC were generally acceptable and the following basic assumptions were tested and agreed:

1) That the organisation should be established as a Company Limited by shares.
2) That partners would be represented as a shareholder group, with a JPV board of directors and the JPV management team reporting to this board.
3) That the company should operate to preserve 'Teckal' principles of operation ('Teckal' was a test case where the principle was established that the procurement of services from a third party supplier may not count as a public services contract, where the authority is deemed to exert the same controlling influence over the third party organisation as there would be if the services were delivered within and by the Authority).
4) That TUPE principles would apply to any staff transfer (see HR implications in 4:05).

The detail of the proposed governance model is given in more detail below in paragraph 4:02:02 'Test and challenge the function of the governance arrangements'. There are some detailed changes, which differ from the OBC and are considered to either not be practical given minor changes to the governance model, or desirable for the partners. These include, but are not limited to:

1) The formation of Joint Venture Companies, 'Devcos', or working with third party suppliers to deliver projects. It is felt that this may impact the 'Teckal' status of the organisation, so will need to be considered on an individual basis.
2) That strategic asset plans will need to be agreed with individual partners, initially proposed by the JPV and agreed by the shareholder group.
3) That OBC proposals for communication channels and decision making will need to be reviewed in the context of discussions within the legal workgroup around Governance arrangements.
4) That some suggestions provided in the OBC, specifically incentivisation mechanisms, the proposed sustainable development fund and methods to develop funding mechanisms may be difficult to create, certainly in the formation of the JPV and if desirable would need consideration by partners after company formation and with significant professional advice.
5) That the system for hosting of support services would be determined as part of the FBC and that the JPV may decide to procure services externally competitively from the market: as discussed later, the assumption that various partners may host support services has not materialised and an option to utilise services from one partner has been explored. This is examined in more detail in the 'Organisational Development' section.
6) The Tax Implications (Corporation Tax and VAT) were to be quantified at FBC stage: VAT treatment has been clarified with partners and is still as suggested in the OBC. However, the suggestion of exemption from Corporation Tax by Mutual status as suggested in the OBC has obviously not been followed with the choice of Limited Company status, so treatment of any surplus as profit will need to be addressed in the Service Level Agreements to be drafted after FBC delivery.

4:02:02 Test and challenge the function of the Governance arrangements

Corporate Structure

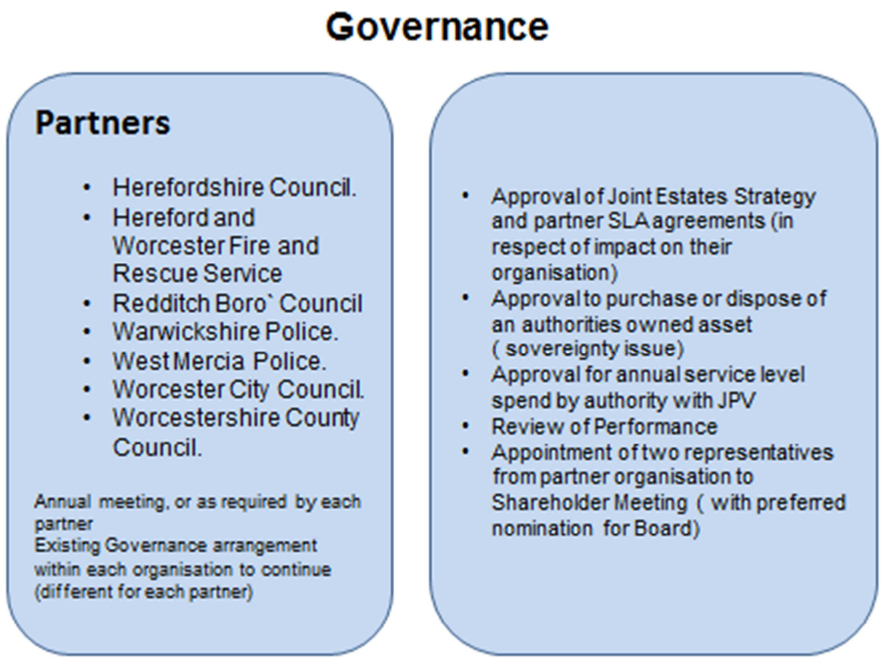
The Outline Business Case suggested the intention that the JPV should be capable of making a profit which could be distributed to the members in accordance with the shares which they hold within the JPV. This would suggest that a corporate structure designed not to share profits or a dividend, for example, a company limited by guarantee, mutual or a Community Interest Company, would be inappropriate. This leaves the choice of either a limited company or a limited liability partnership (“LLP”). Whilst LLPs have tax advantages for local authorities, it is provided under the Localism Act 2011 that where Authorities do things “for a commercial purpose” they are only permitted to do them through a limited company. Accordingly, given that JPV is likely to be carrying out commercial activities (in particular selling property management services to JPV members and potentially to third parties), the preferred structure is a limited company. This has the added advantage of being able to be set up within a few days.

It is suggested that the limited company is set up in such a way that each JPV member is a shareholder holding an equal share. JPV members will have Service Agreements with the JPV and their payment obligation will vary based on the size of the organisation and their need for property support.

Whilst a limited company is set up with a view to profit, it is anticipated in reality that, generally speaking, the fees chargeable under each Service Agreement will be adjusted based on the success of JPV such that, normally speaking, there will be little, if any, declarable profit achieved – see direction below. JPV will be funded by Service Agreement Fees being pre-payable. This will need to be modelled from a cash-flow perspective.

The detail of the constituent parts which make up the governance arrangements are now explained in detail in the following sections, with illustrations of how they fit into the partnership structure.

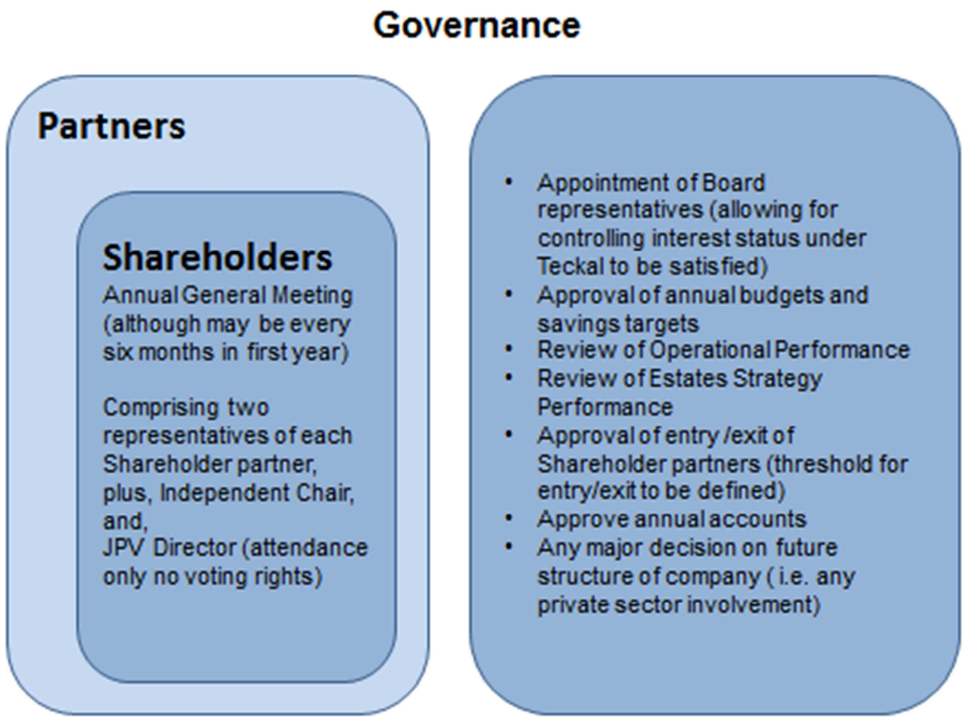
Role of Partners



Partners will be represented through a Shareholder group, which will include key representatives from the partner organisations. It will be the responsibility of partners to manage their individual requirements relating to their estate and property requirements. It is recommended that individual shareholders would hold a meeting annually or as otherwise required (in accordance with their internal governance regimes) to consider any relevant matters such as:

- Approval of the Joint Estates Strategy;
- Service Agreement issues (in terms of the impact on their organisation);
- Approval to purchase or dispose of any of their assets;
- Approval to the annual spend on Service Agreement Services;
- Review of JPV performance;
- Appointment of 2 representatives to Shareholder / AGM Meetings;
- Appointment of their chosen director to JPV Board.

Role of Shareholder



Shareholders would typically meet annually at an Annual General Meeting (AGM), although meetings could be held more frequently.

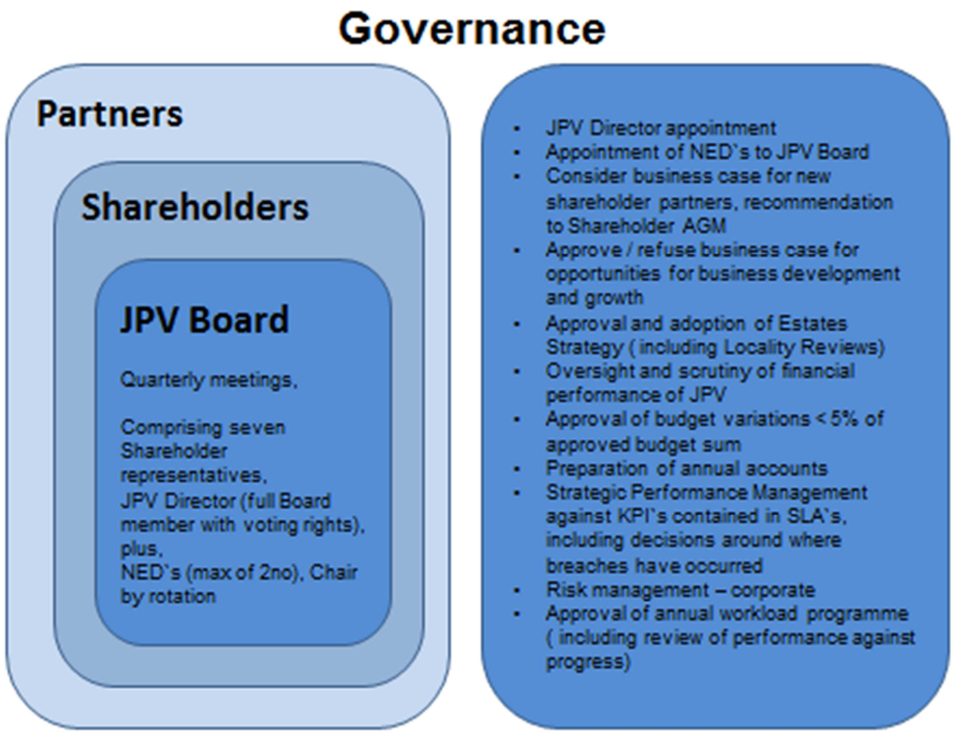
Shareholder / AGM meetings would include determination of:

- Formal appointment of Non-Executive Directors to JPV Board
- Approval of annual budgets, savings targets and JPV business plan
- Review of Performance
- Approval of entry of Shareholder partners
- Approve annual accounts
- Any major decision on the future structure of the JPV
- Approval of the Annual Business Plan

Each Shareholder will have an individual Service Agreement with JPV and reviews of this periodically would incorporate a range of items, for example:

- Approval of individual Estates Strategies
- Approval for annual budget spend by authority with JPV
- Review of Performance

Role of Board



The Directors would form a Board, typically meeting quarterly. It is anticipated that whilst JPV members would each appoint a director (which would normally be an officer with responsibility for property issues), it would encourage a 'Strategic Approach' to be taken by not only appointing 7 Directors from the partner organisations, but to allow external influences to be brought on-board by the appointment of external Non- Executive Directors (NEDs). A Chief Operating Officer will be appointed and also sit as a 'Director' of the JPV. One director from a partner organisation can be appointed as Chairperson, potentially by rotation. Under this structure, external Directors will represent only a minority of the Board in order to ensure that the company remains controlled by its members and satisfies "Teckal" requirements.

Note that Freeths advise that there is not a separate Shareholder board, but they can influence the Company through the AGM and other General Meetings: in effect, a shadow board is established prior to company formation and once the company is established, the shadow board will become the board of directors of JPV Limited.

Quarterly Board Meetings of the JPV would be held (although frequency may be bi-monthly in the first year) comprising 7 shareholder-nominated directors, JPV Chief Operating Officer (Director), plus 2 NED directors. As suggested earlier, the chair will be appointed by rotation.

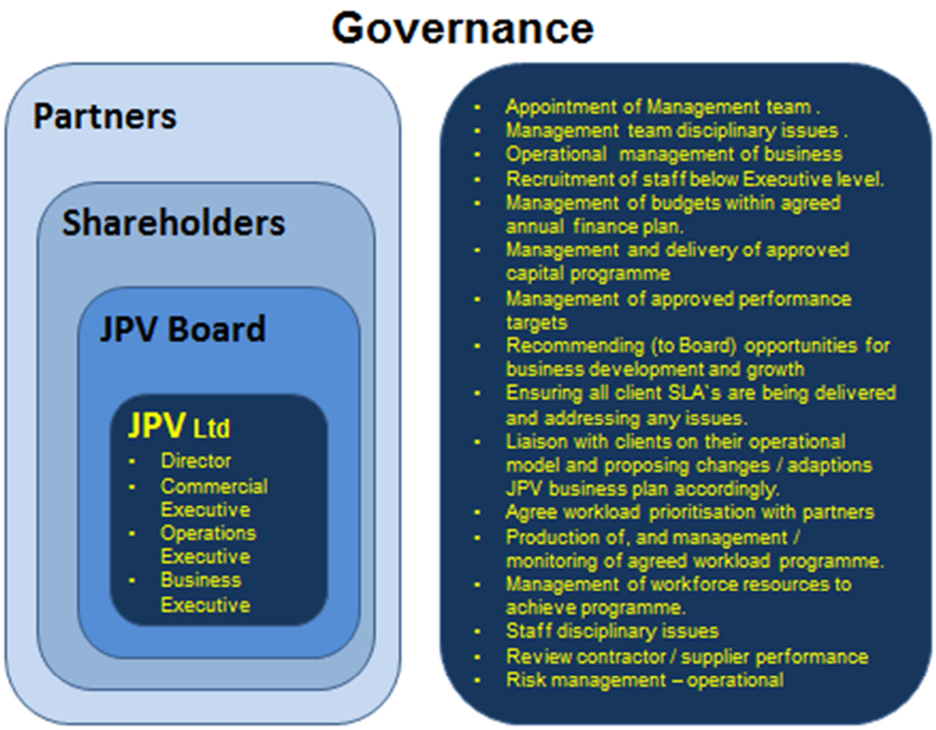
Business to be transacted at Board Meetings would include:

- JPV Management team appointments
- Interim appointments of NED members to JPV Board
- Consider business case for new shareholder partners, recommendation to Shareholder AGM
- Approve / refuse business case for opportunities for business development and growth (provided that it does not change the nature of the JPV's business)
- Recommendation of estates strategy (including locality)
- Oversight and scrutiny of financial performance of JPV
- Approval of budget variations < 5% of approved budget sum and minor reviews / changes to business plan
- Preparation of annual accounts
- Management team disciplinary issues
- Performance management against KPI`s contained in SLA`s, including decisions around where breaches have occurred
- Risk management – corporate
- Approval of annual workload programme (including review of performance against progress)
- Approval of annual Service Agreements with partners on behalf of the JPV
- Recommend the Annual Business Plan for approval by the shareholders AGM.

The role of independent Chair

It has been suggested that the JPV may benefit by accommodating an independent Chair on the Board. However, the legal workgroup and Freeths have advised that this may risk the 'Teckal' provision of the organisation and so is not a practical proposal in this FBC.

Role of Management Team



The role of the management team is to facilitate the business of the JPV as a limited company and would include all the functions usually needed within such a remit. More detail of the JPV Operating Model is given later under the 'Organisational Development' section of this FBC, but in summary it is proposed that the Management Team would typically meet monthly and consider a range of items such as:

- Appointment of management team (although will involve Board Members in process)
- Management team disciplinary issues (in conjunction with Board Members)
- Operational day to day management of business
- Recruitment / retention of all staff below Executive level, within approved annual budget
- Management of budgets within agreed annual finance plan
- Management and delivery of approved capital programme
- Management of approved performance targets
- Recommending (to Board) opportunities for business development and growth
- Ensuring all client SLAs are being delivered and addressing/correcting any issues
- Liaison with clients on their operational model and proposing changes / adaptations JPV business plan accordingly
- Agree workload prioritisation with each partner
- Production of, and management / monitoring of agreed workload programme.
- Management of workforce resources to achieve programme (within budget constraints)
- Staff disciplinary issues

- Review contractor / supplier performance
- Risk management – operational
- Potential for appointment of an additional NED if identified and required by Management Team
- Creation of the Annual Business Plan

Extent of delegated authority

Partners have expressed nervousness about the extent that the JPV may have responsibility for delegated authority over decision making. Specifically, it has proved difficult to agree a 'spend threshold' for example for proactive maintenance and even reactive maintenance from some partners, due to the great disparity of spending profile between partners. It would be impractical for the JPV to operate with these restrictions and it is hoped that over time these concerns will be reduced and will be mitigated after start up through clear reporting of spend, close working relationships between the JPV managers and partners, and by integrating a finance system and other ICT which provides real-time access by activity of spending partners. Please refer to Section 5:10.

Shareholder Agreements

The OBC proposed that the FBC would include draft terms of reference. The legal group have generated key documents which provide initial terms of reference for partners, by agreeing Heads of Terms as a basis for entering into a more detailed agreement. These are included as 'Service Agreement' and 'Members Agreement' in the appendices, and will be expanded in detail should the FBC be approved. These will clearly define how the board will operate and will stipulate the procedure to determine a number of potential issues where, for example partners may wish to have an absolute veto on a topic or that full board agreement needs to be satisfied. Examples of the subject areas included are the entry of new partner members, fundamental change of the nature of the business and adoption of business plans etc.

The list of areas to be dealt with under these Heads of Terms is extensive and will need to be agreed by all partner organisations. It is recommended that the Legal / Governance workgroup continue to develop these agreements to be available for signing after approval of the Full Business Case (FBC), prior to company formation.

These agreements will also provide that certain ‘Reserved Matters’ which may only be dealt with by JPV if all Shareholders are in full agreement. These would include and are not limited to:

- A change in the nature of JPV’s business
- Any financial commitment such as entering into Loan/Leasing Agreements
- Any fundamental change to JPV’s Business Model
- Approval of entry of shareholder partners
- Approval and adoption of Estates Strategy

The Service Agreement Heads of Terms and the Members Agreement Heads of Terms are given at Appendix 3.

4:02:03 Test and challenge viability of 'Teckal' Status

As stated earlier, the legal workgroup have agreed the desirability of the organisation to operate in a manner which will preserve 'Teckal' principles of operation. 'Teckal' relates to a test case where the principle was established that the procurement of services from a third party supplier may not count as a public services contract, where the authority is deemed to exert the same controlling influence over the third party organisation as there would be if the services were delivered within and by the Authority. Teckal will enable the company to still trade on a limited basis with organisations in the public and private sector that are not partners in the JPV, without having to go through a formal procurement process.

4:02:04 Review implications of sovereignty retained /approvals

The OBC established the principle that ownership of assets (property, land etc.) would not be transferred from partners to the JPV. Therefore partners will retain ultimate control over key decisions relating to their property, such as the sale, leasing, major maintenance proposals, all capital projects etc. The JPV board will make recommendations to partners and advise where there may be potential benefits to a partner in managing their estate in a particular way – this is at the core of the 'One Town' approach discussed in the Operational Model section of this FBC. These will be recommendations and partners will still need to gain approval through their existing governance arrangements as currently, and JPV staff will be able to assist in this respect. Similarly, the JPV will respond to requests from partners to undertake work of this nature working in close liaison with partners to maximise value.

4:02:05 Review of liability transfer

Legal liability for legislative compliance of any building, property or land rests with the sovereign owner of the said asset. This liability can either be discharged within an organisation through its own in house experts, or, the liability can be shared through outsourcing to external specialists.

The ownership and adequate discharge of policy will rest with the sovereign owner, however, the duty for implementation of the policy requirements can be provided by a third party who would then carry liability for suitable compliance with the policy.

The sovereign owners (client) must be able to demonstrate that they have appointed a suitably trained and qualified person (expert) to undertake these duties. This is generally tested through a clearly auditable procurement exercise. The third party, (contractor), is then required to fulfil the requirements of the policy through demonstrating and evidencing a robust process for achieving compliance on behalf of the client. Failure to do so would leave them open to liability for any defect or action arising there from.

The JPV would in this respect be a "contractor" for the clients, and, as a separate legal entity they must be able to demonstrate a duty of care to all their clients. As such they would carry a shared liability on any non-compliance issues which they could be held responsible for.

4:02:06 Exit strategy arrangements

To ensure the commitment of partners in supporting the JPV, the draft Heads of Terms for the Members Agreement between the partners have included the concept that there should not be a right for termination by a partner, at least within an agreed minimum period, the suggestion being 3 years, other than where there has been a substantial breach of contract, which will need to be discussed at board level. After the minimum term, termination without cause will be permitted subject to payment of costs, which will be related to the JPV's ongoing liabilities. After this period partners wishing to exit must give a minimum of 12 months notice at the AGM.

4:03 Finance

4:03:01 Budget management process

The budget management process is specified in the draft Heads of Terms for the Service Agreement and Members agreement, and will be developed in detail following approval of the FBC. A summary of payment mechanism is given in paragraph 7:06:04 'Payments' of this FBC. In terms of other revenue contributions, each Authority shall receive a £1 share within the equity of the company. In the event that the company requires additional revenue funds to support its operational requirements, this will be determined by agreement through the proposed governance arrangements.

The Shareholders Agreement will contain a detailed procedure and timetable for the production, submission and audit of annual accounts and calculation of profits and distribution thereof. Any surplus arising from the services provided to partner authorities will be returned to them as a rebate on charges, pro-rata to the amount paid. It is therefore not expected that the Company would make significant surplus, but to the extent that there is any surplus made (e.g. from work undertaken for third parties) shareholders may choose to treat this as 'profit', which could be distributed equally after approval of annual accounts.

4:04 Procurement

4:04:01 Review of transfer of contracts to JPV

The initial view the transfer of contracts to the JPV was to have all the contracts transferred from a 'go-live' date once the JPV became a legal entity. With the partners retaining sovereignty of the properties, how the contracts will be transferred (novated) to the JPV will need to be considered with further legal input (for example, will the JPV be acting as an agent for partners in regard to contracts). In addition, the timing of novation has been discussed as it may be more cost effective to transfer contracts as they expire, rather than all at once as one 'batch'. More detail about the Procurement arrangements is given in section 7:02: Procurement of this FBC.

4:04:02 Contract values

Each partner holds contracts for planned maintenance, reactive maintenance and services. The opportunity to benefit from bringing more than one partner into a contract has only been explored on ad hoc occasions up to now but the JPV provides an opportunity to realise service benefits and cost reductions by joining up contracts.

Each partner undertakes a difference approach to contract management. Hereford holds two major contracts to support their activity. West Mercia Police and Warwickshire Police are going through a tendering process to reduce the number of contracts they hold. Worcestershire County Council manages the contracts for Worcester City and Redditch Borough for all maintenance activity and some services. In total the partners hold over 250 contracts and spend in excess of £8 million (excluding utilities).

Because of these differences in approach it is very difficult to produce comparable data between partners. However, a detailed exercise to look at contract alignment has commenced as it is essential to capture the data in a single format. A Contract Register has been developed to capture this data and a draft version can be seen in Appendix 17. The Contract Register will be used to identify a programme of alignment dependent on when existing contracts come to an end. However there may be instances where contracts can be broken early or other partners added in to an existing contract in before a contract end date.

4:04:03 Procurement efficiencies (targeted savings)

The OBC identified the potential for aligning and reducing the number of contracts currently in place by all the partners to replace duplication in supplies and maintenance works.

Through the FBC process we have been able to produce a combined Contract Register (available at Appendix 17). This identifies the scale of challenge and opportunities which need to be more closely examined with our Procurement colleagues.

The scale of efficiencies which we believe can be delivered is as great as identified at OBC stage; however the delivery dates for these saving to be achieved is now re-scheduled to align with current contract expiry/refresh dates or earlier break clauses. Unfortunately a number of major contracts within authorities have needed to be re-tendered in the intervening period from OBC delivery to FBC approval. It is unlikely therefore that any substantial inroads can be made in this area ahead of 2017 /18.

The projected savings cash flow (see Appendix 6), for maintenance spend reflects this, although still proposing that a 20% reduction can be achieved reducing gross spend from £16.5 mill. to £13.2 mill. Obviously an element of this will be assisted by the property rationalisation programme proposed.

4:05 Human Resources

4:05:01 Test and challenge of TUPE Transfer Proposals

The transfer of staff from the partner organisations to the JPV as a limited company is a key procedure in the success of the venture, and as such the project team ensured that advice was gained at an early stage to ensure the proposals for staff transfer arrangements were robust. The issue was discussed with the Legal and Human Resources (HR) workgroups, who suggested that additional advice from specialist experts was included. An employment law specialist from Warwickshire County Council (representing the Police) drafted an advice note in conjunction with Worcestershire County Council's employment law specialist and Hereford & Worcestershire Fire and Rescue Service's legal specialist on behalf of the legal team, which comprehensively summarised the case law associated with staff transfers of this nature and suggested a definitive position on the legal position of how to proceed. Please refer to Appendix 24.

The advice was a response to the following questions, raised due to the proposed operating model and timescales for delivery:

- Will there be a TUPE transfer in the envisaged circumstances relating to the creation of the JPV?
- What are the risks caused by appointing an externally recruited 'Chief Operating Officer' (Director) prior to the expected transfer date of 1 April 2015?
- Is there a risk of challenge if the JPV takes on new externally recruited staff (for example, at middle management level), given the possibility of there being redundancies for existing property management staff employed by the partners?

To meet the timescales for JPV delivery, there is a desire to put in place a new Chief Operating Officer (Director) who will be externally recruited. This is seen as a new role with a need for private sector experience.

There are currently 238 staff affected by the JPV proposal but it is not known at this stage how many redundancies there might be should the project proceed.

In general terms, it can be accepted that the JPV will carry out as a minimum the same activities which are currently undertaken by the partner's property teams, it is just that they will not be done in-house but will in effect be outsourced to the JPV and there will be agreements between each partner and the JPV relating to the provision of property management services to each partner.

Will there be a 'TUPE' transfer?

Significant advice was gained to establish whether the Transfer of Undertaking (Protection of Employment) Regulations 2006 ("TUPE Regulations") would apply to the staff transfer proposed for the JPV. The Advice briefly refers to Reg 3 (5) TUPE Regs 2006 and to the Cabinet Office Guidance. Reg 3 (5) provides that:

"An administrative reorganisation of public administrative authorities or the transfer of administrative functions between public administrative authorities is not a relevant transfer."

On the face of it this would appear to be very helpful in this situation as it would mean we could proceed without worrying about TUPE at all. However case law in the UK indicates that this exemption definition has been narrowly construed. There are four references to the word “administrative” in the definition and the question here is whether what is happening is a reorganisation of administrative functions or whether a broader economic entity is being created.

In addition there is the “Cabinet Office Statement of Practice: Staff Transfers in the Public Sector” (Nov 2007) which provides that:

“in circumstances where TUPE does not apply in a strict legal terms to certain types of transfer between different parts of the public sector, the principles of TUPE should be followed (where possible using legislation to effect the transfer) and the staff should be treated no less favourably than had the Regulations applied.”

The legal status of the Statement of Practice is unclear but on the face of it is not legally binding, but if it is not followed there is the risk of a judicial review application. Legal advice suggests that it is unlikely that this would fall within the Reg 3 (5) exemption and if the JPV were not to apply TUPE on this basis alone, it is likely to be the subject of legal challenge by the Trade Unions or staff either in the Employment Tribunal or by way of judicial review.

Legal advice also considered whether there is a TUPE transfer within the 2006 Regulations by way of a transfer of an 'economic entity' or a 'service provision' change. In conclusion, both the HR and Legal workgroups supported by external legal advisors suggest that on balance the transfer of staff would be a TUPE transfer situation, as in very general terms, property management services are provided in-house for the partners at present and after the reorganisation those functions will effectively be outsourced to the JPV. Whilst there will be changes in what the JPV is providing, particularly in the longer term, that may not be the case in the short term when broadly the same sort of service will be provided for each partner.

All legal advice given to date has cited a number of case law examples, where there have been legal challenges around TUPE. The reason for detailing the facts of these cases is to demonstrate that each case will turn on its facts and therefore to give definitive advice it is critical that all the differences in the activities pre- and post- JPV are identified. Obviously, at the stage that the advice was given, it was practically not possible for the detail of the roles required post JPV formation to be available. If partners proceed on the basis that TUPE doesn’t apply then this is highly likely to be challenged by Unions and employees and if the advice was incorrect and TUPE is held to apply, this is likely to lead to a number of unfair dismissal claims and a protective awards for failure to inform and consult pursuant to the TUPE Regs requirements.

The original advice has been tested by the HR workgroup, with an additional independent employment law specialist. Following their appointment as a legal advisor, Freeths further tested the position and are satisfied with the advice given above. On this basis, and with both workgroups agreeing to proceed on the basis that TUPE will apply, the change management process has been drafted and this is outlined in the section 'Organisational Development'.

Review of existing Terms and Conditions

Initially, it was expected that staff would transfer into the JPV on new terms and conditions after a set 'go-live' date: this would avoid staff working alongside colleagues undertaking the same roles, but on different pay levels, terms and conditions. Obviously, this could lead to lowered morale if left to go on for a long period of time. A review of terms and conditions has been undertaken and as expected terms and conditions vary to some level across each organisation, but there are a number of terms that are the same: Different job evaluation schemes are used and they are applied differently. Further work will need to be undertaken on developing the new terms and conditions package for the JPV, especially due to the difference in job evaluation. How this will be undertaken is discussed in Section 7:05: 'Transfer of Staff' of this FBC.

5:00: Financial Case

The Financial Case examines and tests in more detail with enhanced available data the case established in the OBC. In particular validating the benchmark data and updating to current year. The savings assumptions are more clearly defined. Staff establishment data is current (as provided by HR and Finance workgroups), and a detailed savings analysis is presented for Management to Team Leader levels. Lower grades are presented as a percentage saving, the detail of which is to be designed. We have endeavoured to define insurance liabilities for the JPV.

5:01 Review of budget benchmark stats used for OBC (identify any issues)

5:02 Update benchmark stats to current year

5:03 Areas of spend

5:04 Proposed savings cash flow

5:05 Savings assumptions

5:06 Review of staff structure costs

5:07 Establishment structure cost reductions

5:08 External spend reduction

5:08 Identify investment requirements

5:09 Identify insurance liabilities to be accounted for

5:10 Identify delegated financial responsibility restrictions

5:11 Identify annual running costs of JPV

"Some people want it to happen,

some wish it would happen, others make it happen".

Michael Jordan, Athlete

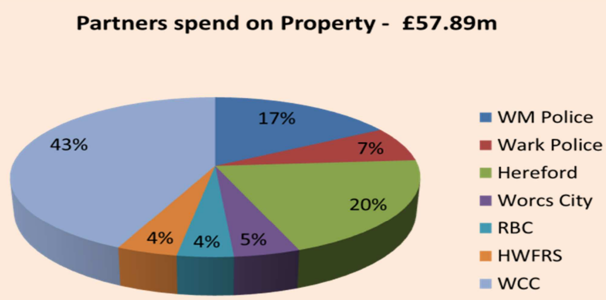
St Johns Library, Worcester

Executive Summary: Financial Case

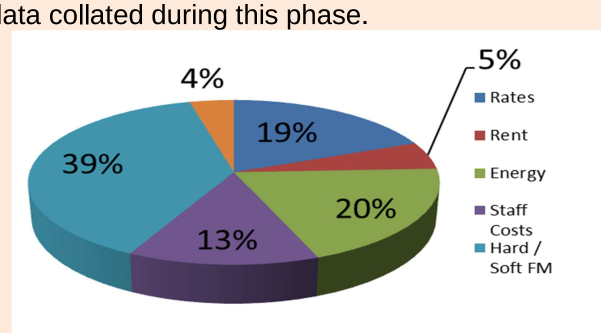
The financial appraisal and benchmark data presented in the OBC has been updated to September 2014, with information provided by partner representatives on the Finance Workgroup and HR workgroup. They have checked and validated this benchmark position so that we have a sound base for savings assumptions to be built upon. The assumptions used are identified in the document. The financial management arrangements for the JPV can be found in the Organisational Development and Implementation Section 7:00.

- A gross spend by partners of £57.9 mill has been identified. This is an increase on data presented in the OBC and accounts for savings made by partners and data not previously available. We believe this still does not capture the total spend partners may have on their property holdings.

- The breakdown of spend by partner is identified as a percentage.



- The breakdown of property portfolio costs is presented as a pie chart. This breakdown has variance on percentage from OBC due to greater accuracy on the data collated during this phase.



- Value of savings over 10 years; the partners can reduce the spend in the public sector by a conservative projection of £76 mill over the period.

- Savings assumptions; key assumptions are identified based on experience and professional knowledge held by partners and industry consultants.

- 3 key areas of savings are identified; firstly a reduction in establishment numbers, secondly contract alignment, and thirdly property rationalisation.

- Annual running costs of JPV are identified as approx. £5.88 mill per annum.

- Audit proposals, these are to be delivered by Worcester City Council.

5:00 Financial Case

5:01 Review of budget benchmark stats used for OBC (13/14)

£m	WCC	Herefordshire Council	Fire Service	Police - Warwickhire	Police - West Mercia	Worcester City Council	Redditch BC	Total
Revenue Receipts	1.1	1.1	0.0	0.2	0.3	0.3	0.8	3.8
Staff Costs	(3.4)	(1.0)	(0.4)	(0.9)	(1.4)	-	-	(7.1)
External Spend	(14.1)	(3.8)	(0.9)	(2.5)	(3.8)	(1.9)	(1.2)	(28.3)
Rates	(1.3)	(2.8)	(0.7)	(1.1)	(1.7)	-	-	(7.7)
Rent	(2.0)	(0.1)	-	(0.5)	(0.7)	-	-	(3.3)
Energy Costs	(4.9)	(1.9)	(0.4)	(1.3)	(2.0)	(0.4)	(0.7)	(11.6)
Total	(24.6)	(8.6)	(2.5)	(6.0)	(9.4)	(2.0)	(1.2)	(54.2)
Total Excl Rent and Rates	(21.3)	(5.6)	(1.8)	(4.4)	(6.9)	(2.0)	(1.2)	(43.2)
Percentage Allocation	49%	13%	4%	10%	16%	5%	3%	100%

The total baseline costs for each organisation are taken as the basis for calculating the percentage allocation of the JPV charge between the partners.

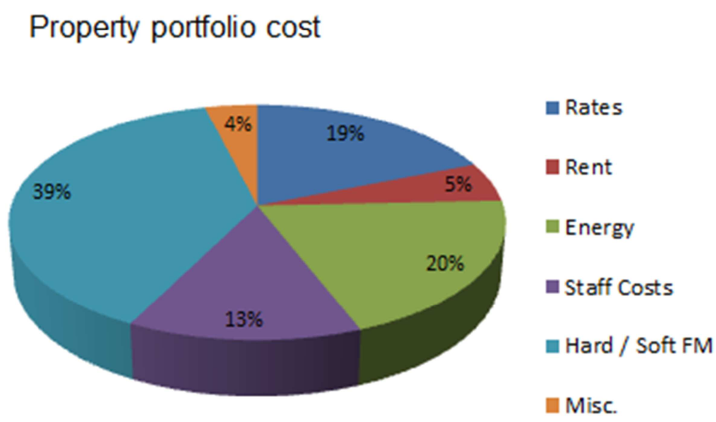
Rent and rates are excluded from the analysis as these costs will remain with the partner organisations and will not form part of the cost base of the JPV.

5:02 Update benchmark stats for current year (14/15)

For more detailed analysis refer to Appendices 5 and 6 for spreadsheet of cost data provided by representatives from each organisation who are part of the Finance Workgroup. These figures have been validated by this group on 2 October 2014.

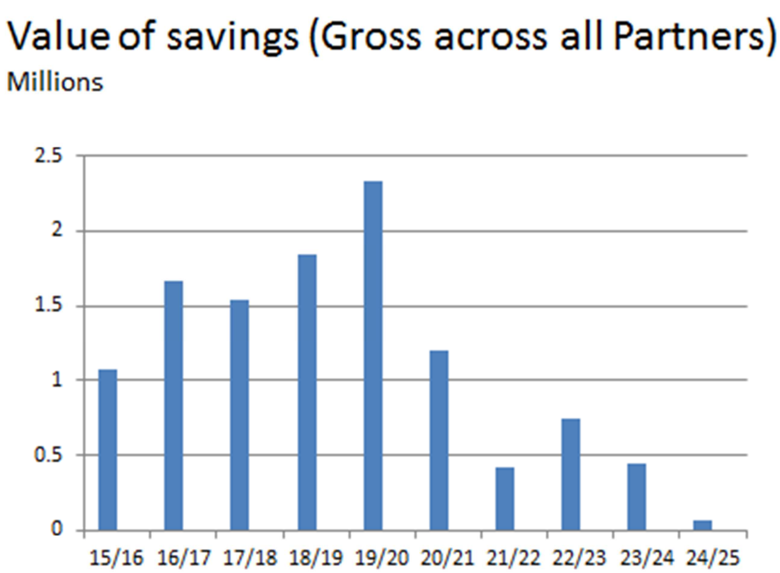
Item	WCC	Hereford Council	HWFRS	West Mercia Police	Warks. Police	Worc. City Council	RBC	Total (mill)
Partner Revenue Receipts	3.94	3.50	0.03	0.52	0.14	0.55	0.51	9.21
JPV Revenue Receipts	0.65	0.73	0.00	0.00	0.00	0.00	0.00	1.38
Staff Costs	3.36	1.76	0.38	1.54	0.69	0.00	0.00	7.73
External Spend	14.57	5.44	1.01	3.72	1.70	1.19	0.80	32.35
Rates	3.97	2.25	0.73	1.82	0.72	0.72	0.77	10.99
Rent	1.14	0.44	0.25	0.93	0.31	0.05	0.00	3.11
Energy	5.31	1.87	0.44	1.73	0.64	0.75	0.67	11.41
Total	25.00	11.70	2.46	9.74	4.06	2.64	2.25	57.90
Total excluding Rates and Rent	19.89	9.08	1.48	6.99	3.03	1.87	1.48	43.80
Percentage allocation	45.00	20.00	4.00	16.00	7.00	4.00	4.00	100.00

5:03 Areas of spend



The partners spend circa £57 mill to manage their joint portfolio. This pie chart describes the spend across the portfolio by function the percentage split has varied from OBC stage due to greater transparency and accuracy of data available. The total values of external spend (Hard / Soft FM and energy) is 59%. We identify under Section 5:04 in this report how we propose to reduce the value of this spending need.

5:04 Proposed savings cash flow



This chart maps out the savings profile over a ten year period. It indicates a peak in 2019/20 (year 5) of JPV when we have maximum efficiencies from establishment rationalisation and alignment of contracts. Moving beyond that date we are dependent upon the property rationalisation achieved through the Locality Reviews.

Schedule of savings for each partner

	BASE LINE	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
£ Mill.	57.89	56.81	55.14	53.60	51.76	49.43	48.22	47.80	47.05	46.61	46.54
HEREFORDSHIRE (20%)	11.70	11.36	11.02	10.72	10.35	9.89	9.65	9.56	9.41	9.32	9.31
HWRFS (4%)	2.31	2.27	2.20	2.14	2.07	1.98	1.93	1.91	1.88	1.86	1.86
REDDITCH BC (4%)	2.31	2.27	2.20	2.14	2.07	1.98	1.93	1.91	1.88	1.86	1.86
WARWICKSHIRE POLICE (7%)	4.06	3.97	3.86	3.75	3.62	3.46	3.37	3.35	3.30	3.26	3.25
WEST MERCIA POLICE (17%)	9.84	9.66	9.37	9.11	8.80	8.40	8.20	8.12	7.99	7.92	7.91
WORCESTER CITY COUNCIL (5%	2.89	2.84	2.76	2.68	2.58	2.47	2.41	2.39	2.35	2.33	2.32
WORCESTERSHIRE CC (43%)	25.00	24.43	23.71	23.04	22.25	21.25	20.74	20.56	20.23	20.04	20.01

5:05 Assumptions for Savings projections

The savings proposals are over a ten year plan in accordance with Treasury Green Book principles for the business case. Greater confidence exists on the accuracy of projections for the next four years of CSR2.

A number of assumptions have been made on the savings projections as identified below. Work on refining the assumptions can continue once approvals are received, at this stage we are confident from the data available these targets can be achieved.

Work on this will continue post-delivery of FBC and we intend to work with CIPFA to validate the projections along with the Finance Workgroup.
All cost data received is benchmarked at September 2014.

Establishment (20%)

Each organisation is currently involved in dynamic change programmes to respond to the demands of CSR1. The establishment data collected is for estates staff deemed in scope. However we are aware that data has not been provided by some partners for FM staff they have currently not identified as being in scope (this is covered in detail elsewhere). There has been complication in understanding how organisations fund some posts ie funding from capital works so posts are not identified as a revenue cost. However we are confident that we now have a more accurate picture than that captured at OBC stage.

Maintenance (20%)

The complexities of collating seven partner maintenance spend budgets has involved numerous one to one meetings to clearly identify the total spend each partner has on their property. Issues ranging from devolved budgets to different terminology, and some partners capitalising maintenance made it complex to compare each partners spend. Collating the benchmark data has taken 3-4 months to ensure accuracy. Since OBC delivery most partners have refreshed a number of contracts (or are about to do so), the impact of which is to defer when larger corporate savings can be achieved by the JPV as most are now, or are to be, let on four year terms.

Energy (10%)

The reduction in portfolio size will not reflect directly on a reduction in these costs due to a higher intensity of use of retained buildings and the expected increase in unit rates over the term considered. Obviously when plans are visible from each partner for their establishment reductions (either by redundancy or outsourcing) then this figure can be re-assessed.
Most major partners currently buy their energy through West Mercia Energy (with the exception of Police). Due to the advantageous pricing structure currently enjoyed by customers of WME there is little scope for improvement, unless the JPV can attract another major partner to the JPV when the scale of business offered may warrant renegotiation.

Water (5%)

The same issues apply as with energy.

Rents (40% reduction)

This will be the main target to reduce in the first five years dependent upon break clauses. There is sufficient portfolio in scope and underused freehold property to facilitate this scale of reduction.

Rates (15% reduction)

The majority of impact on rate reductions will be achieved through the property rationalisation programme delivered through promoting co-location and Locality Reviews. Not all partners have fully exercised their ability to re-negotiate a more favourable rate settlement and this will be pursued on their behalf early in the process.

Cleaning (10% reduction)

Two partners have recently re-let their cleaning contracts (without break clauses) which defers when corporate benefits can be achieved at the end of the four year term by exploring a single supplier. Whilst floor area reductions will reduce cleaning costs, the greater intensity of use of buildings may lead to a more frequent cleaning regime, the effects of which will need to be monitored.

Misc. (20% reduction)

These include fixture and fitting costs, security, waste disposal misc. fees etc. Potential certainly exists to reduce the spend on misc. fees through absorbing work within the JPV team. Such fees are generally incurred by partners with small in house teams using consultants to supplement their own resource at peak periods.

5:06 Review of staff structure costs

From delivery of the OBC Due Diligence testing of a more detailed picture has been undertaken of the staff who are in scope, refinement and formalising data costs for those posts at the benchmark point of September 2014, have been tested and agreed by the Finance Workgroup. This is particularly pertinent given the variances in data that partners provided at OBC stage and the need to normalise key data across the partnership group.

The schedules below represents the existing staffing numbers tabled at OBC stage and the forecast reductions deemed possible.

OBC Schedule of reductions

FTE forecast	Current	By end of 15/16	By Apr 2025 (post rationalisation)
Management	15	5	5
Supervisor	23	7	7
Professional	47	42	35
Technical	85	80	70
Support	26	14	11
Manual	59	55	45
Total	255	203	173

Upon analysis of the current data some minor variance in the benchmark numbers has been identified as the table below. This does not impact however on the forecast reduced numbers proposed.

FBC schedule of post reductions

FTE forecast	Current	By end of 15/16	By Apr 2025 (post rationalisation)
Management	11.6	4	4
Supervisor	21	7	7
Professional	67	58	50
Technical	47	63	56
Support	37	20	16
Manual	55	51	40*
Total	238.6	203	173

*Staff reductions at this level are very dependent upon property portfolio reductions as a number of staff in this criteria are caretakers etc.

There can be a high degree of confidence in the delivery of savings in relation to senior and supervisory staff which are currently duplicated between the organisations. It is expected that a reduction of 21.6 FTEs at management and supervisor grades could be achieved which would yield annual savings of £0.9m. The top two tiers are an absolute, the balance may need some flexibility as design parameters are advanced.

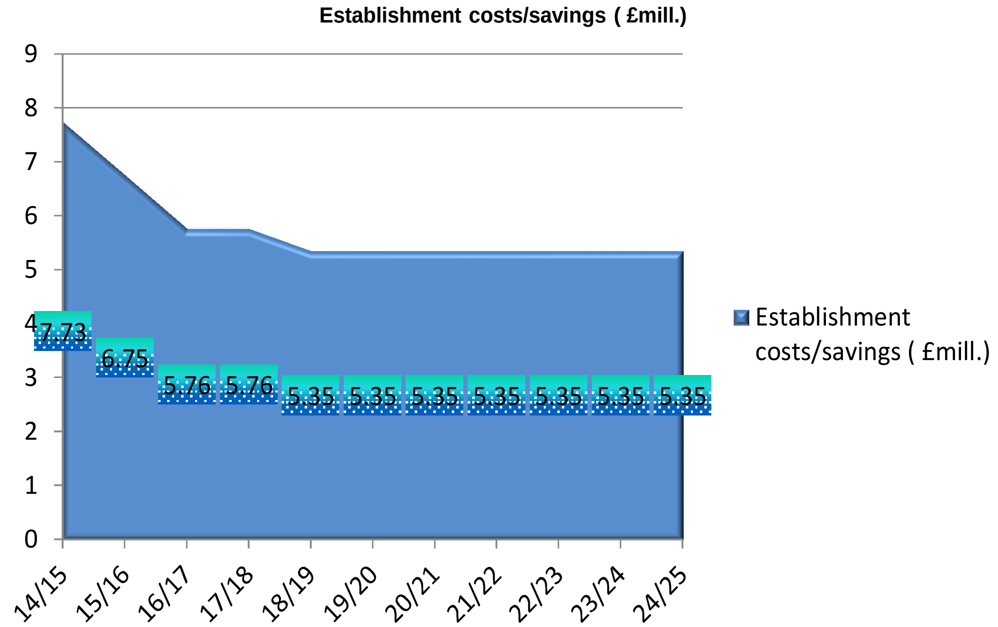
Comparison of existing management roles with proposed JPV structure

Existing Role	Gross Cost £	Proposed Role	Gross Cost £	Saving £
Existing Head of Dept		Director of JPV (base salary £90k + 18% on costs plus market forces allowance)		
Worcestershire County Council			116,200	
Police Acting Head				
Police Substansive Head				
Fire Split role 60% Estates				
TOTAL	**288,500**		**116,200**	**172,300**
Existing Management		**Proposed Role**		
Worcestershire County Council - SAM		Commercial Executive	98,333	
Worcestershire County Council - AMBUS		Operations Executive		
Police - Assets			98,333	
Police - Design and Projects		Business Executive		
Police - Property		* (base salary £75k+ 18% on costs plus market forces allowance)	98,333	
Fire - Capital Projects				
Herefordshire - Strategic Assets				
Herefordshire - Property Services				
TOTAL	**502,473**		**295,000**	**207,473**
Existing Group/Team Leader		**Proposed Role**		
Worcestershire County Council - Review & Estates Management				
Rates & Valuation				
Asset Management				
Team Leader North				
Team Leader South				
Finance & Project Management				
Building Support				
Property Risk Management				
Facilities Manager		7 no Business Unit Associates		
Business Support Manager				
Police - Senior Estate Surveyor				
FM Business Partner				
FM Business Partner			64,900	
Building M'tce Business Partner		i) Strategy	64,900	
Building Services Business Partner		ii) Assets	64,900	
Design Business Partner		iii) Projects Delivery	64,900	
Projects Programme Manager		iv) Technical	64,900	
Fire - Facilities Manager		v) Facilities	64,900	
Herefordshire - Property Development Manager		vi) Compliance vii) Business	64,900	
Estates & Valuation Manager		* (base salary £55k + 18% on costs)		
Senior Project Manager				
TOTAL	**1,023,390**		**454,300**	**605,782**
NOTES				
i) Salaries for new posts have yet to be formally evaluated so may change +/-				
ii) Existing grade salaries are inclusive of NI/Superannuation costs				

5:07 Establishment structure cost reductions

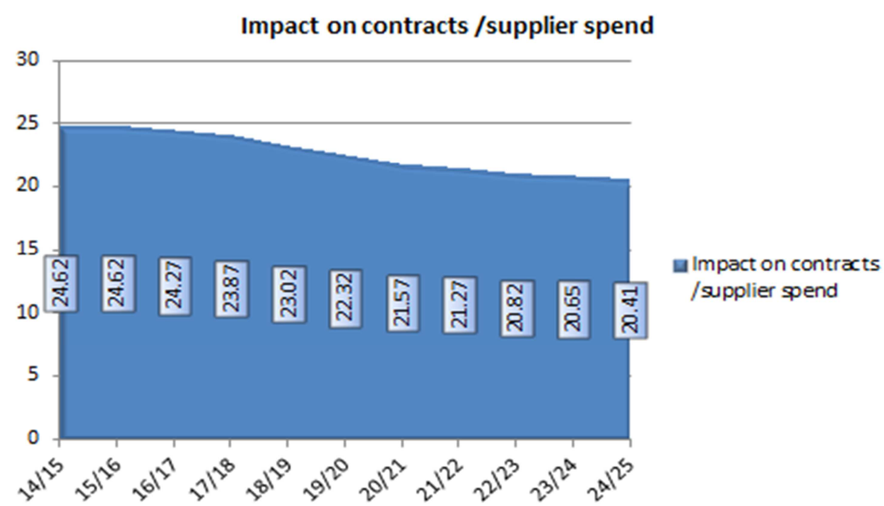
Establishment cost savings for JPV

Further reductions can be achieved as property portfolio rationalised



5:07 External spend reductions

Reduction in external spend forecast driven by refresh dates on frameworks etc at end of 3-4 year term



5:08 Identify investment requirements

The breakdown of potential investment cost liability can be found at Section 7:07, this identifies an Implementation phase cost of £1.04mill, plus an assessment of £1.7mill for potential redundancy strain.

All investment costs have been provided by consultants supporting the project but may be subject to further market testing. It has not been possible to accurately assess the redundancy strain until we have greater transparency on the posts at risk and the individuals affected to allow an assessment of grade and length of service.

5:09 Identify insurance liabilities to be accounted for

The JPV Company will be required to take out insurance to cover a range of liabilities, as with any other organisation, to indemnify the partners in terms of any damage or harm caused to all employees, third parties or property. The partners may need to indemnify the JPV, particularly with regard to a situation where there is an early withdrawal from the contract leading to liabilities, for example with regard to redundancy costs of employees. Suggested areas where cover may be required include, but may not be limited to:

- professional indemnity
- public liability
- employer’s liability
- fidelity guarantee
- personal accident
- directors and officers liability
- computer cover
- all risks
- motor insurance

The requirement for insurance is included as part of the draft Heads of Terms and the exact insurances required will be determined following approval by the workgroups, with input from insurance specialists as required.

5:10 Identify delegated financial responsibility restrictions

The earlier section 4:02:02 ('Test and challenge the function of the governance arrangements') discussed concerns over the extent of financial delegations that the JPV may have responsibility for. Options have included a 'spending threshold' for each individual transaction and as suggested earlier it would be impractical for the JPV to operate with these restrictions. The current highest spending authorisation level for a head of service is £5m and it would seem logical that the Chief Operating Officer of the JPV would have as a minimum a similar authorisation level, with other authorisation limits delegated down through the Senior Managers.

This principle will need to be agreed as the Shareholder Agreements are developed in the Organisational Development and Implementation phase of the project, following approval.

5:11 Identify annual cost of running JPV

JPV Annual Running Costs

Item	Benchmark Year - 14/15	Year 1 - 15/16	Year 2 - 16/17
Income	£ 1.40	£ 1.05	£ 1.15
Staff establishment costs	£ 7.73	£ 6.75	£ 6.16
HR Services	not known	£ 0.11	£ 0.12
Finance Services	n/k	£ 0.07	£ 0.07
ICT Services	n/k	£ 0.18	£ 0.19
Comms	n/k	£ 0.01	£ 0.02
training	n/k	£ 0.05	£ 0.06
Insurances	n/k	£ 0.02	£ 0.03
Premises	n/k	£ 0.17	£ 0.18
Contingency	n/k	£ 0.20	£ 0.20
Total Cost	£ 7.73	£ 7.56	£ 7.03
Net cost after income deductions	£ 6.30	£ 6.51	£ 5.88

Note :Income assessed as 75% of 14/15 income, with scope to remain constant and will target growth in future years by winning work from academy schools.

6:00: Benefits Analysis

6:01 Summary of benefits for partnership

6:02 Individual partner benefits (need to be more specific than we were at OBC stage)

6:03 Wider economic and community benefits

6:04 Benefits on national stage

Joint Police and Fire station, Bromsgrove, Worcestershire

Executive Summary: Benefits

The benefits outlined at OBC stage remain constant in principle although the details may have changed. We previously identified a £15 mill saving on the gross spend by year 10. Due to more detailed analysis and choosing to take a more conservative view of the appetite for cultural change partners may have we have now identified a saving of £11.35 mill. Benefits are identified for each partner. They include:-

Quick Wins

- Equal shareholding
- Commercial ethos to property management
- Efficiency savings
- Improve service integration
- More sustainable service
- Property database
- Access to helpdesk
- Access to own property team
- One Town Review
- Contribution towards change programmes

Medium Term

- Legislative compliance
- Embrace new technology
- Strategic estate management
- Drive revenue savings
- Contribute to local economy through SME's
- Greater purchasing power
- Serve the community
- Enhance quality of property portfolio
- Maintain and protect front-line services
- Drive operational efficiency

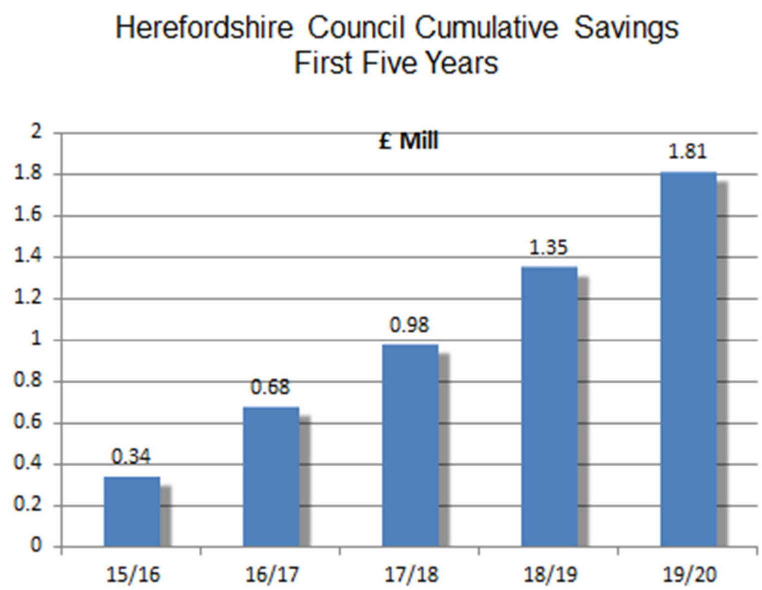
Long Term

- Drive regeneration and growth
- Drive capital receipts
- Drive cross organisational working
- Development of national model for benchmarking
- Potential regional vehicle to manage central government estate

6:02:01 Herefordshire Council

Quick Wins

Potential savings



The Finance section identifies forecast revenue cost savings for Herefordshire in the JPV model, with a reduction in spend of £1,800,000 over five years.

Equal shareholding

Herefordshire Council will have an equal shareholding in the JPV. It will also have access to a wider scope of internal professional services for a reduced overall cost. Through equality of voting rights it will have influence over decision-making, providing it with a unique opportunity to shape the future of the joint estate. Its sphere of influence is not limited by the size of its portfolio.

Commercial ethos to property management

The development of a JPV will create an environment where service need, community preconceptions and financial factors can be challenged to ensure that the commercial dimension to property portfolio management is given appropriate weighting in business cases.

Accurate Comprehensive Database

A single, comprehensive data set for all partner in a geographic area will drive strategic planning and decision making with accurate information about the estate and tis performance. This is an enhancement on the current data held by the council

Payment terms and SMEs

Payment terms can be specified to ensure that small and medium sized enterprises (SMEs) will be paid as swiftly as possible, which will support regeneration of local businesses in the JPVs area of operation.

Medium Term

Locality Reviews delivering improved service for the Community

Current property rationalisation programmes has demonstrated the sensitivity that will exist against the closure of public sector facilities, particularly in rural communities. The JPV can more clearly identify partnership opportunities to co-locate with other partners whilst developing emerging estate strategies. The development of joint hubs through the Locality Review approach will be significant.

Contribute to local economy through SME's

National providers of FM and property management will generally arrive with their own established supply chain which may not even be regionally based. The JPV will endeavour, under procurement rules, to attract local contractors and suppliers. We shall also encourage main contractors to invest in local apprenticeships. This has already been evidenced through the Main Contractors Framework.

Long Term

Drive regeneration and growth

The JPV will develop closer working relationships with LEP's and Economic Growth teams to ensure regeneration is planned and actioned, with public sector asset's being used as catalysts to development (refer to Bromsgrove CAP`s Case Study). This has been demonstrated recently by the partnership with the Worcestershire LEP`s Strategic Economic Plan, identifying to Government how the JPV can add traction to regeneration proposals and a substantial bid to the Local growth Fund to support the rationalisation and de-risking of sites and land release the JPV can deliver

The JPV as a Property Management organisation is ideally placed to be the Council`s strategic partner in delivering and co-ordinating the vision for the opportunities within the Edgar Street Grid previously led by Herefordshire Futures.

Greater purchasing power / significant outsourcing

Whilst Herefordshire Council has access to national procurement frameworks these are not always suitable or related to the building supply and construction chain. Being part of a larger regional property group, everyone benefits from its increased purchasing ability in a specialised field due to scale.

A number of elements of Herefordshire Council`s property functions are delivered via private sector outsourcing. This has demonstrated an appetite for mixed provision of delivery and there will be some learning to be derived from the effective management of contracts. The implication for the JPV is that depending on the break and termination clauses written into the contracts, there will be significant savings through the rationalisation of these contracts across the whole organisation.

Improve service integration / Drive cross organisational working

The JPV will improve and enhance the authorities' ability to work more closely with stakeholders in its geographic area, providing innovative and strategic solutions on co-location possibilities.

Property can act as a catalyst for service transformation by exploiting opportunities created through co-location. Past experience has shown that service benefits, (financial and operational), can eclipse the benefits achieved through property rationalisation alone once the physical barriers of individual services occupying individual properties has been removed. The JPV is expected to deliver these opportunities quicker than joint working alone can achieve.

Increase revenue generation

Generating revenue is as beneficial as making savings, so where it is not possible to release surplus properties for disposal, efforts will be made to ensure that maximum revenue benefits are secured from finding alternative occupants for under-used space.

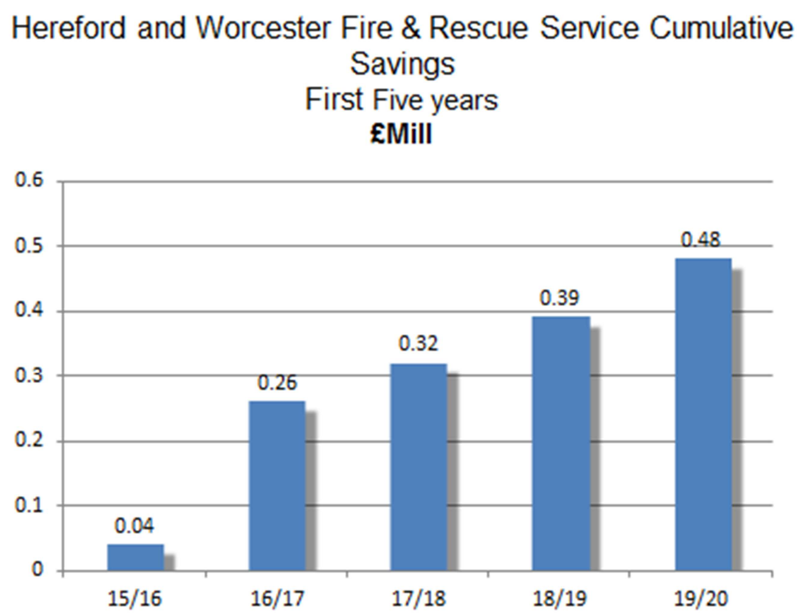
Herefordshire would benefit from the possibility of revenue generation through trading with external clients and any profit generated, as a result of the scale of opportunity that the JPV will provide.

6:02:02 Hereford & Worcester Fire and Rescue Service

Quick Wins

Potential Savings

The graph below shows the reduced forecast revenue costs for the JPV model, with a reduction in spend of £480,000 over five years.



More sustainable service

HWFRS will have access to a larger property team, co-owned by HWFRS with greater resources available and flexibility to respond to urgent issues. This will build on the existing customer service and enhance the delivery with understanding of the clients specific requirements.

Improved resilience for legislative compliance

The ability to ensure compliance with all property based legislation, including the reduction in carbon footprint agenda, through access to an energy management team. Access to a greater property management team will enable the obligations of partners under a range of legislation to be better resourced with improved mitigation against risks. Opportunities for increased expertise in specific areas such as Legionella and Asbestos compliance as well as potential savings through pooling resources will result in increased assurance at reduced cost. Improved systems of working and audit regimes to reduce risk

Access to energy management team

Where partners currently do not have in-house energy management expertise, the combination of partners will enable the use of existing knowledge and energy management specialists. This will be more cost effective than external consultants and will enable the One Town reviews to be undertaken with a view to long term sustainability.

Equal shareholding

HWFRS will have an equal shareholding in the JPV. It will also have access to a wider scope of internal professional services for a reduced overall cost. Through equality of voting rights it will have influence over decision-making, providing it with a unique opportunity to shape the future of the joint estate. Its sphere of influence is not limited by the size of its portfolio

Embrace new technology

The model for support services recommends a comprehensive Information Communications Technology facility to enable the JPV to operate effectively. This will improve the access to technology for partners an facilitate the use of features such as the property database and links to helpdesk which some partners do not currently hold.

Access to helpdesk

HWFRS will have access to a dedicated 24/7 Out of Hours response service, with access to property professionals to support the running of the estate.

Accurate Comprehensive database

A single, comprehensive data set will drive strategic planning and decision making with accurate information about the estate and tis performance.

Potential host for JPV rental income

With JPV staff being hosted in one of the partner's buildings this will bring an opportunity to provide a rental income direct to the partner organisation.

Payment terms and SMEs

Payment terms can be specified to ensure that small and medium sized enterprises (SMEs) will be paid as swiftly as possible, which will support regeneration of local businesses in the JPVs area of operation.

Medium Term

Maintain and protect front-line services to serve the community

The scale of savings identified would protect a minimum of 10 fire officer posts (FTE) maintaining service to the community.

Greater purchasing power

Whilst the Fire Service has access to national procurement frameworks these are not always suitable or related to the building supply and construction chain. Being part of a larger regional group, everyone benefits from its increased purchasing ability due to scale

High degree of specialised assets

The profiles of the fire service's assets are dominated by specialised, operational assets, such as fire stations. The rationalisation of these assets is limited as they are vital to achieve service response times. Therefore the ability to maximise capital receipts will be limited. Despite the limitations to the use of space with these assets, there are a number of opportunities available to the fire service through co-location, for example the Bromsgrove joint Police/Fire service building.

Opportunity exists to accommodate partner's staff at these locations, providing capital receipts for these partners and rental income for the fire service.

Significant outsourcing

A number of elements of the fire service's delivery are outsourced to the private sector. This demonstrates an appetite for mixed provision of delivery and by there may be some learning to be derived from around the effective management of contracts. The implication for the JPV is that depending on the break and termination clauses written into the contracts, there will be significant savings through the rationalisation of these contracts across the whole organisation.

HWFRS gains significantly, in relation to its size, through availability of opportunities

The fire service represents 4% of the total running cost across all organisations, the smallest proportion. As an equal partner in the shareholding structure, HWFRS's influence within the JPV will be disproportionate to the scale of its input. This is beneficial for the HWFRS as it disproportionately gains from the opportunities, in terms of co-location, new developments and wider growth that the JPV can provide.

Enhanced scope for revenue generation/sharing in JPV revenue generated

The HWFRS will benefit from the possibility of revenue generation through trading with external clients and through any profit generated, as a result of the scale of opportunity that the JPV will provide. It will have access to a share of benefits from activity that it would not have had access to on its own.

Move to pro-active rather than re-active maintenance

Improved resources and increased expertise within the JPV will allow for better planning and robust proactive maintenance regimes, which will reduce reactive maintenance which is far less cost effective for partners.

Long Term

Enhance quality of property portfolio

The ability to share property with partners will allow greater investment to maintain the quality of the property portfolio.

Drive regeneration and growth

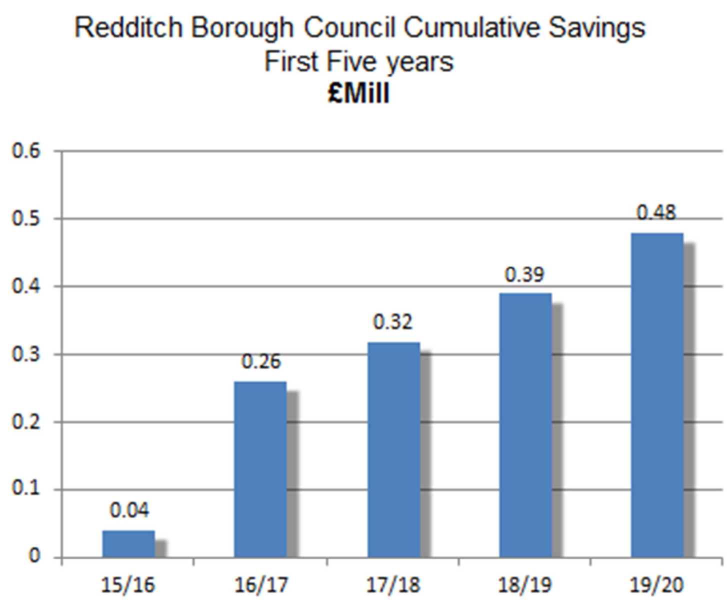
Regeneration may not seem as key criteria for the Fire Service, but the JPV working with LEP's and Economic Growth teams would ensure regeneration reducing the number of vacant properties at risk of arson attack and new build properties with improved fire protective measures.

6:02:03 Redditch Borough Council

Quick Wins

Savings

The graph below shows forecast revenue costs for the JPV model, with a reduction in spend of £480,000 over five years.



Equal shareholding
Redditch will have an equal shareholding in the JPV despite having a low number of assets and a low running cost. It will also have access to a wider scope of professional services than through the current WETT arrangements for a reduced overall cost. Through equality of voting rights it will have influence over decision-making, providing it with a unique opportunity to shape the future of the joint estate.

More sustainable service

Access to a larger property team, co-owned by Redditch Borough Council with greater resources available and flexibility to respond to urgent issues
This would include access to an energy management team to control Redditch Borough's Carbon Footprint and ensure it meets its reduction targets.

Strategic Estate Management

Delivered through an innovative proposal maintaining services within public sector control, whilst maximising efficiencies and embracing a more commercial ethos to property management.

Access to own property team

Where partners do not currently have in-house property teams, the JPV will allow them access to their own team, using greater resources, with direct influence by having shareholder power and board level representation.

Access to energy management team

Where partners currently do not have in-house energy management expertise, the combination of partners will enable the use of existing knowledge and energy management specialists. This will be more cost effective than external consultants and will enable the One Town reviews to be undertaken with a view to long term sustainability.

First One Town Review

Redditch Borough Council will benefit from being the subject of one of the first Locality Reviews which builds on the positive experience at Bromsgrove and expects to deliver improved benefits.

Equal shareholding

The JPV governance arrangements propose an equal shareholding for all partner organisations which will provide an equal share of any surplus declared as 'profit' as well as equal access to resources. For smaller partners, this will mean a larger property team at reduced cost.

Embrace new technology

The model for support services recommends a comprehensive Information Communications Technology facility to enable the JPV to operate effectively. This will improve the access to technology for partners an facilitate the use of features such as the property database and links to helpdesk which some partners do not currently hold.

Improved helpdesk

The JPV will deliver a 24/7 service with Out of Hours to support the running of the estate.

Access to property team to drive regeneration and growth agenda particularly in town centre

Where partners do not currently have in-house property teams, the JPV will allow them access to their own team, using greater resources, with direct influence by having shareholder power and board level representation.

Access to data

A single, comprehensive data set will drive strategic planning and decision making with accurate information about the estate and tis performance

Medium Term

Maintain and protect front-line services
The scale of savings identified would assist in protecting investment in supporting roles in localities, maintaining service to the community.

Drive operational efficiency

The One Town approach to strategic estate management will also be adopted and applied to operational management of the joint portfolio, ie single FM to take responsibility for all properties in Redditch being locally based and more responsive to requirements.

Drive cross organisational working and improve service integration

The JPV will improve and enhance the authorities' ability to work more closely with stakeholders in its area, providing innovative and strategic solutions on co-location possibilities.

Drive regeneration and growth

The JPV will develop closer working relationships with LEP's and Economic Growth teams to ensure regeneration is planned and actioned, with public sector asset's being used as catalysts to development (see Bromsgrove).

Long Term

Enhanced scope for revenue generation / sharing in JPV revenue generated

Redditch already has a substantial investment portfolio, which the JPV would seek to enhance, and maximise returns on the asset, together working with LEP`s etc to attract new inward investment.
Redditch will benefit from the possibility of revenue generation through trading with external clients and through any profit generated, as a result of the scale of opportunity that the JPV will provide. It will have access to a share of benefits from activity that it would not have had access to on its own.

Drive capital receipts

Through the development of a combined strategic estate strategy and marriage values, being able to release asset's for disposal.

Enhance quality of property portfolio

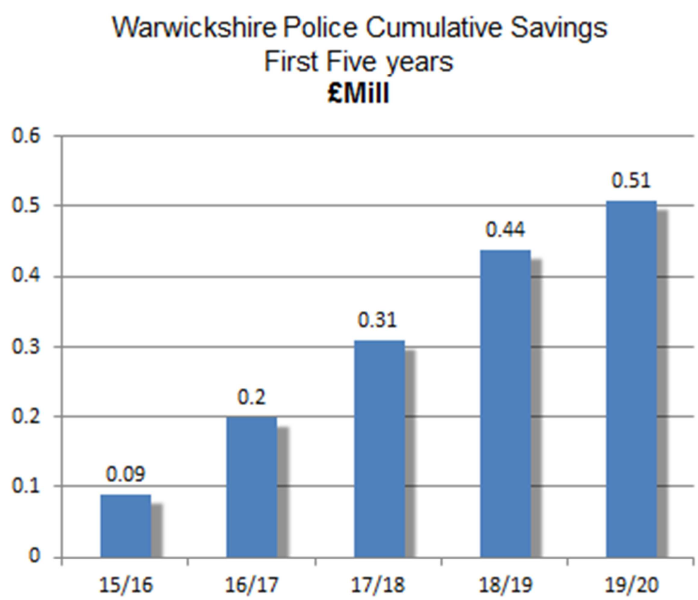
The ability to share property with partners will allow greater investment to maintain the quality of the property portfolio.

6:02:04 Warwickshire Police Authority

Quick Wins

Savings

The graph below shows forecast revenue costs for the JPV model, with a reduction in spend of £510,000 over five years



Maintain and protect front-line services

The scale of savings identified could protect a minimum of 60 police officer posts (FTE) maintaining service to the community

Contribution towards Strada change programme

For both Warwickshire and West Mercia Police this project can deliver £1.95 mill savings over the next CSR period currently being reviewed by the Change Programme team to achieve the £29 mill reduction sought.

Greater opportunities to work with Warwickshire partners

The JPV will operate over four counties, currently only Warwickshire Police operate in this county. They can still benefit from eh efficiencies of establishment cost savings and contract alignment. To maximise the portfolio rationalisation we would need to work with other partner in the area. Other partners do not need become shareholders for this to occur but maximum benefit would be derived from doing so. Discussions are being undertaken with other Warwickshire partner`s currently

Support Home Secretary's request for emergency service collaboration

The Home Secretary recently announced her intention that Police should seek to work more closely with other blue light services for integration and efficiencies of delivering support functions. This proposal goes one step further than this suggestion

Equal shareholding

The JPV governance arrangements propose an equal shareholding for all partner organisations which will provide an equal share of any surplus declared as 'profit' as well as equal access to resources. For smaller partners, this will mean a larger property team at reduced cost.

Embrace new technology

The model for support services recommends a comprehensive Information Communications Technology facility to enable the JPV to operate effectively. This will improve the access to technology for partners an facilitate the use of features such as the property database and links to helpdesk which some partners do not currently hold.

Property database

A single, comprehensive data set will drive strategic planning and decision making with accurate information about the estate and tis performance.

Improved helpdesk

An improved dedicated 24/7 Out of Hours response service, with access to property professionals to support the running of the estate.

Property team which can lead on partnership reviews

Warwickshire Police will have access to a large estates team with specialist experience in undertaking property and locality reviews which can lead on such work with other public sector partners in the County for the benefit of the wider community

More sustainable service

With greater access to resources from the combination of staff, resilience is increased and partners therefore have access to consistent and sustainable services.

Accurate comprehensive database

A single, comprehensive data set will drive strategic planning and decision making with accurate information about the estate and tis performance.

Medium Term

Provide high asset values

The Police will contribute a significant estate to the joint portfolio, with high asset values which could provide significant capital receipts where planned to do so. Within a JPV it will be easier to realise capital receipts jointly as there will be a single approvals process, management structure and estate plan.

Scope to realise significant benefit from reduction in running costs

The Police service has the highest share of running costs across each of the partner organisations. The potential to realise cashable savings through the reduction in running cost through the creation of the JPV is significant for the Police. It will achieve a greater saving through combining with partner organisations, than it is likely to achieve on its own, whilst still maintaining the same degree of service.

Improve service integration

Property can act as a catalyst for service transformation by exploiting opportunities created through co-location. Previous experience through the alliance and Warwickshire's experience with the Justice Centres has shown that service benefits, (financial and operational), can eclipse the benefits achieved through property rationalisation alone once the physical barriers of individual services occupying individual properties has been removed.

Drive operational efficiency

The Police are currently adopting a new draft estate strategy which fundamentally aims to consolidate services in strategically located community and operational hubs and at the same time generate savings from exiting surplus estate, as a consequence of the rationalisation undertaken through the alliance work. The JPV provides the opportunity for the Police to accelerate this process by providing additional strategic property solutions, for example joint central vehicle workshops and call centres.

Drive cross organisational working

The One Town approach to strategic estate management will also be adopted and applied to operational management of the joint portfolio, ie single FM to take responsibility for all properties in each town being locally based and more responsive to requirements. This will avoid substantial travel abstraction time and lead to a more efficient service.

Serving the Community

The current property rationalisation programme has demonstrated the sensitivity which exists against the closure of police stations, particularly in rural communities. The JPV can more clearly identify partnership opportunities to co-locate with other partners whilst developing emerging estate strategies. The development of joint hubs through the One Town approach will be significant.

- **Greater opportunities with Warwickshire partners**

  The JPV will operate over four counties, currently only Warwickshire Police operate in this county. They can still benefit from eh efficiencies of establishment cost savings and contract alignment. To maximise the portfolio rationalisation we would need to work with other partner in the area. Other partners do not need become shareholders for this to occur but maximum benefit would be derived from doing so. Discussions are being undertaken with other Warwickshire partner s currently

Long Term

Drive capital receipts

Through the development of a combined strategic estate strategy and marriage values, being able to release asset's for disposal. This will allow reinvestment in the balance of the portfolio to enhance the quality of the remaining property.

Enhance quality of property portfolio.

The ability to share property with partners will allow greater investment to maintain the quality of the property portfolio.

Drive regeneration and growth

Perhaps not seen as a key criteria for the Police Service, but the JPV working with LEP's and Economic Growth teams would ensure regeneration in towns and city's avoiding the potential for areas of high crime to be created.

Increase revenue generation

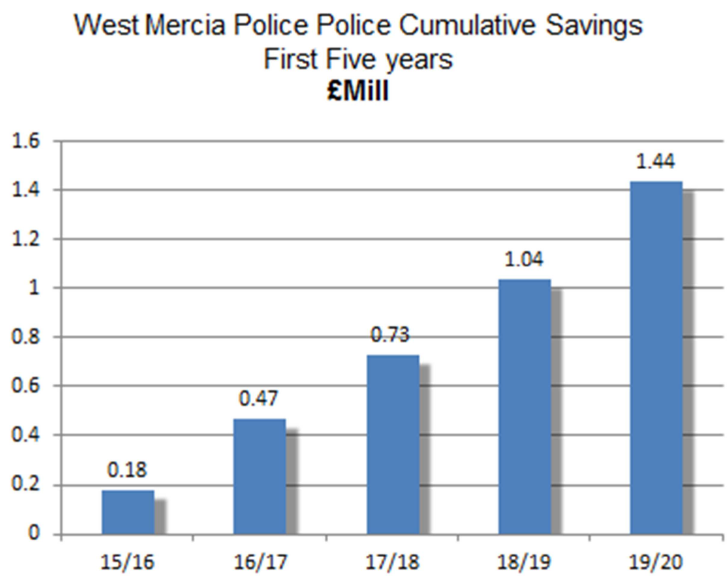
Property rationalisation is not about disposal alone. Police service properties are in key operational locations due to response times etc this can make them suitable as “hub” base for other public sector services. Thereby attracting rental income to offset revenue costs. Generating revenue is as beneficial as making savings, so where it is not possible to release surplus properties for disposal efforts will be made to ensure that maximum revenue benefits are secured from finding alternative occupants for under-used space.

6:02:05 West Mercia Police Authority

Quick Wins

Savings

The graph below shows forecast revenue costs for the JPV model, with a reduction in spend of £1,440,000 over five years.



Maintain and protect front-line services.

The scale of savings identified could protect a minimum of 60 police officer posts (FTE) maintaining service to the community

Contribution to Strada change programme

For both Warwickshire and West Mercia Police this project can deliver £1.95 mill savings over the next CSR period currently being reviewed by the Change Programme team to achieve the £29 mill reduction sought.

Support Home Secretary's request for emergency service collaboration

The Home Secretary recently announced her intention that Police should seek to work more closely with other blue light services for integration and efficiencies of delivering support functions. This proposal goes one step further than this suggestion

Equal shareholding

The JPV governance arrangements propose an equal shareholding for all partner organisations which will provide an equal share of any surplus declared as 'profit' as well as equal access to resources. For smaller partners, this will mean a larger property team at reduced cost.

Embrace new technology

The model for support services recommends a comprehensive Information Communications Technology facility to enable the JPV to operate effectively. This will improve the access to technology for partners an facilitate the use of features such as the property database and links to helpdesk which some partners do not currently hold.

Property database

A single, comprehensive data set will drive strategic planning and decision making with accurate information about the estate and tis performance.

Improved helpdesk

A dedicated 24/7 Out of Hours response service, with access to property professionals to support the running of the estate.

More sustainable service

With greater access to resources from the combination of staff, resilience is increased and partners therefore have access to consistent and sustainable services.

Accurate comprehensive database

A single, comprehensive data set will drive strategic planning and decision making with accurate information about the estate and tis performance.

Medium Term

Provide high asset values

The Police will contribute a significant estate to the joint portfolio, with high asset values which could provide significant capital receipts where planned to do so. Within a JPV it will be easier to realise capital receipts jointly as there will be a single approvals process, management structure and estate plan.

Scope to realise significant benefit from reduction in running costs

The Police service has the highest share of running costs across each of the partner organisations. The potential to realise cashable savings through the reduction in running cost through the creation of the JPV is significant for the Police. It will achieve a greater saving through combining with partner organisations, than it is likely to achieve on its own, whilst still maintaining the same degree of service**.**

Improve service integration

Property can act as a catalyst for service transformation by exploiting opportunities created through co-location. Previous experience through the alliance and Warwickshire's experience with the Justice Centres has shown that service benefits, (financial and operational), can eclipse the benefits achieved through property rationalisation alone once the physical barriers of individual services occupying individual properties has been removed.

Drive operational efficiency

The Police are currently adopting a new draft estate strategy which fundamentally aims to consolidate services in strategically located community and operational hubs and at the same time generate savings from exiting surplus estate, as a consequence of the rationalisation undertaken through the alliance work. The JPV provides the opportunity for the Police to accelerate this process by providing additional strategic property solutions, for example joint central vehicle workshops and call centres.

Drive cross organisational working

The One Town approach to strategic estate management will also be adopted and applied to operational management of the joint portfolio, ie single FM to take responsibility for all properties in each town being locally based and more responsive to requirements. This will avoid substantial travel abstraction time and lead to a more efficient service.

Serving the Community

The current property rationalisation programme has demonstrated the sensitivity which exists against the closure of police stations, particularly in rural communities. The JPV can more clearly identify partnership opportunities to co-locate with other partners whilst developing emerging estate strategies. The development of joint hubs through the One Town approach will be significant.

Release of capital receipts through property sharing

Better use of accommodation through property sharing will produced capital receipts for some partners and rental income for others. By reducing the amount of accommodation sourced from the private sector, public money is retained in the public sector.

Long Term

Drive capital receipts

Through the development of a combined strategic estate strategy and marriage values, being able to release asset's for disposal. This will allow reinvestment in the balance of the portfolio to enhance the quality of the remaining property.

Enhance quality of property portfolio

The ability to share property with partners will allow greater investment to maintain the quality of the property portfolio.

Drive regeneration and growth

Perhaps not seen as a key criteria for the Police Service, but the JPV working with LEP's and Economic Growth teams would ensure regeneration in towns and city's avoiding the potential for areas of high crime to be created.

Increase revenue generation

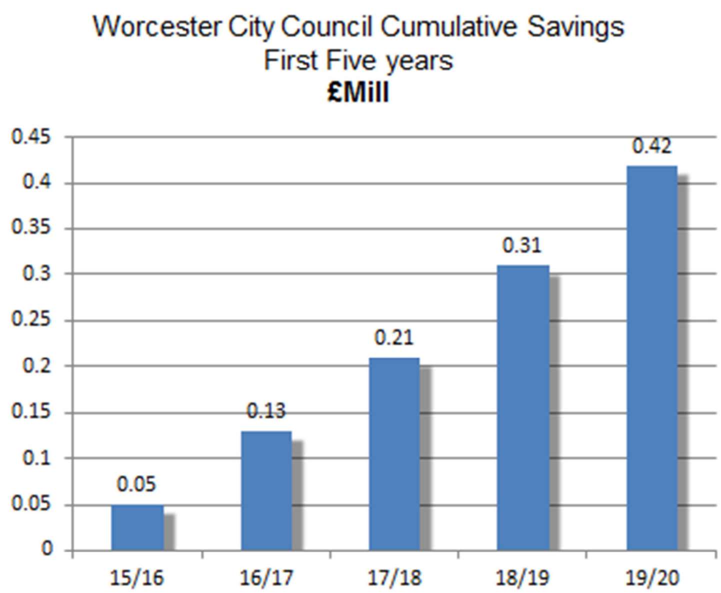
Property rationalisation is not about disposal alone. Police service properties are in key operational locations due to response times etc this can make them suitable as "hub" base for other public sector services. Thereby attracting rental income to offset revenue costs. Generating revenue is as beneficial as making savings, so where it is not possible to release surplus properties for disposal efforts will be made to ensure that maximum revenue benefits are secured from finding alternative occupants for under-used space.

6:02:06 Worcester City Council

Quick Wins

Savings

The graph below shows forecast revenue costs for the JPV model, with a reduction in spend of £ 420,000 over five years



Equal shareholding

Worcester City will have an equal shareholding in the JPV despite having a low number of assets and a low running cost. It will also have access to a wider scope of professional services than through the current WETT arrangements for a reduced overall cost. Through equality of voting rights it will have influence over decision-making, providing it with a unique opportunity to shape the future of the joint estate.

Drive operational efficiency

The One Town approach to strategic estate management will also be adopted and applied to operational management of the joint portfolio, ie single FM to take responsibility for all properties in Worcester being locally based and more responsive to requirements.

More sustainable service

Access to a larger property team, co-owned by Worcester City Council with greater resources available and flexibility to respond to urgent issues
This would include access to an energy management team to control Worcester City`s Carbon Footprint and ensure it meets its reduction targets.

Strategic Estate Management

Delivered through an innovative proposal maintaining services within public sector control, whilst maximising efficiencies and embracing a more commercial ethos to property management.

Access to own property team

Where partners do not currently have in-house property teams, the JPV will allow them access to their own team, using greater resources, with direct influence by having shareholder power and board level representation.

First One Town Review

Worcester City Council will benefit from being the subject of one of the first Locality Reviews which builds on the positive experience at Bromsgrove and expects to deliver improved benefits.

Equal shareholding

Worcester City Council will have an equal shareholding in the JPV. It will also have access to a wider scope of internal professional services for a reduced overall cost. Through equality of voting rights it will have influence over decision-making, providing it with a unique opportunity to shape the future of the joint estate. Its sphere of influence is not limited by the size of its portfolio

Embrace new technology

The model for support services recommends a comprehensive Information Communications Technology facility to enable the JPV to operate effectively. This will improve the access to technology for partners an facilitate the use of features such as the property database and links to helpdesk which some partners do not currently hold.

Improved helpdesk

A 24/7 service with Out of Hours to support the running of the estate

Access to property team to drive regeneration and growth agenda

Where partners do not currently have in-house property teams, the JPV will allow them access to their own team, using greater resources, with direct influence by having shareholder power and board level representation.

Access to data

A single, comprehensive data set will drive strategic planning and decision making with accurate information about the estate and tis performance.

Medium Term

Maintain and protect front-line services

The scale of savings identified would assist in protecting investment in supporting roles in localities, maintaining service to the community.

Drive cross organisational working and improve service integration

The JPV will improve and enhance the authorities ability to work more closely with stakeholders in its area, providing innovative and strategic solutions on co-location possibilities.

Drive regeneration and growth

The JPV will develop closer working relationships with LEP's and Economic Growth teams to ensure regeneration is planned and actioned, with public sector asset's being used as catalysts to development.

Increase revenue generation

Generating revenue is as beneficial as making savings, so where it is not possible to release surplus properties for disposal efforts will be made to ensure that maximum revenue benefits are secured from finding alternative occupants for under-used space.

Long Term

Enhanced scope for revenue generation / sharing in JPV revenue generated

The City will benefit from the possibility of revenue generation through trading with external clients and through any profit generated, as a result of the scale of opportunity that the JPV will provide. It will have access to a share of benefits from activity that it would not have had access to on its own.

Drive capital receipts

Through the development of a combined strategic estate strategy and marriage values, being able to release asset's for disposal.

Enhance quality of property portfolio

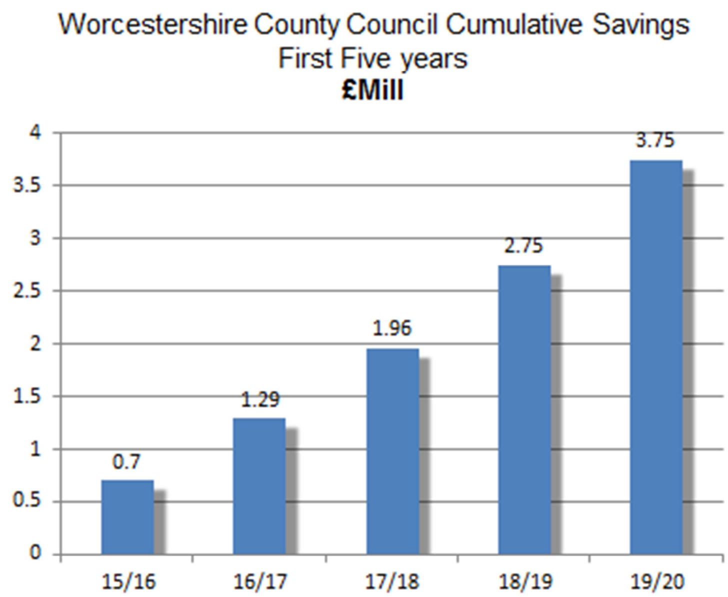
The ability to share property with partners will allow greater investment to maintain the quality of the property portfolio.

6:02:07 Worcestershire County Council

Quick Wins

Savings

The graph below shows forecast revenue costs for the JPV model, with a reduction in spend of £3,750,000 over five years



Commissioning Agenda

The delivery of a JPV addresses the commissioning agenda being pursued by the County Council, whilst maintaining governance and ownership. A JPV will effectively remove the Property function from core services of County provision, and deliver the financial efficiencies it seeks.

Embrace new technology

Investment in new technology will be needed to improve access to property data across all organisations. This will allow automatic interrogation of building efficiency, and via a Helpdesk system to collate live data 24/7 and more accurately map spend and activity on each property.

Will influence be proportionate to scale?

It is proposed that WCC will have an equal share in the Company, alongside all other shareholders. However, because it provides more assets and contributes approx. half of total spend, the scale of benefits will be proportionate to this ratio. However, the County cannot achieve the scale of benefits that the JPV provides, on its own, it will also reap the benefits that flow from increased purchasing power.

Commercial ethos to property management

The development of a JPV will create an environment where service need, community preconceptions and financial factors can be challenged to ensure that the commercial dimension to property portfolio management is given appropriate weighting in business cases.

Viable alternative to 'commissioning' model

Outsourcing property services is always high risk due to the difficulty in ensuring that contracts between partners and third-party suppliers have enough protection for the partner organisation. Contract costs over run for items not included in the specification and service items become classed as 'extras'. With representation on the board of the JPV, partners will directly influence the standard of service required and can change the service in a flexible manner without additional contract charges

Equal shareholding

The JPV governance arrangements propose an equal shareholding for all partner organisations which will provide an equal share of any surplus declared as 'profit' as well as equal access to resources. For smaller partners, this will mean a larger property team at reduced cost.

Improved helpdesk

A 24/7 service with Out of Hours to support the running of the estate

Accurate database

A single, comprehensive data set will drive strategic planning and decision making with accurate information about the estate and tis performance.

Medium Term

Scope to drive capital receipts

The JPV will be better placed than individual organisations to drive out a greater level of capital receipts quicker through the development of a combined strategic estate strategy. In addition, it will be better placed to identify and exploit marriage values related to sites and to manage the release of surplus assets to the development market.

Enhance quality of property portfolio

The ability to share property with partners will allow greater investment to maintain the quality of the property portfolio.

Increase revenue generation

Generating revenue is as beneficial as making savings, so where it is not possible to release surplus properties for disposal efforts will be made to ensure that maximum revenue benefits are secured from finding alternative occupants for under-used space.

Contribute to local economy through SME's

With planned estate strategies and dedicated one-town reviews, this will lead to substantial work, goods and services being supplied from the local area so small and medium sized enterprises (SMEs) will benefit from this supporting regeneration and the local economy.

Long Term

Being Transformational and drive operational efficiency

The JPV will deliver Property Services in an innovative and improved way. By reviewing the public sector estate from the wider perspective it will ensure best use of the property portfolio, challenging clients on needs, driving efficient use of space, and encouraging service integration removing bureaucracy and time delays.

The ability to manage the estate as a single entity not only increases the benefits from economies of scale but also exposes all organisations to the best practice available for the JPV to embrace.

Largest asset portfolio (80%)

WCC has already done much to rationalise its property assets. Achieving further savings on its own will present a major challenge, but the prospect of managing public sector assets as a single portfolio creates fresh opportunities for all partners. Also, some of WCC's programme of service transformation is creating demand for accommodation that is quite different from its existing provision. Meeting this demand alone will be difficult and potential costly. However, meeting it collectively could identify a much more cost effective, flexible and innovative solution.

Maintain and protect front-line services

Savings on the scale envisaged for WCC would protect front line delivery of service posts ie Social Worker maintaining service to the community

Improve service integration / Drive cross organisational working

Property can act as a catalyst for service transformation by exploiting opportunities created through co-location. Past experience has shown that service benefits, (financial and operational), can eclipse the benefits achieved through property rationalisation alone once the physical barriers of individual services occupying individual properties has been removed. The JPV is expected to deliver these opportunities quicker than joint working alone can achieve.

Drive regeneration and growth

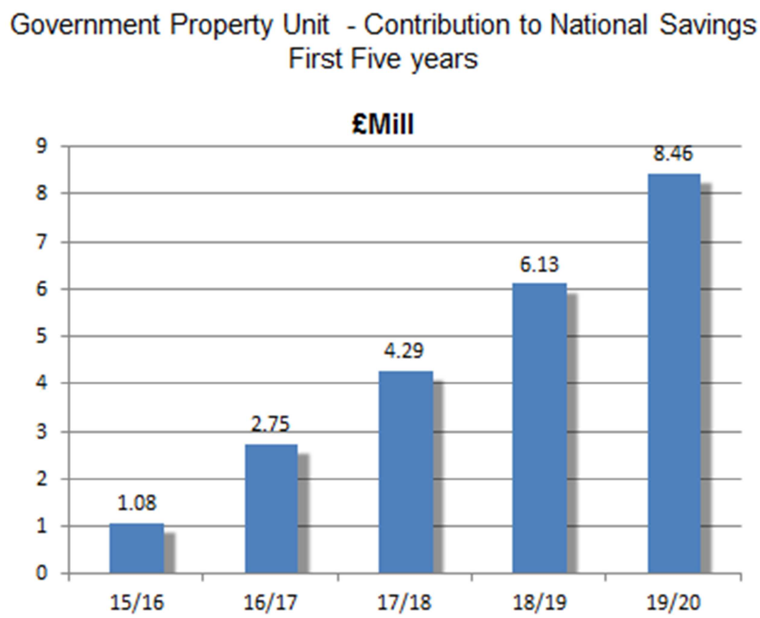
The JPV will develop closer working relationships with LEP's and Economic Growth teams to ensure regeneration is planned and actioned, with public sector asset's being used as catalysts to development (see Bromsgrove).

6:02:08 Government Property Unit

Quick Wins

Total partnership savings

The partners can achieve a gross saving of £8,460,000 over a five year period. The more substantial benefits will be achieved outside of this period with regards to release of capital receipts



Medium Term

Potential regional vehicle to manage central government estate

Central Government is currently exploring more efficient routes to manage its estate nationally. Plans are in place to cluster Government departments property functions. The JPV could offer a further alternative for the central government estate to be managed locally and gain maximum benefit from co-ordinating the whole public sector estate by the JPV.

Opportunity to capture viable pan - government benchmarking

The proposed benchmarking exercise, which the JPV is undertaking with Mace Macro, and CIPFA, can lay the foundations for a potential national model which could benchmark property performance across the public sector.

Potential to become shareholder

The JPV governance arrangements propose an equal shareholding for all partner organisations which will provide an equal share of any surplus declared as 'profit' as well as equal access to resources. For smaller partners, this will mean a larger property team at reduced cost.

6:03 Wider Economic Benefits

The impact of the creation of the JPV will benefit the local economy outside of the partner organisations. It will create and sustain employment through its supply chain. Through its Locality Reviews it will be a catalyst for regeneration and encourage inward investment from the private sector, (as demonstrated at Bromsgrove).
It opens the possibility for other public sector partners to in the JPV operational area to consider becoming shareholder partners and improving the benefits to be derived by other partners currently operation in their area.

6:04 Benefits on national stage

The JPV will establish a model for consideration by other authorities who wish to work in partnership and replicate the benefits we have identified in this business case. This project can become a beacon of best practice, a national exemplar.
The principles the JPV will have as its target operating model totally underpins the Governments Estate Strategy 2014, and give a proof of concept of what can be achieved through this pioneering venture.

7:00: Organisational Development and Implementation

`Become a national leader`

"Pioneers of public sector property management"

`Make a positive impact"

`Catalyst for regeneration`

`High quality customer service`

`Champions of collaboration`

`Leaders of innovation`

`Shaping future spaces`

`Deliver unmatched excellence`

`Trusted and respected partner`

`Experts in our field`

`Transforming environments`

`Providers of expert advice`

`Deliverers of dynamic and informed solutions

Quotes from members of the partners estate teams

Birchen Coppice School, Kidderminster, Worcestershire (incl Police Post)

Executive Summary: Organisational Development and Implementation

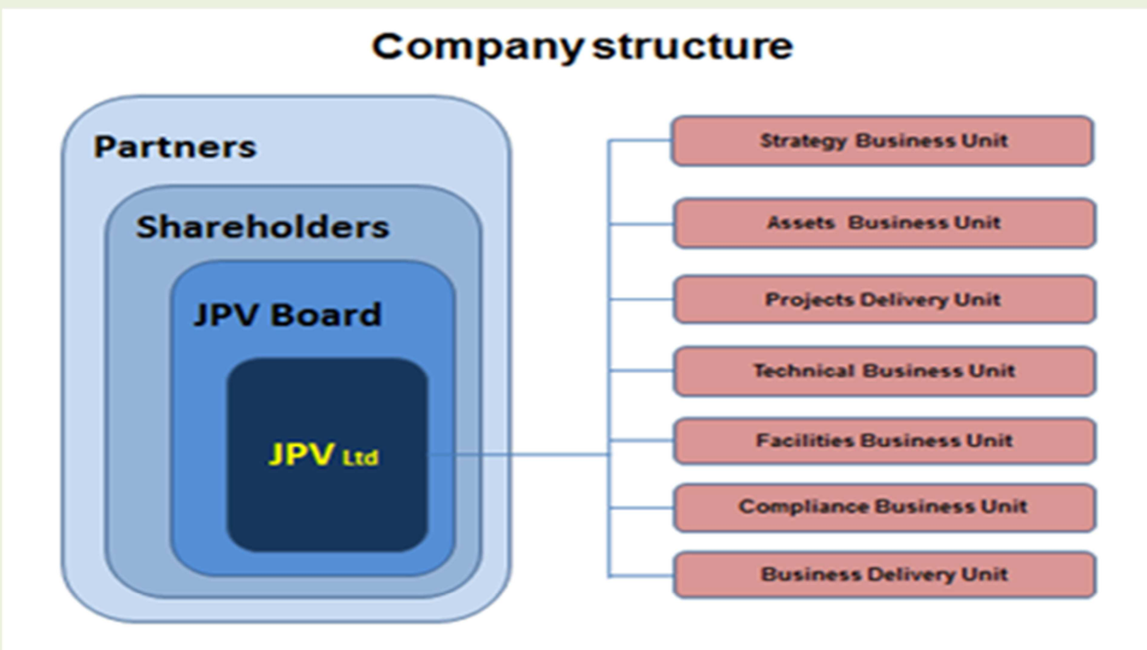
In preparedness for the formation of the JPV the following activities are required:

Legal
- Continue legal advice to support the Implementation Phase
- Establish the JPV as a limited company, including company registration

Procurement
- Develop a comprehensive contracts register
- Develop a set of Procurement Strategy for the JPV to operate for all partners

Communication
- Continue the development of a brand vision and identity for the JPV, including identifying a name for the company
- Identify communication support for post formation of the JPV

Operating Model
- Use the Target Operating Model in support of the development of Roles and Responsibilities under the JPV



- Develop a single database for all partner asset information.
- Develop a Helpdesk model linked to the single database and in support of Service Excellence.
- Put in place a management structure of Chief Operating Officer (COO) (Director), Commercial Executive, Operations Executive and Business Executive as the Management Team for the JPV operating across the organisation rather than in a vertical specialist silo.
- Put in place an operational structure based upon seven identified Business Units.
- Agree a set of Service Levels for the JPV identified against the Business Units
- Support the commencement of a five year Locality Review programme following the formation of the JPV.
- Implement the identified activities to put in place support functions (HR, ICT and Finance) for the JPV.
- Secure a main office location for the JPV in Worcestershire with a satellite office in Herefordshire.

Transfer of Staff

- Appoint a Chief Operating Officer (Director) to the JPV in early 2015.
- Implement the staff transfer timeline with TUPE taking place for identified staff on 1 April 2015 and a six-month timeframe to move selected staff into the JPV Terms and Conditions.

Finance

- Establish a Finance System to manage payments between and on behalf of partners as well as the JPV and link to JPV HR, Payroll and Property Management systems.
- Payment of a service charge to the JPV will be quarterly and cover JPV running costs, 'pass through' costs and 'Professional Fees'.
- Worcester City Council will undertake an Audit of the JPV during the implementation phase and the first year of operation of the company.

Implementation Costs

- The costs for the implementation phase of the JPV have been identified as £2.7m (inclusive of an estimated redundancy strain of £1.75m).

7:01: Legal Position

7:01:01 Identify Legal support required post formation

7:01:02 Identify who can provide this support

7:01:03 Company formation and registration

7:01:01 Identify Legal support required post formation

The legal workgroup specified the requirement for independent legal advice at a relatively early stage and by early August had appointed lawyers to provide this advice and support. Following a selection process involving all the partners, Freeths were awarded the contract. The legal workgroup have considered if there is a conflict with legal advice being provided to the JPV as a limited company and the same advisor providing advice to the partners: the group determined that there was not conflict with this in principle. It is expected that some legal advice will be developed after approval, but before formation this will include but not be limited to:

- Drafting and development of the Shareholder Agreements in greater detail
- Support the legal group or individual partners with clarity over the arrangements for JPV formation
- Draft of the Articles of Association

Following company formation, the proposal is that the legal workgroup will need to continue to meet independently to ensure that legal issues are discussed and a cohesive agreement on JPV issues is maintained between partners. Without this, there is a significant risk that partners may revert into a 'silo' management approach and be focussing too much on their partner's individual needs, rather than a common approach for the JPV. In this context, the requirement for independent legal advice could be limited and it may be that the group procure external legal advice as and when required, or hold a legal adviser on a retainer. Issues which may require consideration following formation may include and not be limited to:

- Drafting detailed service level agreements
- Advice around staff transfer issues and claims under TUPE
- Novation of contracts and procurement advice

7:01:02 Identify who can provide this support

As detailed above, provision has been made for the current legal advisor (Freeths), to provide legal support to the JPV following FBC approval, and leading up to formation of the JPV as a limited company. The procurement process which appointed Freeths included legal support up to the production of the FBC, and for support following approval in terms of company formation. Should partners want alternative legal advice post approval, there is no obligation to retain the existing supplier although a new procurement exercise would need to be undertaken if a change in supplier was needed.

7:01:03 Company formation and registration

Under the current proposal, Freeths will undertake the necessary work to establish the JPV as a limited company, including company registration. It is proposed that the JPV is established as soon as possible after approval of the FBC: however, consideration will be required in the brand-identity process (discussed below under JPV Operating Model), to ensure that the company name, brand identity and website presence are in place to facilitate company registration. Once the JPV has been established as a legal entity, this will enable the progression of a number of key work-streams to commence, for example including the appointment of the Chief Operating Officer (JPV Director).

7:01:04 Management of Transition from Shareholders to JPV

It is recommended that a shadow board is established prior to the formation of the company board to ensure a clear transition. In the development of the FBC, the project was directed from a Shadow Shareholder Group (SSG) and so it may be that the shadow board is formed from the SSG members, which will go on to establish the JPV board of directors.

The shadow board will facilitate the formation of the Shareholder group with new representatives of the partner organisations. At company formation, the JPV board of directors will be established, with representation set out as suggested earlier in the Governance model.

7:02: Procurement

7:02:01 Contracts register

To support the JPV's procurement strategy, it is essential to maintain a comprehensive contract register: the strategy behind this is detailed below, but it will be impossible without a contract register to manage the multiple contracts which the JPV will be coordinating on behalf of partners. It is the aim of the JPV to transfer all contracts over to the JPV as the administering body – this may be done following formation of the JPV as a legal entity or on a gradual basis as contracts expire and are re-tendered. With changes in procurement legislation, there is an increasing emphasis on transparency and the need for tendering to be done via electronic means (e-procurement). The contracts register will form the backbone of any e-procurement system the JPV will operate and will bring with it the advantages of assurance for partners over compliance with legislation, transparency, savings through coordinated procurement and improved reporting and data management. There are costs associated with a contracts database and e-procurement software, but these are minimal in comparison with other set up costs.

7:02:02 Policy and strategy

The JPV's procurement activity will need to comply with public procurement legislation, underpinned by European Union procurement law. It is proposed that a specific set of procurement Standing Orders are written as a combination of all partners existing policies, so ultimately the JPV will operate within the constraints of one set of policies.

The Strategy of the JPV is to create procurement efficiencies through the tendering of existing services under one contract where desirable and possible. The route to procurement for any service will be developed from existing partners data and local knowledge. This will produce economies of scale and enable smarter, more cost efficient savings to be negotiated through bulk purchase. Contract information has been gathered as part of the FBC delivery phase and all partners are now using a standard format of data collection, which can be used to populate a joint contract database. This database will be administered through the i-Prop contract management software and will assist with the coordination of contract data, for example in notifying expiry dates to better coordinate tender activity etc. As stated above, e-procurement will be introduced providing the transparency needed by partners.

7:02:03 Frameworks

Framework agreements will be used where appropriate to procure a range of goods and services the JPV may require. Frameworks provide flexibility over the goods and services which are provided for under the framework, which can bring advantages for example, relating to the quantity, type, timescale of goods and services, and in addition using frameworks can reduce potential challenges relating to compliance with procurement law. Frameworks often allow for the choice of a number of suppliers to submit proposals within the scope of the framework (a so called 'mini-competition'), which can provide the advantages of a framework with reassurance about gaining best value from suppliers.

7:02:04 Identify Procurement Strategy

The Outline Business Case (OBC) identified that over 63% of spend between partner organisations was with private sector suppliers. Therefore, it is essential that the JPV has a robust and transparent procurement process which will provide assurance to partners that all purchasing undertaken by the JPV complies with procurement legislation and best practice, provides the necessary data which partners need to satisfy audit and other scrutiny processes, and ultimately provides value for the partners and for the taxpayer in general.

7:02:05 Identify strategic procurement lead

Procurement has been highlighted as a strategic area for the JPV and will be the responsibility of one of the senior managers at a strategic level.

7:03: Communications & Brand Identity Development

7:03:01 Communications and Identity Strategy

- Branding and Company name

7:03:02 Identify communications support required post formation

- Identify who can provide this support
- Identify investment required

7:03:01 Communications and Identity Strategy

To support the development of the JPV, a JPV Communications Group has been created. The group consists of communications representatives from each of the participating partners (one point of contact has been agreed for both police bodies and Police Crime Commissioners) and an external consultant Camargue. The group meets once a month to discuss communications objectives and risks.

The group has developed a Communications Strategy to support the work of the JPV Implementation Team and ensure a consistent approach to communications with staff, stakeholders and the media. It outlines messages, audiences and approach; though it will evolve as the JPV evolves to ensure messages accurately reflect the progression of the project. The strategy is currently designed to support the JPV partners through to company launch, at which point the company will need to lead and own its own communications delivery – though this will need further exploration.

Copy of the approved Communications Strategy can be found at Appendix 21.

Branding and Name

While linked to the Communications Strategy, a separate work stream is underway to develop a brand vision and identity for the future JPV. This is being led through the Communications Group with support from Camargue and Verso – external consultants – and a branding working group has been established to help shape the vision and values. The working group contains representatives from each partner organisation and from a range of existing working groups – including finance, IT and communications.

The purpose of the working group is to first agree the brand vision and value in October 2014 before meeting again in November to begin work on identifying names for the JPV. With a name agreed, Verso can then look in detail at logo designs and options, with the intention to provide initial concepts in December 2014. The intention is to ensure concepts are finalised with input from the JPV's future management team in early 2015. The company name and brand will then be announced at launch later in 2015.

7:03:02 Identify communications support required post formation

Ultimately, post-formation communications activity will be driven by the company's future objectives and decided upon by the management team, but it is likely a new communications strategy will need to be created to sit alongside a business plan. This strategy should focus on three areas initially:

- Internal communications - engagement with staff and shareholders to keep them updated on company policy, changes, new starters, IT, HR and management decisions;
- External communications – engagement with media, social media, local people, customers, and Government to keep them updated on the business; and

- Design – the provision of a website (plus ongoing development) marketing material, stationary and other items.

To support the above a Q&A document has been produced by the Communications Workgroup and can be found at Appendix 22.

Who can provide the support

There are four key options:

- **In-house support** – driven by a marketing and/or communications manager responsible for developing and delivering a communications strategy. They would need to oversee stakeholder, customer, staff and media relations. They would likely to need to outsource design to an external provider unless an in-house provision was made for design.
- **External provider** – whereby an external communications and design agency was appointed to help manage external communications with the media, customers and stakeholders. They would be responsible to developing and delivering a marketing communications strategy and seeking approval for content and designed materials. Any internal communications would still need to be delivered by an internal employee – potentially the management team/assistants.
- **Internal communications lead supported by an agency** – whereby the future company has a communications lead for internal issues and strategic delivery, and an agency (or agencies) that are responsible for design and external communications. This ensures an internal lead, but also helps provide a balance of resource and expertise outside the business.
- **Secondment from a partner** – one final option may be for one (or more) of the partners to provide internal support on secondment in the short-term to help develop and lead on communications. This is likely to be short term option, however.

What are the costs?

Further work would be required to estimate communications support, but initial areas for budgeting will include:

- Staff costs for a communications manager/lead
- Costs for external agency support – for communications and material development
- Strategy development
- Development of a website and marketing materials

7:04: JPV Operating Model

7:04:01 Operating Model

7:04:02 Customer Service Excellence

- Helpdesk
- Database

7:04:03 Management team

7:04:04 JPV Business units

- Strategy
- Assets
- Projects
- Technical
- Facilities
- Compliance
- Business Support

7:04:05 Draft Service Level Agreements

7:04:06 Draft Estates Strategy

7:04:07 Capital Programme

7:04:08 One Town Review process; benefits and delivery

7:04:09 Economic Regeneration though partnership (LEP's, Government etc)

7:04:10 Support Functions (HR, ICT and Finance) and Physical Resources

- Human Resources (HR)
- Information Communications and Technology (ICT)
  - ICT Infrastructure, Hardware and Software
  - Required IT investment
  - Technical architect
  - Information security
  - Hardware and software support
  - Internet / intranet support
  - Disaster recovery
- Finance

7:04:11 JPV Physical base location

7:04:01 Target Operating Model

The JPV will bring together four existing property departments serving the seven partners. These departments have within them a detailed knowledge about the estate which they currently serve and contain highly skilled and trained teams delivering a Property Service. Bringing these four departments together into a single vehicle will provide a more resilient service than they can retain alone and provide the opportunity to expand knowledge and strengthen skills across the wider staff group whilst allowing for a reduction in the overall staffing numbers.

The resultant team will be better equipped to deliver a specialist service and able to help staff develop their skills. The pooled estate will increase the purchasing power of the team and allow a holistic view across the estate, facilitating greater transformation. A joined-up agreement to service levels which allows services to be transformed and efficiencies to be realised. This in turn will be the catalyst to create a high-performing organisation which can demonstrate commercial and financial sustainability.

These principles have become the foundation of the emerging JPV Target Operating Model.

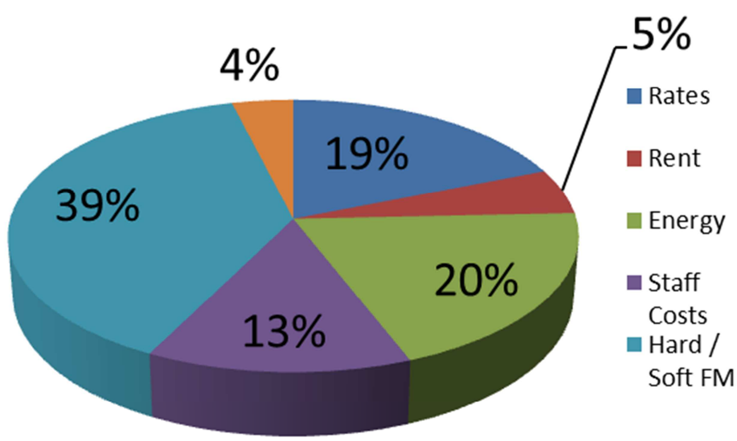
Operating Model principles	
What will the JPV deliver	Excellent **customer service** to us, our staff and our customers which is responsive, reliable and resilient
	Safe, compliant buildings which don't put individuals at risk
	Buildings which **support our service delivery**, meet our needs and help us deliver corporate priorities
	Access to **expert advice**, sector insight and emerging ideas and how they apply to my estate and my services
	Support in the management and implementation of **change,** leading the way in smarter working practices
	Helping the **communities to prosper**, whether through more integrated, customer focused services, or using property as an enabler for economic growth
How will we deliver them	A commitment to **Service Excellence** which provides you with the information you need, when you need it and keeps you well informed during problems or changes
	Skilled and knowledgeable staff who are familiar with the properties within the estate and how these support your business needs
	A **flexible workforce** and cross-functional teams facilitating joined-up planning and better outcome
	Financial sustainability and **Value for Money** underpinning the approach to service delivery and contract management
	Building relationships with local suppliers of services so that they work as an extension of the JPV and offer a seamless service to you
	Understanding our **localities** and how land and buildings can be used to stimulate growth and regeneration
Underpinned by a commercially robust and financially sustainable organisation	

The Target Operating Model will be further developed alongside the Organisational Structure Advisors and HR advisors so that it informs the development of staff Roles and Responsibilities in the JPV.

Background
The JPV will bring together four existing property departments:

- Herefordshire Council;
- Hereford & Worcester Fire and Rescue Service;
- West Mercia Police and Warwickshire Police (alliance);
- Worcestershire County Council who also deliver a Shared Service to Worcester City and Redditch Borough;

All four existing Property Departments operate a mix of in-house strategic and operational function with some services and some technical maintenance being delivered or supplemented through contracts, frameworks and the use of consultants.



At the time of developing the OBC the services currently delivered by each team were identified. However, changing operational and organisational priorities means that during the period since OBC there have been some changes, including:

- The commissioning out of the Design Unit within Worcestershire County Council to Jacobs with a five-year commitment for all Worcestershire County Council's Design Service requirements going to Jacobs.
- Worcestershire County Council Courier services have moved from Property Services to Business Environment and Community Directorate and are now out of scope.
- Worcestershire County Council Reception is being considered to be moved from in-house to the Security but no decision has yet been made.
- Worcestershire County Council Mailroom service is a reduced in-house service with more being delivered by contractors.
- West Mercia Police and Warwickshire Police are undergoing a departmental restructures and the function Facilities Management has now split from the Asset Management function. This change has not put any services out of scope that were previously considered.

- Hereford & Worcester Fire and Rescue Service review brought Reception function into scope.

The range of services identified at OBC still remains the operational scope of the JPV but some of the initial assessments of how those services will be delivered have been adjusted. The list of service currently provided and how they map against the JPV model can be seen in Appendix 7, Service Matrix.

There will be services delivered by the JPV to some partners which are not currently proposed for all partners because of where they sit within those organisations currently. That does not preclude further discussion and inclusion and this point or later into the JPV's maturity. These are identified as:

- Redditch Borough Council directly employs a small team of technicians to do minor works on the corporate portfolio. This team are tasked by the WCC Helpdesk.
- Some of Worcester City Council's Cleaner and Greener personnel carry out some tasks on property and are tasked via the WCC Helpdesk.
- Worcester City Council employs facilities staff to their corporate buildings. These staff are technically line-managed by WCC.
- Worcestershire County Council's Courier Service sits within the Business, Environment and Community Directorate
- Hereford & Worcester Fire Service Courier Service which sits within its Operational Logistics

There are also some services currently delivered by an existing property department which are outside the scope of the JPV. These are:

- Worcestershire County Council Property Services is currently responsible for managing the Bromsgrove Schools PFI contract. It has been recommended that the management of PFI contracts is retained by the client body.

The Portfolio

The JPV will be managing a combined estate of over 2000 assets, including investment portfolios and the supply of services to schools across Herefordshire and Worcestershire.

	HFDS	HWFRS	RBC	W&WMP	WC	WCC	TOTAL
Operational	682	30	34	126	122	277	**1271**
Non Operational	376	0	77	50	52	46	**601**
Schools	74	0	0	0	0	207	**281**
Academy	27	0	0	0	0	79	**106**
Investment	60	2	33	0	72	89	**256**
Asset Held for Sale	0	0	3	0	0	14	**17**
Surplus	0	0	3	2	0	5	**10**
	1219	**32**	**150**	**178**	**246**	**717**	**2542**

Commercial sustainability

The services provided by the JPV will be fulfilled through a mix of in-house skills and expertise; service contracts where there is a mature market, and can be better delivered by the private sector; maintenance contracts for routine work and specialist areas;

frameworks where they can be used to support the appointment of contractors and consultants for projects; and consultants for specialist advice.
Those services which are core functions and will be delivered directly by the JPV are identified in Appendix 7, Service Matrix. Other services will be subject to market testing to determine the best way to provide those functions. The JPV will need to be in a position to deliver a high quality service throughout the Transition Phase and therefore careful consideration will be given to the timing of market testing. This will be based upon the current mix of provision, the timing of any contract breaks, customers' quality expectations and the maturity of the market to provide that service. Ultimately all services can be market tested.

The Operating Model will ensure a seamless service is provided to the customer whoever is delivering individual elements of that service. The JPV will work with contractors, explaining the JPV customer care standards and identify how they can support the JPV in fulfilling them. Care will be taken in evaluating new contracts to ensure there is cultural alignment between the JPV and contractor. The result will be a partnership approach between JPV and its contractors with its customers.

It is also recognised that the JPV will be managing a reducing estate and needs to consider the outcome of the Estate Transformation Plan in its future operational structure. A regular appraisal of service demand, service performance, customer feedback and market maturity will need to operate throughout the JPV.

A skilled, flexible and agile workforce
The JPV workforce will adopt an agile approach within the Operating Model, more often seen in the Private Sector. This includes:

- **Broader job roles** enabling the JPV to manage its resources where they are most needed and better manage the peaks and troughs that narrow functions may experience.
- A **responsive** service with fewer decision making and accountability layers where staff take ownership of issues regardless of their role and work with the full support of the rest of the JPV workforce in ensuring those issues get resolved.
- **Matrix management** enabling fast assembly and mobility of teams. Particularly in localities, conducting reviews and projects to allow resources to be used where they are needed and increase cooperation and communication between Business Units.
- A **mobile workforce**, across the geographic area served and not bound by specific locations or work places (with limited exceptions).
- Ensuring the JPV maintains excellent **technical and sector-specific knowledge** and expertise within the in-house team but complemented by specialist advisors where it is not efficient to develop or retain up-to-date knowledge internally.
- **Developing internal staff** through the exposure matrix management will bring to an individual's skills and perspectives and by providing opportunity for people to lead on activities where they are best placed to do so.
- **Supplement with agency** to fill the peaks in demand but keep this to specific project/ time periods rather than a long-running arrangement. Build up good relationship with suppliers of staff so that when they are used they are more familiar with the JPV activities.

- Close working relationships with **contractors** so that the customer does not distinguish a difference in the level of service provided.

JPV in the Locality

The JPV Operating Model will take a holistic approach to localities, be that in Cities, Market Towns or its more rural communities. Even in areas where only a single partner is represented the JPV will work with other public sector partners in ensuring where possible the same opportunities and alignments are sought out. This holistic approach will be felt in both its strategic and operational activity.

Bringing together the management of the combined Estate means in some localities there will be a significant number of buildings that the JPV will support. This offers the opportunity for the JPV, in those areas, to provide a much more locally-focused service whilst also providing cost savings. Including:

- Resilience across facilities teams, for instance in building inspections and support services.
- Tasking of maintenance and technical teams can be locality-focused, more responsive and reduce unnecessary travel.
- Familiarity with local buildings and services leading to a swift and appropriate response.
- Support for Locality Reviews through developing local knowledge and connections.
- Access to local offices and workplaces to reduce travel and increase visibility to customers.

7:04:02 Customer Service Excellence

Delivering excellent Customer Service has consistently been identified by the JPV Workgroups as a high priority for the JPV and is seen as critical to its success. Through the Work Group mapping the following aspects have been identified as significant in the JPV's ability to deliver excellence service and offer service improvement and efficiencies:

- A comprehensive and accurate **data set** linking asset data, with planned and current asset-related activity (risk management information, projects, planned maintenance activity, emergency responses etc), Helpdesk and financial systems.
- A **helpdesk service** which is based on knowledgeable staff able to support customers whilst addressing property-related issues.
- **Customer access** to the information they need in support of building management quickly and easily.
- **Technology**-driven solutions where they offer service improvement and efficiencies.
- A commitment to **Service Excellence** in the Operating Model, through responsive, knowledgeable staff.

Database

It is imperative for quality decision-making and planning that the JPV will maintain a complete set of accurate, reliable and relevant data, accessible to authorised users. Effective data management will:

- Ensure that planning and decisions are data-driven
- Drive strategic planning and decision-making by enabling data to be queried and analysed in different ways, including geographically by using mapping capability
- Ensure that data is integral to the way staff operate and manage, thus avoiding duplication of effort or systems
- Ensure that data is updated as quickly as possible following change, by placing management of data as close to the action as possible
- Deliver quick & easy access for all users (e.g. the helpdesk operators) to all the information they need to make efficient and effective decisions
- Support new ways of working by holding data electronically so that it can be accessed remotely and by exploiting the benefits of technological developments
- Avoid the hidden costs of bad data (e.g. lost opportunities, failure to address customer issues, re-checking and cleansing data)
- Be built on a strong foundation for managing data quality with tools and practices that can span and be leveraged across the enterprise.
- Place data analysis at the heart of the organisation, so that issues can be spotted, analysed and responded to quickly to maintain integrity
- Ensure that data is updated as quickly as possible following change, by placing management of data as close to the action as possible and making data quality a responsibility of everyone in the organisation
- Increase accountability and maximise performance
- Support the delivery of national initiatives and objectives, including increased accountability, public service productivity, localism and economic growth

The Business Case for a single electronic data systems for all partners is set out in Appendix 8, Database Business Case. The Business Case recommends that:

- i-Prop is the single data source for all asset data from Go-Live as an interim arrangement.
- A detailed database specification is developed during the first year of operation with the option to take it to the market in year two.

Helpdesk

Providing a single point of contact for customers and a commitment to keeping customers going, the helpdesk service will:

- Resolve customers property-related issues at first point of contact
- Provide high-quality customer care through a knowledgeable and trained staff team
- Achieve operational effectiveness and continuity for customers in a crisis
- Maximise reporting and provide good customer support
- Embrace industry standard software to instruct and monitor repairs ensuring most effective and efficient use of resources and real time progress reporting
- Adopt live, real-time updating by technical staff (in-house or contractors) through remote/mobile access to database and/or helpdesk system
- Offer a 24/7/365 service
- Place customer feedback at the heart of issue resolution (call handling, technical support, outcome reporting etc)
- Ensure user friendly access to the helpdesk

The Helpdesk team will be supported in delivering this high-quality service by the in-house technical team and a comprehensive asset data system. There is an aspiration that all JPV staff will spend time on the Helpdesk by rotation in both support of the Helpdesk and to instil the commitment to customer care.

Service Excellence

Process mapping will be used to overlay operational service delivery with the customer journey. This will identify the critical handover points that are key to delivering excellent customer service. This process mapping needs to be developed alongside the Target Operating Model to ensure that service excellence is embedded in the JPV.

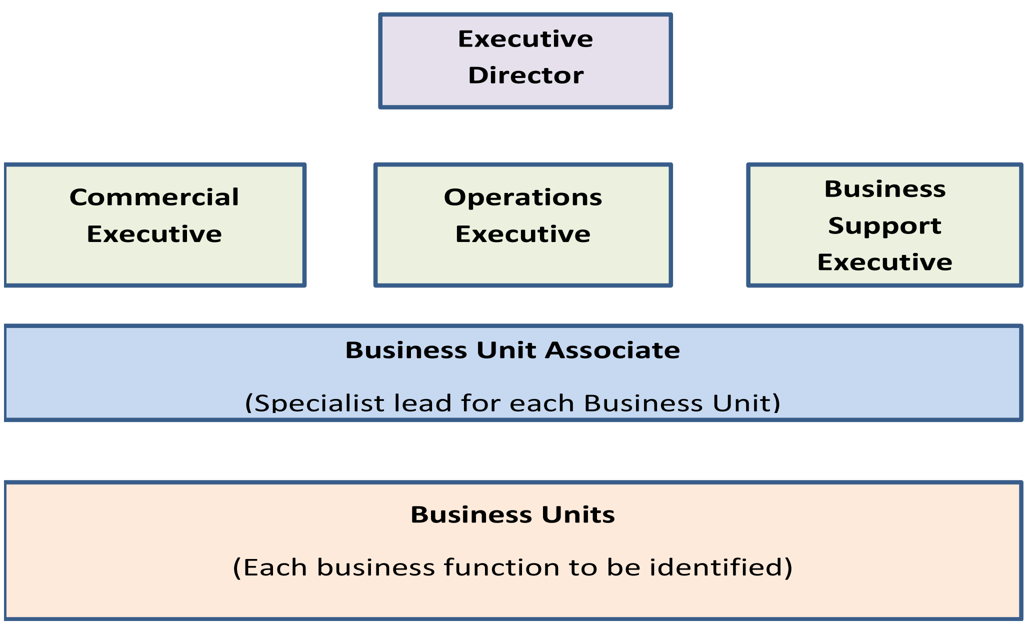
7:04:03 JPV Management Structure

The current proposals for the structure of the JPV are described below, with a Management Team of 4 and a proposal for 7 Business Units. The design principles and costing for the proposal are built around this model.

The OBC made the following assumptions and recommendations for the new management team structure (further details can be found at item 6.06 of the OBC)

> *"The JPV will require a Management Team which oversees the business and will meet formally as a Board. The Board structure will reflect the commercial nature of the JPV. The proposed composition of the Board at set-up of the company consists of:*
>
> - *Director of JPV (DJPV)*
> - *Operations Manager (with lead responsibility for Finance and broader responsibilities around management of support functions and host services). At a later stage this could broaden out into a remit that encompasses commercial and business development*
> - *3 Business Unit Managers (Asset's, Projects and FM)"*

This has now been tested further during the detail design and the following proposals have been developed in association with Innovation Central and market leaders in property management, DTZ. The proposal has been tabled to the Review and Steering Group and supported in principle. The Executives will manage horizontally across the organisation rather than vertically specialist silos.



As can be seen this has further rationalised the structure, further detail is expanded upon below and in the appendices.

7:04:04 JPV Business Units

The function and position of the JPV Management Team have been described in detail in 7:04:03. These Executive roles will manage horizontally across the organisation. Sitting underneath that will be a series of Business Units.

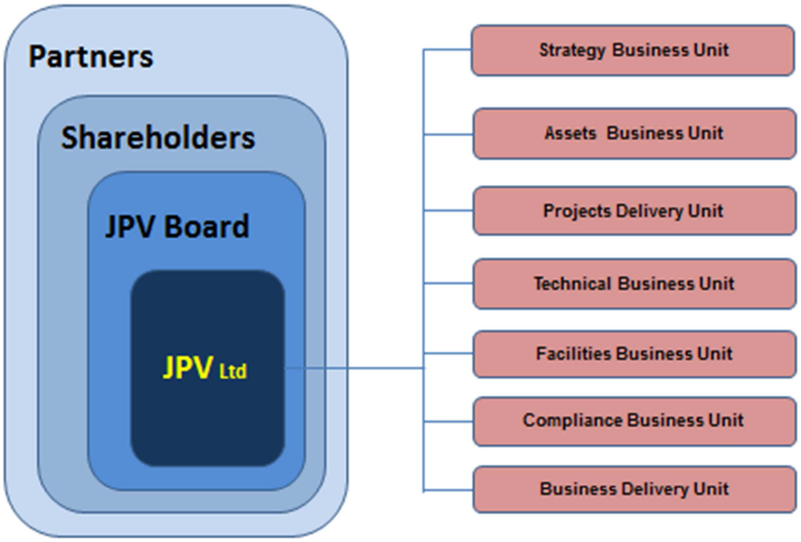
Distinct Business Units will be there to ensure that the functional responsibilities of the JPV are properly co-ordinated and carried out to quality standards. Business Unit Leads will have professional line management responsibilities for people carrying out those functions.

The Operational Model is based upon a flexible, matrix-management approach which will pull resources from across the Business Units in the management of localities and projects.

A proposed structure for the JPV has been identified based upon the services it will be providing. This structure would be subject to further scrutiny during the Implementation Phase. The proposed JPV structure has identified seven distinct Business Units and their associated responsibilities, which can be seen in Appendix 7, Service Matrix. These Business Units are:

i. **Strategy Business Unit** to manage the Estate Strategy for the combined estate and implement Locality Reviews across the five counties.
ii. **Assets Business Unit** to do the day-to-day management of the estate and provide specialist advice on estate matters.
iii. **Projects Delivery Unit** to implement the Capital and other change programmes and ensure robust project feasibility and Business Case development.
iv. **Technical Business Unit** to oversee the planned and reactive maintenance of the estate and energy management.
v. **Facilities Business Unit** to provide the optimum working environment to our clients and the management of service contracts.
vi. **Compliance Business Unit** to ensure the JPV is technically and legally compliant and providing optimum performance to the shareholders.
vii. **Business Support Unit** to support the operations of the JPV and manage the range of contracts and frameworks the JPV holds.

Governance



The purpose and vision of each of the Business Units is set out below.

i. Strategy Business Unit

To oversee the strategic property asset management of the estate, and to align business and property asset strategies, ensuring the optimisation of property assets in a way which best supports organisational goals and objectives.

Creating an effective, efficient and sustainable public sector estate, which provides value for money for the taxpayer, reduces our environmental impact, transforms the way our public sector clients work, with operationally effective but flexible accommodation and contributes to growth and regeneration.

The services delivered include:

1. Asset Management Planning
2. Property Review
3. One Town Review program
4. Investment Strategies
5. Corporate Landlord
6. Strategic Consultancy

ii. Assets Business Unit

Applying in-depth market knowledge, experience, research and analysis to the management of our investment and corporate estates. Through a team of skilled property professionals seeking to optimise performance from the estates through excellence in property management.

The services delivered include:

1. Acquisitions and Disposals
2. Compulsory Purchase
3. Valuations (Property, Asset and Insurance)
4. Community Right to Bid and Community Asset Transfer
5. Planning and Regeneration
6. Right to Buy
7. Void Property Management
8. Landlord and Tenant Management
9. Management of Commercial/ Investment Portfolios
10. Management of smallholdings
11. Ratings
12. Support for schools

iii. Project Delivery Unit

Bringing professional and Project Management skills to translate your organisational concepts into fit for purpose solutions.

Provide professional skills and local knowledge to the techniques and rigor of project management methods, to ensure that we deliver your projects objectives, which improve your service delivery and, environment for our communities.

We will achieve this by:

- Drive culture change in the public sector
- Innovate through lateral thinking to create solutions
- Be prepared to challenge to deliver meaningful change
- Place the client in an informed position for decision making
- Our team of skilled project delivery professionals will bring local knowledge to your project and understand your business
- Improve service delivery through the environment we create for you
- We shall provide leadership, structure and co-ordination for the development of change
- Deliver added value through our projects for your communities contributing to regeneration and growth
- We will develop together to deliver the future
- Identifying and mitigating risk ensuring compliance with legislation

The services delivered include:

1. Programme Management
2. Design quality
3. Project development (including Business Case assessment)
4. Project delivery
5. Financial management
6. Post-project support
7. Contract management and performance

iv. Technical Business Unit
Our Technical Business Unit is a vital strategic discipline contributing to the delivery of your operational and strategic objectives.

We will achieve this by:

- Understanding your business needs and priorities
- Ensuring statutory compliance of all property assets
- Use of technology to improve our process`s and engagement with you
- Not only work for you, but with you, maintaining regular communication
- Delivering a positive customer experience for you and your customers
- Providing confidence and assurance in the service you receive
- Providing a focused and prioritised resource
- Being environmental champions to encourage and educate all our client groups
- Developing mutually beneficial procurement relationships with your local economy
- Ensuring business continuity and safety of your workforce in the workplace
- Ensuring buildings function efficiently and component and plant breakdowns rarely occur.

The services delivered include:

1. Proactive Property Maintenance
2. Reactive Property Maintenance
3. Technical Maintenance Delivery
4. Premises Surveying
5. Sustainability and Energy Management
   Technical, Legislative and Sector Expert Advice

v. Facilities Business Unit
Our Facilities Management service will ensure you have a safe and efficient working environment, ensuring:

- We deliver a positive customer experience for you and your customers
- We respond to customers' needs and help manage the day-to-day environment
- We support and enhance your organisations identity and image
- New working styles and processes are facilitated and challenged
- Change programmes are supported and facilitated efficiently

The services delivered include:

1. Frontline Customer Contact
2. Churn management and space planning
3. Conferencing, meeting and event management
4. Reception
5. Security
6. Logistics
7. Building inspection
8. Management of service contracts

vi. Compliance Business Unit
Working across the JPV the Compliance Business Unit will ensure the JPV delivers a high quality service to its customers through every aspect of its operation. The Helpdesk Team will act as the first point of contact for most queries to the JPV and ensure that the customer is kept informed and updated as issues are dealt with.

We will ensure that the Estate is safe to work in and complies with all legislative requirements and that policies and procedures relating to risk management are current and applied in all instances.

A commitment to the development of high-quality asset data and systems will ensure that data underpins the estate strategy and day-to-day operation of the combined estate from supporting the Helpdesk to invoicing.

The services delivered include:
1. Risk Management and Compliance
2. Performance and Quality
3. Asset Data Management
4. Helpdesk and Customer Service

vii. Business Support Unit
The Business Support Unit will provide support services to the JPV. Technology will be fundamental to the Operating Model of the JPV, ensuring that teams are supported in being flexible and mobile when carrying out their business. The JPV will adopt and apply a forward-thinking approach to agile working so that is can provide tried and tested advice to clients in changing approaches to the use of property in supporting service delivery.

Contract Management will be a core JPV activity responsible for developing, implementing and managing contract, consultants and frameworks arrangements to support the management of the Estate. The JPV will undertake procurement exercises in line with the Procurement Code and applying social and economic tests commensurate with the Social Values Act. Led by Business Support this will draw on the expertise of teams across the JPV, including undertake contract reviews and contract monitoring. Where necessary, contract compliance action will be undertaken in order to ensure standards of service.

The services delivered include:
1. Business Support (incl. Finance/ IT/ HR)
2. Procurement
3. Contract Management
4. Framework Management
5. Consultant Management
6. Professional Development

7:04:05 Draft Service Level Agreements

Each service that the JPV is to provide requires detailed definition and performance criteria. These will form the basis of a Service Level Agreement (SLA) between the JPV and Shareholders and set out the level of service that can be expected by all partner. This may initially be delivered differently to each partner whilst existing arrangements and contracts are played out. However they will all be managed to the defined SLA.

The SLA will identify the following headings:

- Title of Service
- Description of Service
- Level of Service
- Services not included
- Service Metrics
- Service delivery breakdown

The SLA will be linked to the payment mechanism identified in 7:08:04 and needs to clearly identify:

1. Core JPV activity
2. Maintenance and service contracts where 'pass through' costs apply
3. Chargeable work that would require extra fee

Work Groups have been engaged in pulling together these SLAs. An example of a draft SLA for Assets is identified in Appendix 10, Draft Service Level Agreement. These SLA's will be completed during the Implementation Phase and signed off by each Shareholder prior to the commencement of payment to the JPV.

7:04:06 Draft Estates Strategy

Whilst most partners have an Estates Strategy, or at least an Asset Management Plan (AMP) that may include some partnership working, the principal context for this will have been the specific needs and opportunities related to that individual organisation. The concept of a single public estate together with the rapidly changing service and financial climate will inevitably create new opportunities for greater efficiency and may also change some individual priorities. Therefore, it will be imperative for the JPV to develop its own comprehensive Estates Strategy that can adequately reflect this. A meaningful and ambitious Estates Strategy can only be prepared when there is certainty on the shareholder partners who will become owners of the JPV. Developing this will be a critical first phase of work that the new company will have to undertake.

To assist in this exercise DTZ were commissioned to undertake a study to identify each partner's current position with regard to their estate, and then to map out a framework for the processes to be actioned to identify the workload impact of such a requirement. This is referred to as the Estate Transformation Plan (ETP), copy of which can be found at Appendix 1. This is not a completed document. Rather, it is a snapshot of the existing position of individual organisations, some suggested good practice in marshalling asset related data, the identification of broad and ambitious strategic objectives for future asset management and the outline of a process by which locality based reviews can deliver the changes. It will be subject to further refinement by the relevant workgroups to ensure that there is a clear process that can be adopted once the JPV is created.

The document also tries to highlight the common ground which exists in each of the partners strategies and furthermore reflects on how this will underpin the recent Government Estates Strategy (see Appendix 19).

To fully inform this piece of work there are interdependencies on the delivery of the comprehensive estates database and completion of the cross partner property benchmarking exercise. All of which will not only evidence the strategy but also assist in prioritising the Locality Review (One Town Review) programme (see Appendix 11).

Public sector assets exist primarily to facilitate the delivery of public services. The pace of change in delivering public services has never been greater, hence it is important to recognise that in the current environment no strategy can be expected to have a long term life and remain relevant to the organisations it seeks to support. It will therefore be constantly dynamic, responding to changing operational requirements and refinements to deliver the most optimal estate for the shareholder partners.

The JPV Estates Strategy, when written, will be adopted by the JPV Board, but it will also require the approval of each Shareholder Partner, where it has any impact on their individual estate and property sovereignty.

7:04:07 Capital Programme

A future capital programme for the JPV has been identified for the first three years. The programme is based upon existing capital projects in place, business cases awaiting approval or anticipated funding streams such as Schools Basic Need allocation. The potential total spend over the three years is in excess of £121m (see Appendix 25).

The number of projects taken forward and the amount spent will vary from those figures shown but is indicative of the future capital workload of the JPV. This projected workload does not take account of additional projects brought through the One-Town (Locality) Review programme which should start to see capital schemes added to this programme after year 1.

7:04:08 One Town Review Programme

The One Town Review process is a fundamental tool for the JPV to deliver against its rationalisation and service transformation agenda. Through which it can deliver the efficiencies forecast in this document.

This process evolved through the Capital Asset`s Pathfinder programme and has been tried and tested to prove the benefits are deliverable. Moving into the new organisation we believe the process should be re-branded to "Locality Review" as it will be necessary in some geographic areas to review more than one town simultaneously, due to partners interoperability were towns are co-located in close proximity.

The Vision for a Locality Review would be:

Locality Review

Delivering a review of service integration, estate rationalisation, identifying community benefits and facilitating regeneration and inward investment

Delivery of such reviews is time consuming if it is to be undertaken fully and comprehensively, it will be resourced by a dedicated Locality Review Programme Manager, who will identify and liaise with all stakeholders, and fully understand each potential stakeholder's operational business model. It will not be exclusive to JPV partners, but the process will be clearly led and managed by the JPV. They will seek to ensure the buy in from the broadest public sector group.

A typical programme cycle is described below:

Q1	Q2	Q3	Q4	Q5 onwards
Team Assembly	Scoping Options	Appraisal	Budget Assembly	Implementation

The process adopted will:

- Map the assets in a locality
- Identify the stakeholders
- Assess which assets are fit for purpose
- Understand all partners operational business model
- Identify local needs
- Identify growth plans and private sector investment opportunities

This will allow the team to address and align all of the above into a cohesive single deliverable programme of change for the community and partners benefit.

A five year programme has been developed which will result in projects which will stretch through to 2025 for delivery. The list is not exhaustive and requires further engagement with broader partners; it also needs to be prioritised, through consultation. A potential programme of work can be found in Appendix 11.

Potential Benefits of One Town Reviews (Locality Reviews)

The first One Town Review undertaken at Bromsgrove involved 9 public sector partners who worked extensively together to develop a development plan built around each partner's operational model to deliver an improved and dramatically reduced public sector portfolio in the town, but one which was more accessible to the public and delivered service transformation.

The pilot demonstrated that we could achieve £11.9 mill in capital receipts, resulting in a revenue reduction on the portfolio of 600k per annum. The regeneration resulting from this catalyst attracted £110 mill of inward investment from the private sector which has created approx. 1000 new employment opportunities in the area.

This has given the JPV concept evidence and reassurance to predict benefits from the programme of One Town Reviews. The key lessons learnt which are transferrable are Governance, Relationships, Funding and Proof of Concept, all of which are detailed in the Case Study attached in Appendix 12.

We identify in Appendix 11 18 Locality Reviews at this stage if these were to achieve a similar level of opportunities this would create the following benefits;

Capital Receipts – £214 mill

Inward Investment – £2 bill

Revenue savings - £10 mill

New employment opportunities - 18,000 jobs

We have not accounted for this level of savings and benefits in the JPV proposal but this should be our aspirational goal and if only 25% of this were achieved it is a sizeable benefit, alongside the improved service to the public in these areas and transformational working practices which would transpire.

7:04:10 Economic Regeneration though partnership

Mapping of the public sector assets in any town describes a picture of land and property ownership which none of us can imagine within our own organisations. It immediately raises the question of why do we need so much, and, secondly what benefits can we bring to the wider community through a strategic release of land for inward investment.

Alongside this we have Local Enterprise Partnerships tasked with developing growth in towns with regards to employment and commercial enterprise to meet the demands of population growth. In many case this results in requests for the development boundaries to be extended to accommodate such growth.

In reality we need to consider better use of the land and property within the defined boundaries first. But to do so needs a co-ordinated approach to asset management, particularly of the wider public sector estate.

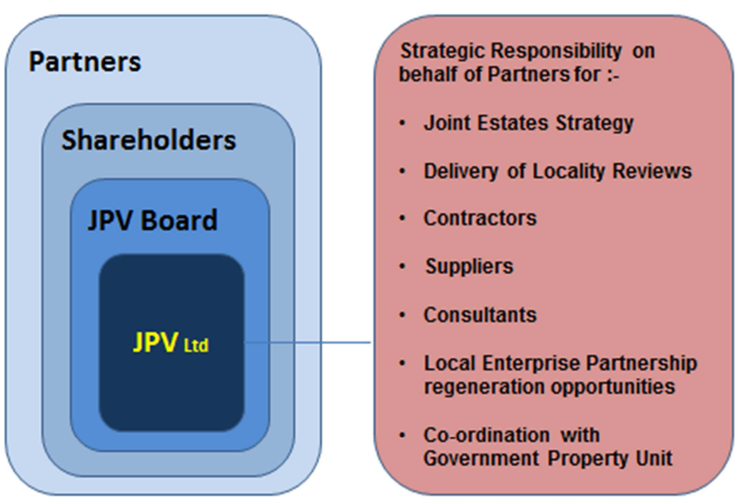
The JPV Implementation Team recently had opportunity to work with the Worcestershire LEP on it Strategic Economic Plan submission. This certainly identified how beneficial it was for two organisation to create joined up thinking for a true strategic plan.

The CAP`s projects in Bromsgrove clearly demonstrated that Public sector investment and land release could generate a fivefold inward investment from the private sector, resulting in delivering increased employment opportunities and demand in the local supply chain.

The economic growth agenda is easier to factor into asset management considerations where the public estate is seen as a single entity, and our experience at Redditch gives clear evidence that our One Town Review process is a potentially very significant contributor.

The JPV is the only way that the broader "one public estate" benefits can be identified and realised.

JPV Strategic Responsibilities



7:04:11 Support Functions (HR, ICT and Finance) and Physical Resources

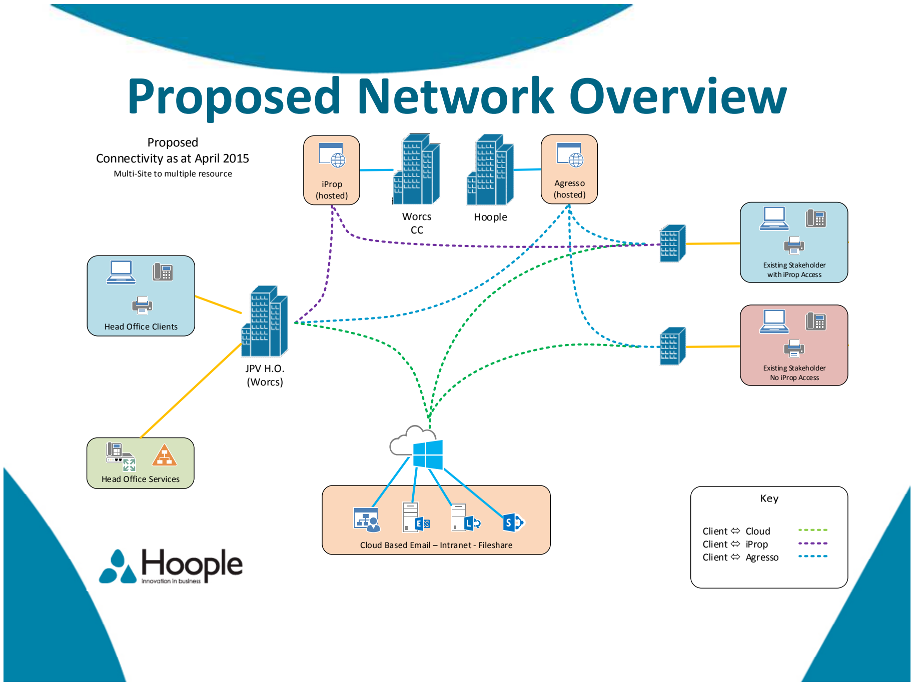
At the Outline Business Case (OBC) stage it was expected that partner organisations would provide support functions to the JPV where required, specifically in terms of Human Resources advice and management (for example, recruitment, and management through the TUPE process detailed below), Finance advice and professional services (accounting etc.), and Information Communications and Technology (ICT) support relating to hardware provision, software licences and technical support. As the work-groups progressed it was very clear that due to capacity and current outsourcing strategies it was not going to be practical for partners to provide hosted services as originally envisaged.

One of the partners, Herefordshire Council currently uses a wholly-owned company to provide a range of services in the council. The Shadow Shareholder Group (SSG) gave approval to explore the potential for the company, Hoople Ltd, to support the JPV in the formation of the FBC as part of the work-groups examining these areas. Hoople provided much needed capacity to draft out the specification of services required and develop timelines in the areas of Human Resources, Information Communications Technology and Finance, to inform the FBC. Some of the outputs for these areas are explained below, and are especially relevant in illustrating the key milestones which need to be achieved to ensure that the project can be delivered on time: as costs were required to inform the FBC, Hoople used their expertise to provide a fully budgeted model of support services, by using the concept that Hoople host the services to map out a realistic view of cost. In reality, support services will need to be procured in an appropriate manner and so although the model is based upon Hoople's actual figures, it could be any third-party supplier.

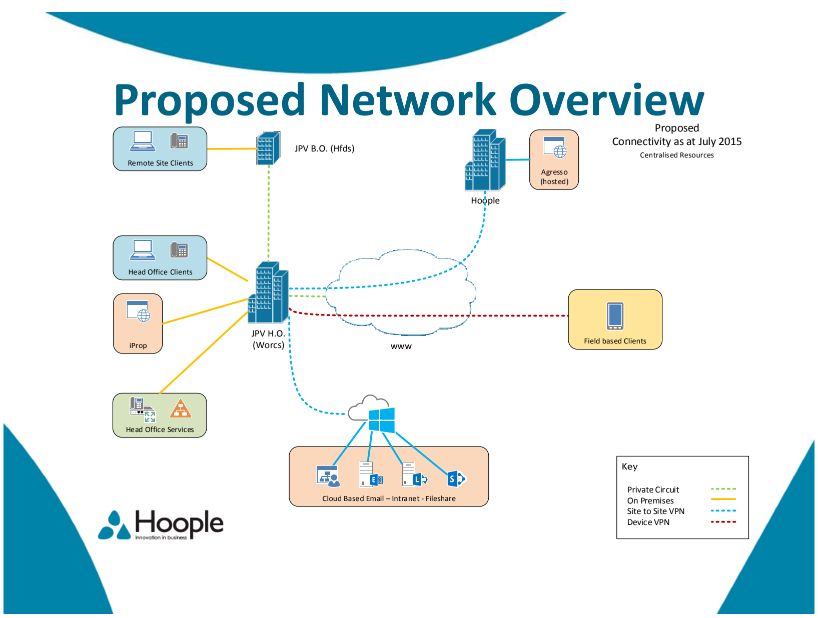
The finance timeline below shows the criticality of a number of resources (not least the physical location) which will be required to ensure that the JPV can be delivered within the timescales proposed. The ICT requirements are key in this respect to support the Finance system which the JPV will operate, the property management database (which is essential to standardise benchmarking, measure performance and ultimately provide assurance to partners that property is being managed efficiently and providing value for money), and the payroll system.

To facilitate this, a two stage process has been proposed by Hoople, with a Finance system transferred to a third party server, the database being hosted by Worcestershire County Council in the initial stages, and linked to the new Finance system (the database has been developed by WCC and carries a substantial amount of data for the partners assets: partners not using it will transfer data in the early stages of JPV transition), until the database can be transferred to the main JPV server established at an appropriate JPV headquarters, as a main hub. Other physical assets (desktop PCs, laptops and telephony etc.) and then support (remote working assets) will link into this hub as normal.

An illustration of the initial structure of the ICT network to support the JPV, at a target date of April 2015 is given below:

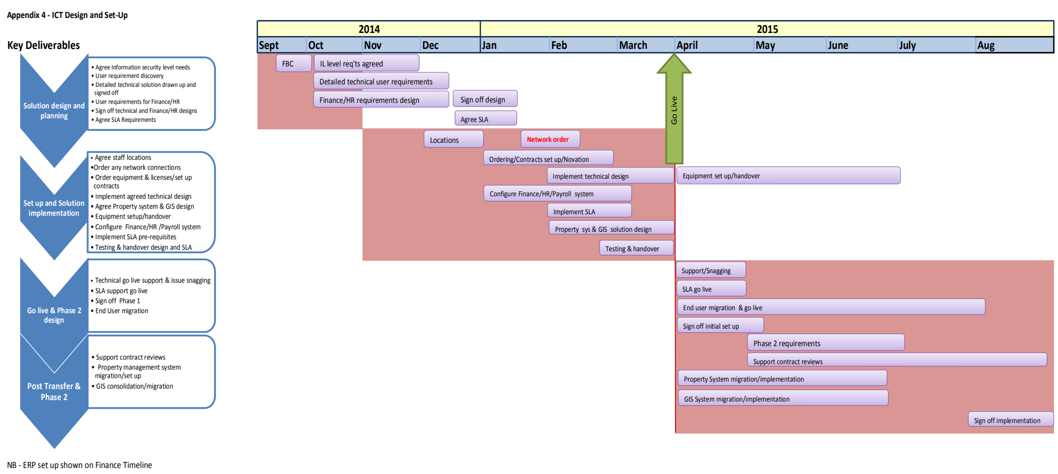


After transferral of the property management database (i-Prop) from Worcestershire County Council to the main JPV server, with a target date of September 2015, the system will change to the ICT network structure illustrated below:



The diagrams above highlight the requirement for a number of physical resources to support the model being proposed. In terms of ICT, these have been budgeted on a 'worst case' scenario where all assets will need to be purchased by the JPV. However, discussions with partners indicate that assets may be able to be transferred from partners into the JPV, thus providing significant cost savings.

The key 'deliverables' and a timeline for the transition of ICT assets and data is given below. This proposed timescale highlights the importance of determining the physical location for the JPV: this is mainly due to the timescales determined by BT in enabling the telephony installation, which will also require a significant budget.



The ICT Timeline above is presented in a larger format at Appendix 13 of this document.

7:04:12 JPV Physical base Location and Accommodation Requirements

A majority of core partners currently have their main office location within Worcestershire and geographically this allows easy access to all counties covered by the JPV. It is therefore proposed that the main office location for the core team will be based in that area, (maximum travel time to extremities of operating would be 90 min). However three partners exist in Herefordshire and a satellite office will also be maintained in that County for frontline operational roles (FM, building surveyors, reception and caretaking functions, the latter being building specific in their location). It is felt inappropriate to consider basing the JPV in a major partner HQ premises as this may be inadvertently interpreted as "ownership", of the organisation.

With currently only one partner operating out of Shropshire and Warwickshire, staff operating in these areas will either be building specific located or will work peripatetically, (as current for Police). Should new partners become part of the JPV then consideration will be given to new satellite offices in these counties.

An office base should reflect and demonstrate the working practices which the JPV will be proposing to its customers as standard practice. Therefore neither office location will provide 100% workstations or cellular office space. Flexible working practice which will reflect the nature of the business will be adopted (a majority of staff needing to be site located or in consultation with client groups). Hot desk workstations and desk hoteling will be modelled with break out areas and quiet zones available. This will allow floor space and car parking to be maximised. The majority of staff will operate with laptops or tablets to maximise flexible working, utilising local Wi-Fi availability in partner premises, or, from home working.

Market testing has demonstrated that office rentals are currently achieving £120/m2. Working therefore on an area of 5.5m2 per workstation, and adding 30% for ancillary spaces such as meeting rooms etc. 8m2 per workstation is a good guide. This conveniently works out at £2,000/ workstation/ annum, fully serviced. It is likely that an annual rental for office accommodation in Worcestershire would be in the region of £140,000 per annum and for the satellite office in Herefordshire approx. £30,000 per annum.

It is likely that any office location will need some investment for minor alterations, IT infrastructure cabling and furniture, therefore a one off capital an allowance is made in the Implementation costs of £200,000. Partners will be able to offset some of this cost by the space released in their existing accommodation vacated by their property teams.

Whilst we are unable at this time to firm up on any specific location, pending a decision on when, or if the JPV will progress, two potential locations have been identified with a willingness from both landlords to discuss the option further at the appropriate stage.

In Worcestershire an option exists to explore co-location at HWFRS accommodation at Kings Court, Worcester, where sufficient spare capacity exists and would address an immediate challenge around under occupancy. Whilst in Hereford, Hoople Ltd have identified capacity in their property at Plough Lane, Hereford to accommodate a small satellite office. Further negotiations are necessary and finalisation of negotiations could delay occupancy given the substantial lead times for IT networks etc.

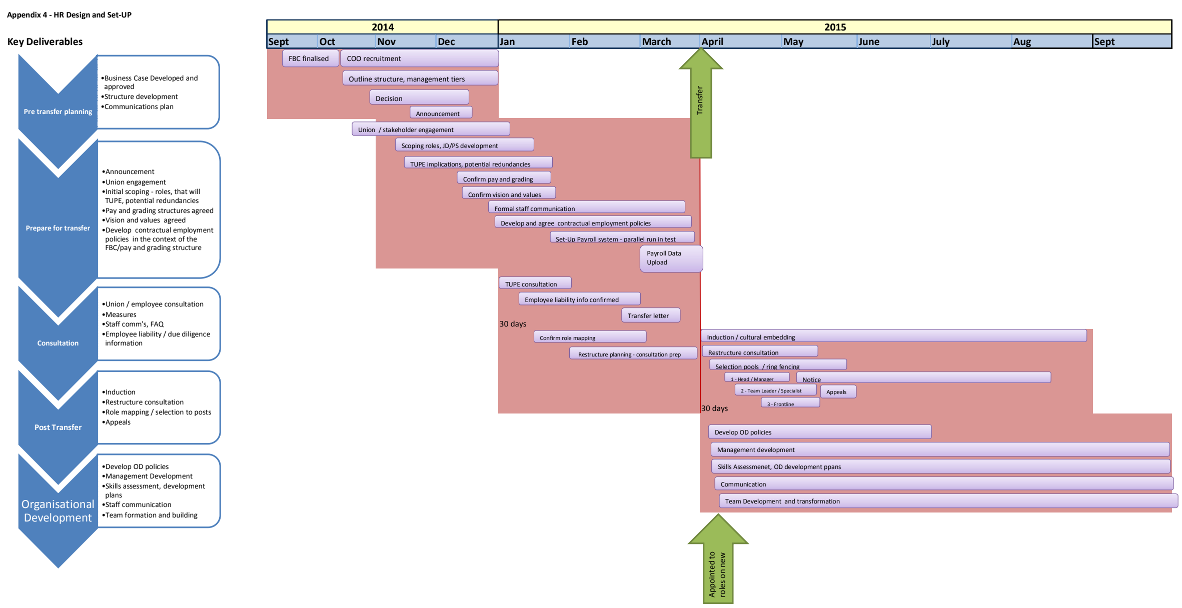
7:05: Transfer of Staff

7:05:01 Staff transfer timeline

In delivering the FBC, the Project Implementation Team worked with a number of work-groups, which advised on the staff transfer process required to inform the FBC, and developed the milestones required to create the JPV as an organisation.

Work with our Organisational Structure advisors established the process to underpin the development of the roles and structure which the JPV will require to deliver its operating model. To ensure that the timescales for delivery of the savings can be met, it was essential that work progressed on the appointments process for the JPV Chief Operating Officer (Director) and initial consultation over the staff transfer process with the representative bodies.

The requirements for this consultation have been determined in detail with the Human Resources workgroup and capacity to deliver these services has been provided by Hoople. A draft timeline for the change management process is presented below:



For greater detail on the programmed HR timeline above please refer to Appendix 14.

7:05:02 Management Recruitment

The JPV Chief Operating Officer (Director) role will be recruited into the JPV once the organisation has been established as a limited company, currently estimated to be around early January 2015. This role is deemed to be substantially different to any existing roles that exist and so a separate recruitment process has been mapped out and authorised to proceed by the Shadow Shareholder Group (SSG).

This FBC has only detailed the roles required for the top three tiers of management and reporting to the JPV Chief Operating Officer (Director), will be three senior managers covering areas initially entitled Commercial, Operational and Support. It is felt that the appointment of these three roles as early as possible is key in supporting the Chief Operating Officer (Director) in leading the formation of the JPV. Legal advice (highlighted in the first section of this FBC), suggested a risk in recruiting to these roles exclusively externally as is proposed for the Chief Operating Officer (Director). Therefore it is now proposed that the roles are 'ring-fenced' to the current senior managers who will be considered in parallel to an external recruitment process being undertaken. The draft role profile for the JPV Chief Operating Officer (Director) is given at Appendix 6.

The substance of the other roles is explained in more detail in section 7:04: 'JPV Operating Model' above.

7:05:03 Management of change (for staff roles)

Following the comparison work of management of change policies that has been completed, the change procedures are broadly comparable in terms of general principles and overarching process; statutory consultation, Representative Body (Trade Unions) engagement, selection, appeal, redeployment. These are standard stages in line with legislative framework.

However, there are some notable differences which will need to be managed through the process to set up the JPV. Differences are around arrangements for selection, redundancy payments, pay protection and relocation payments. Whilst policy provisions will need to be honoured in line with TUPE, full consultation on selection methods to appoint to the new JPV structure will need to be agreed with recognised trade unions, with particular consideration to at risk process and appointment through redeployment – there are key differences across each organisation. In addition, the Shadow Shareholder Group need to be aware of potential costs arising from redundancies but also the on-going costs as a result of relocation and on-going obligations arising from pay protection, which range between 6 months and 3 years. However, this is difficult to assess as this depends on the selection decisions as staff transfer into the JPV under TUPE.

Underpinning the management of change timeline is a substantial piece of work which will streamline the current establishment list from a wide range of diverse roles down to 6 general categories. Due to the technical nature of the JPV, some of these categories may be determined at the same pay and grading level as other categories, so for example a Team Leader may have an equivalent grade as a Technical Specialist. The use of categories facilitates the TUPE process as detailed in the timeline, as staff will be transferred on a phased basis dependent upon which staff 'pool' they belong to aligned with an equivalent category .

7:05:04 Draft of proposed Terms and conditions

The review of the existing proposed terms and conditions has been mentioned in section 4:05: 'Human Resources' of this FBC. With the development of the role profiles required for the JPV and the process of categorisation of staff groups as part of the TUPE staff transfer arrangements, it is proposed that the new terms and conditions for the JPV will be developed in line with the recruitment of senior managerial staff, and agreed new terms and conditions will be used as we progress through the tiered selection process following transfer to the new JPV organisation. Employees will be appointed to the new JPV terms following selection. Therefore, the differing terms and conditions will only need to be maintained whilst the tiered selection appointment process is completed. In terms of timeframes this has been assessed as requiring 6 months to complete, ensuring that any period of disparity between employees is minimised.

7:05:05 Proposed grading system

Some initial discussions have been undertaken within the HR work stream with regard to pay and grading, and consideration has been given to the development of an appropriate pay and grading job evaluation scheme. West Midlands Employers (an independent Human Resources advisory, representative and coordinating employers' organisation) offered advice in this area at a facilitated session with the Human Resources work-group. This session indicated an option which appears appropriate to the proposed JPV structure, and the suggested option is currently used by some of the existing partner organisations. As with the terms and conditions, the adoption of this job evaluation scheme will require additional development in line with structure development, and will also need investment from the partner organisations as there will be a cost implication to use the scheme. It is proposed that the third party organisation providing Human Resources support to the JPV will facilitate this process either led or assisted by the partner organisations in the development of the terms and conditions.

7:05:06 Redundancy strain

It was hoped that the total figure for redundancy costs would be calculated as part of the production of the FBC. Given the advice with regards to the transfer of staff discussed earlier and the proposals to transfer staff in a phased process as suggested above, it is impossible to calculate the overall redundancy costs as this is dependent on who is made redundant and this will obviously not be determined until the process has commenced. Therefore, the calculations for savings have been based upon the assumptions provided in the OBC to give an indication in this FBC. Methods for the apportioning of redundancy costs between partners have been discussed by the legal group.

7:05:07 Pensions

Of the seven partner organisations, all, with the exception of Warwickshire Police belong to the Worcestershire County Council LGPS who are the Administering Body for the scheme.

The Pensions Actuary for the scheme is Mercers and advice has been sought from them of the implication of staff transfer to the JPV and new employees of the JPV.

Firstly they have recommended that the JPV applies to have Admitted Body Status in its own right and thereafter becomes part of the Worcestershire LGPS. Transfer of the small numbers of Warwickshire employees in the Property Department does not present a problem.

It is further recommended that all employees are contracted in (including new employees) to the fund. Taking regard for new legislation under the Fair Deal proposals, which protect existing employees rights to stay in a current LGPS, post transferring out of a Local Authority employ. We would also pursue a fully funded transfer to the new body, where the JPV would only absorb new liabilities after its formation, and not inherit any pension strain costs from the existing scheme. Such transfer would avoid placing the new JPV Company in a major operating deficit from day one.

We are currently exploring the Actuarial calculations and implications but these are not available at this time, and in reality, will need to be recalculated at the point of staff transfer.

Whilst the process is complicated it can be completed within the necessary timeframe for formation of the company. Further details can be found on a presentation given by Mercers at Appendix 28.

7:06: Finance

7:06:01 Identify Finance support required post formation

Accurate financial reporting is critical to ensure that partners have assurance that the JPV is running correctly and providing the essential data partners will require to measure performance and efficiency. As the JPV will be operating as a company in it's own right, the financial support required up to and post formation will vary from strategic financial advice to setting up systems and procedures. As was suggested in paragraph 7:04:11 'Support Functions (HR, ICT and Finance) and Physical Resources (above), it is envisaged that the payroll will be hosted by a 3rd party provider and the current assessment of how the service could be provided is based upon the hosted model created by Hoople. In summary, the support required will include and not be limited to:

- Initial fact finding, set up and change management, including a series of workshops with partners to define requirements, check integrity of data, explore the required interfaces, establish coding structures and define the common tasks necessary for a Human Resource / Finance system.

- Setting up of a financial system – specification to be agreed by the end of December 2014 and will require time required to configure system appropriately and establishment of essential criteria.

- Creditors – set up suppliers and their payment terms.

- Debtors – set up all customers and their payment terms – agree SLA terms.

- Set up of bank and other regular reconciliation.

- Establish process for reporting for Board, Auditors, Year End etc. – to include balance sheet, individual trading accounts, profit and loss accounts other management information

- Establish new JPV coding structure and hierarchy.

- Set up managers' responsibilities and scheme of delegation (critical to manage cash flow, budgets etc.).

- Policies and procedures as well as financial regulations (work to be carried out in collaboration with Legal workgroup).

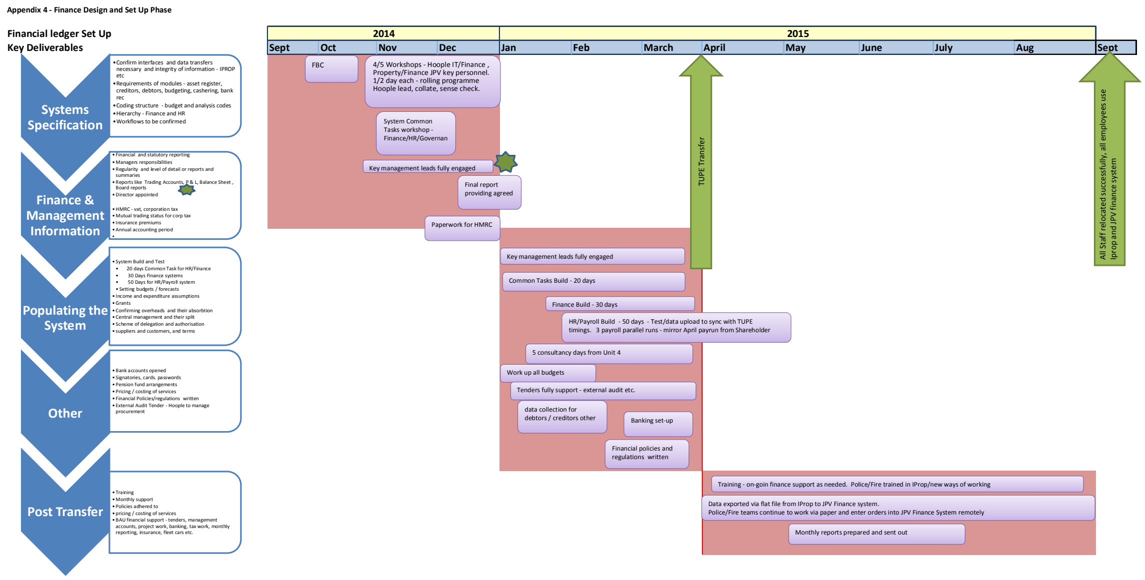
- Manage tender for procurement of external audit.

- Provide support to Governance work stream meetings and support of governance meetings e.g. Audit Committee etc.

- Discussions with WCC / HC brokers to confirm if a first year agreement can be sought, otherwise support for a tender could be offered.

7:06:02 Finance Data Transfer Timeline

The detail of the finance data transfer is given above in the description of the setting up of the ICT support systems (see under 'JPV Operating Model' above). The timeline for the transfer of the Finance data is given below:



For greater detail on the Finance timeline please refer to Appendix 15**.**

7:06:03 Finance System

The JPV will require a finance system which will as a minimum:

1. Link to and manage payments between / on behalf of partners.
2. Manage the finances of the JPV itself.
3. Link to any Human Resource Management System used by the JPV.
4. Link to the Property Management Database (i-Prop) used by the JPV.
5. Provide or accommodate the Payroll system used by the JPV.

It is proposed that the finance system is provided by a 3rd party supplier.

7:06:04 Payments

To support the JPV, an annual service charge will be paid by the partner to the JPV. This service charge will consist of three elements:

1. A charge for the running costs of the JPV, covering such items as staff costs (wages), accommodation for the JPV, energy usage by the JPV, support services (HR, Finance ICT etc.), transport and other fees. This has been considered as a 'Retainer' for the

JPV services. This may include an element of discretionary spend to allow for reactive maintenance.

2. Charges relating to costs which 'pass through' the JPV (which could be paid by the JPV and recharged at cost, or passed back to partners for direct payment) These have been considered as 'Disbursements'.

3. Charges relating to extra fees, for example where a partner requests special additional work, considered as 'Professional Fees'.

The detail of these arrangements will be included in the Service Level Agreements between partners as well as the shareholders agreements: the payment details are included earlier in section 4:03:01 'Budget Management Process', and the draft Heads of Terms at Appendix 3, Draft ToR Shareholder Agreement. These are summarised as follows: Each partner will contribute and agree a quarterly budget sum in advance which will be intended as to deal with an appropriate proportion of staffing / administration costs of the Company. Sums with respect to disbursements (i.e. direct costs which would 'pass through' the JPV who in this respect would be acting as an agent for the partner, together with professional charges incurred on behalf of any partner) shall be reimbursed by each Authority quarterly in arrears.

The detail of these arrangements will be included in the Service Level Agreements between partners as well as the shareholders agreements: the payment details are included in (Appendix 3) and are repeated below. Each partner will contribute and agree a quarterly budget sum in advance which will be intended as to deal with an appropriate proportion of staffing / administration costs of the Company. Sums with respect to disbursements (i.e. direct costs which would 'pass through' the JPV who in this respect would be acting as an agent for the partner, together with professional charges incurred on behalf of any partner) shall be reimbursed by each Authority quarterly in arrears.

The procedure for this will be set out more precisely within a Service Agreement to be entered into between each Authority and the Company. The Company will be subject to a ‘duty of care’ towards each organisation to act in its best interests and to account to it.

To ensure positive cash flow, payment of the service charge payable by each Authority shall be made no later than an agreed period before the start of each quarter in a Contract Year. If there are additional charges to be levied, for example on a professional consultancy basis for additional services provided and/or additional charges in respect of third party disbursements incurred on behalf of an Authority (for example, contracts for cleaning services, facilities management etc), then these should be clearly stated and payment terms incorporating any penalties for late payment agreed. Pricing will be adjustable in respect of inflation, etc. on terms to be agreed.

A process and timeline will be agreed where the JPV will report on its progress prior to the end of each contract year and achievement against stated objectives to allow discussions to take place with regard to the revision of the service charge in future years. Any savings against the Service Charge levied against an Authority resulting from identical economies shall be reimbursable to that Authority; and any third party income generated by the Company will be shared equally and payments made to each Authority.

7:06:05 Payroll

As detailed in the Finance data transfer a key element in the process is to ensure that a payroll system is in place following the formation of the JPV. It is prudent to allow a number of payroll 'runs' to be completed in parallel with existing systems. It is envisaged that the payroll will be hosted by a 3rd party provider and the current assessment of how the service could be provided is based upon the hosted model created by Hoople.

Due to the timescales and the suggestion that a minimum of 3 parallel payroll runs are undertaken, it is advised that the mirroring of existing partners' payroll processes commences in April 2015. This may require temporary combination and hosting of existing partners' payroll processes by one or more partners after the end of the financial year.

7:06:06 Accounts

In line with the payment processes detailed above, full accounts will be provided for partners to be supplied by the support services provider: again, the current assessment of how the service could be provided is based upon the hosted model created by Hoople and will provide accounts information in the format required by partners.

7:06:07 Identify audit proposal

A challenge from the Review and Steering Group was to establish a suitable regime for the JPV to give partners confidence and transparency to not only the management of the company during its early years of inception, but also to undertake Due Diligence and validation testing of the proposals. This latter stage will run in parallel to the partners considering the proposals and an addendum report will be produced for circulation across all partners.

Through discussions with the Finance Workgroup a proposal was made to the Shadow Shareholder Group on 6 August 2014 for Worcester City Council Audit Team to undertake this function at design stage, and during the first year of operation of the company. Thereafter the position will be reviewed with the JPV Board and Shareholders.
External auditors will be considered in due course and appointed through a selection process approved by the Board.

7:07: Implementation Costs

Implementation Phase Costs
All measured in £,000's

	Q3 14/15	Q4 14/15	TOTAL	Q1 15/16	Q2 15/16	TOTAL
Implementation Team	40	40	80	40	30	70
New Management Appointments	-	30	30	-	-	
Shadow Management (existing team)	-	-		55	30	85
HR Consultants	25	40	65	25	10	35
IT Consultants	10	70	80	40	-	40
Financial Consultants	10	30	40	10	-	10
Legal Consultants	10	15	25			
Management Consultants	10	10	20			
Training	-	10	10	15	15	30
Recruitment Costs	15	15	30	10		10
Branding and PR	5	10	15	5	5	10
Web site	included in IT costs					
IT Systems/Hardware	-	80	80	170	20	190
Pension set up	-	4	4	-	-	
Company Formation Costs						
Redundancy Costs	-	-		1200	500	1700
Contingency	30	50	80			
TOTAL	155	404	559	1570	610	2180
Current Available Funding						
Additional Partner Funding						

The breakdown of potential investment cost liability above identifies an Implementation phase cost of £1.04mill, plus an assessment of £1.7mill for potential redundancy strain.
All costs for consultants have been provided by consultants supporting the project but may be subject to further market testing. It has not been possible to accurately assess the redundancy strain until we have greater transparency on the posts at risk and the individuals affected to allow an assessment of grade and length of service.

8:00: Conclusion

The further development and analysis of the Outline Business Case (OBC) proposal has not produced any concerns or issues which would change the recommendation to deliver a Joint Property Vehicle. There continues to be significant benefits to the 7 core partners from taking a single approach to property portfolio management.

The proposal now identifies a gross cost benefit to the public sector partners of £76 million over the 10 year period. Whilst this is a reduction on that forecast at OBC stage, this is due to a more conservative position being taken on the property rationalisation programme benefits as this will be dependent upon the partner's appetite for change. We do however continue to believe that the greater benefits can be achieved. In addition we have needed to defer when benefits can be achieved through aligning contracts due to new term contract being committed to in the intervening period.

When pursuing partnership ventures and co-location opportunities the benefit of a single property unit will enhance the delivery time and reduce bureaucracy. The efficiencies which can be achieved through avoiding duplication of management are greater than that identified at OBC stage. Realising the full opportunity entails pooling responsibility and budgets for the core asset management and related operating activities (namely strategic asset planning, estate management, capital project services, hard and soft Facilities Management).

The Commercial Case has been tested and validated robustly, particularly with regards to the Company model, Governance and Legal issues. The detail design has been advanced as far as is practicable ahead of partner's approval to proceed. This has reduced risk and clarified partner's responsibilities.

Extensive work has also been undertaken to define the staff transfer process and risks and issues surrounding this position with early union engagement commenced to minimise risk.

Proposed structures have been developed for the company to move to a more commercial ethos and drive a culture change. The detail design will be finalised once the new management team is appointed within the approved budget constraints.

The transfer to a single Finance system has been proposed and a timeline for development and implementation has demonstrated that this is achievable. This has been integrated into the IT development plan and budget costs

We are confident that we have greater accuracy on the financial benchmark data than was achieved at OBC stage, with validation of the figures from the Finance workgroup. Whilst the savings on establishment are factual and have been accepted by the group, it is acknowledged that the balances of savings are based on assumptions based on experience by the partners and professional advice by our consultants.

The project has identified many challenges to be overcome, many of which are resolved by this document, but some, namely cultural issues remain and will require strong leadership not only within the JPV but also at Shareholder level to ensure this new venture is the success it deserves to be.

Whilst there are some risks identified with a new venture as partners enter into this pioneering new territory, the proposals made minimise these risks through a robust governance structure, service agreements and performance management.

The JPV model is innovative, pioneering and sustainable in the current climate delivering efficiency savings from Year 1 and growing over a 10 year period all of which contributes to the savings targets each partner needs to deliver during the forthcoming CSR period.

The proposals when viewed on the national stage by Cabinet Office through the Government Property Unit certainly justifies that this model could be replicated nationally by other partner groups and reduce public sector expenditure further.

9:00: Recommendation

The Shareholder Partners are requested after considering this Full Business Case for the proposal to form a Joint Property Vehicle (JPV) to approve the following:

1. Approve the content of the Full Business Case (identifying any issue which can be dealt with by way of an addendum, suitable amended prior to any legal papers being signed).

2. Seek formal approval from their Authority / PCC to the proposal.

3. Proceed to appoint the Chief Operating Officer (Director) for the JPV.

4. Authorise the instruction of lawyers to proceed with formation of the new company.

5. Ensure that all staff identified as being in scope are advised of the intention to proceed subject to formal consultation process being adhered to.

6. Authorise the commencement of TUPE transfer consultations with staff identified as being in scope affected by the proposal.

7. Authorise the procurement of support services as identified in the FBC Report.

8. Authorise that negotiations commence on negotiation for a lease for premises to accommodate the JPV Company.

New Worcester Fire station under construction

10:00: Appendices

(Separate document)

1. Estates Strategy
2. Who's Who in Workgroups
3. Draft ToR Shareholder Agreement
4. Budgeted post list – current establishment
5. Finance Benchmark Data
6. Finance Revenue Savings
7. Service Matrix
8. Database Business Case
9. Structures
10. Draft Service Level Agreement
11. One Town Review Programme
12. One Town Review Case Study – Bromsgrove
13. IT Infrastructure Timeline
14. HR Timeline
15. Finance Timeline
16. Draft Role Profile for Director of JPV
17. Contracts Register
18. Risk Register
19. Government Estates Strategy
20. Glossary of Terms
21. Communications Strategy
22. FAQs
23. Leadership Triangle
24. TUPE
25. Capital Programme
26. Key Facts
27. RICS Best Practice for Public Sector Estate Management
28. Pensions

11:00: Acknowledgements

Firstly appreciation should be noted to LGA, DCLG, Cabinet Office (GPU) and Home Office who through a variety of funding bid processes have supported the development of this project, particularly through the One Public Estate Pilot programme. There has been acknowledgement of its potential to define a future operating model for public sector estate management. We acknowledge that without this support the project may never have been undertaken.

The Shadow Shareholder Group comprising Chief Executive and Directors from all seven partners, for their vision, direction and challenge to the process and eventual outcome which has ensured corporate involvement in this proposal. We would also give thanks to Bruce Mann for being willing to commit his time to Chairing this Group and providing independent direction.

To all members of the Review and Steering Group who were initially responsible for developing the project in its early conceptual stages. They have provided a senior resource expertise for advice, challenge and solutions to issues which potentially could have de-railed the project.

The solutions in the outputs of this proposal have been the result of a series of Workgroup meetings with different disciplines who have researched, designed, contributed to, tested and validated the proposals their input has been invaluable. We have had 12 workgroups running with a total of 62 staff involved from all partners. We would like to acknowledge not only their input but the value of their time whilst have a demanding day job in parallel.

We are indebted to Government Property Unit and the Local Government Association, not only for their funding support, but the expertise they have brought in advice gained from other public sector models, and Government aspirations for the public sector estate which has reinforced our vision.

Finally all of our work has been underpinned and supported by a team of specialist consultants, whose enthusiasm and commitment to the project has allowed progress which could not have been achieved without them. The following have supported the project;

- Freeth's (Legal)
- Hoople (HR/IT/Finance)
- CIPFA (Finance benchmarking / structure)
- DTZ (Property consultants)
- Mace Macro (Benchmarking)
- Camargue (Comms /PR)
- Verso (Branding/Name)
- Innovation Central (Management consultants)
- Veena Allson Employment Law Cons. Ltd
- Mercers (Pensions Actuaries)
- West Midlands Employers (advise on HR / grading systems)
- GMB & Unison