

7. Property - Special Purpose Vehicle (SPV)

Purpose of report

1. To advise the Policy and Resources Committee of a proposal by the Worcestershire Partnership Executive Group (PEG) to explore the potential of a Property Services Special Purpose Vehicle (SPV).
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Recommendations

The Chief Fire Officer recommends that:

- i) The Policy and Resources Committee support officers of the Service in exploring the potential of an option of a joint Property Services Special Purpose Vehicle (SPV) between Worcestershire partners.***
- ii) If any proposals arising from this work show the potential to provide advantages for the Service, these will be brought back to the Policy and Resources Committee for any approvals needed to proceed.***

Introduction and Background

2. The Worcestershire Capital and Asset Partnership (WCAP) is well established, with a focus on property sharing opportunities across public bodies in the county. Its achievements are being monitored and acknowledged nationally and there is general recognition that opportunities may exist from using public sector property to promote economies of scale and work more efficiently.
3. The Worcestershire Partnership Executive Group (PEG) invited a number of WCAP Partner property representatives to discuss increased partnership working on 24 October 2012. PEG debated at length how to move the Capital and Asset Partnership work forward and a subsequent paper was delivered to PEG on 29 January 2013, which was generally supported. The group requested that a paper be distributed to each representative authority, requesting formal support to explore the potential of increased partnership working around the concept of a Property Services Special Purpose Vehicle (SPV).

Proposal to explore options around property services

4. The long term aim of a Special Purpose Vehicle (SPV) is to consider a model where the respective estates functions of partner organisations might be brought together, without Authorities losing individual sovereignty over their properties (although partners may wish to consider a pooled asset vehicle in the future), or losing local control over the services delivered. It may be that a singular approach to planning and managing the collective estate could realise some potential savings. The proposal is therefore to explore the potential (if any) of such an SPV, which would service all stakeholder authorities by combining the estate/property units into one service delivery unit.
5. The Government Property Unit (GPU) is actively exploring new ways of bringing central and local government property closer together. The Cabinet Office is looking for a small number of Local Authorities to develop local property solutions to drive this initiative and could consider Worcestershire as one such national pilot.
6. A detailed project plan is being developed, however the following key milestones have been suggested to be fundamental to determine whether or not a SPV model is feasible and/or desirable:
 - Agree core Project Members and Terms of Reference March 2013
 - Map Project Governance and identify funding sources April 2013
 - Baseline current services September 2013
 - Identify preferred model October 2013
 - Design new model February 2014
 - Present final option study to PEG April 2014
7. Whilst membership of this project could be open to the wider public sector and in particular the Worcestershire Capital Assets Steering Group, at this stage it is proposed that a core development SPV steering group will be restricted to the following stakeholders:
 - Worcestershire County Council
 - Worcestershire Health and PCT
 - Warwickshire and West Mercia Police
 - Hereford and Worcester Fire and Rescue Service
 - Worcester City Council
 - Redditch Borough Council

8. It is proposed that the SPV steering group will report directly to PEG, but will maintain clear and strong reporting links into the WCAP. When individual authority approvals are required a report will first be produced to PEG to seek support in principle. This will be followed by steering group members taking papers to their individual authorities for approval. The project will require commitment in time and resources from partner organisations to explore the potential of this approach and the need to release officers of the Service to contribute to a joint project team and joint project management of the process.
9. To deliver the programme identified above will require the partners to appoint a Project manager to co-ordinate activities of appointed consultants and partners. This will require liaison with central government departments along with legal and finance sections from each organisation. Initially it is estimated that this post would be for a one year term appointment. If the proposal is adopted a second term may need to be considered. Funding will be required to explore such an initiative, including external specialist advice on some of the more complex legal and financial aspects of an SPV. Evidence suggests that external funding is available to explore such an approach along with existing CAP funding and if agreement is given in principle to proceed, this can be developed as part of the overall project plan. It is considered possible in Year 1 to assemble a funding package, which places no additional revenue strain on each authority.

Conclusion/Summary

10. A joint Property Services Special Purpose Vehicle (SPV) between Worcestershire partners may provide an option to improve efficiencies and reduce cost: without feasibility work being undertaken, it is not possible to decide whether this would provide any advantages for HWFA or not. This paper requests that the Policy and Resources Committee support officers of the service in exploring the feasibility of an SPV and if there are advantages that need to be put into action, these will be brought back to the Policy and Resources Committee for any approvals needed to proceed.

Financial Considerations

11. This initial proposal does not require any funding from HWFRA budgets and any costs required at this stage will be found from external funding opportunities.

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are financial issues that require consideration	No	

Legal Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	No	

Additional Considerations

12. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	Yes	Assets – whole document.
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	No	
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	No	
Consultation with Representative Bodies	No	

Supporting Information

None

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