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# **PARTNERSHIP PROPOSAL**

**TEST VALLEY BOROUGH COUNCIL**

**AND**

**NEW FOREST DISTRICT COUNCIL**

**MAY 2002**



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## **1.0 EXECUTIVE SUMMARY**

### **1.1 Introduction**

- 1.1.1 In the Spring of 2001, Members of Test Valley Borough Council and New Forest District Council considered the report of a joint project team which reviewed the opportunities for partnership working between the two Council's Direct Service Organisations.
- 1.1.2 Of the options identified, Members supported for further investigation the formation of a new joint venture between Test Valley Contract Services and New Forest Commercial Services, resolving that a further report, including the preparation of a business plan and detailed implications, be prepared.
- 1.1.3 This report, prepared by the joint project team, sets out a comprehensive business case for proceeding with the new joint venture, supported by a first year business plan.

### **1.2 Business Case**

- 1.2.1 The Business Case (Section 4.0) presents sound reasons to change from the status-quo and identifies an extensive range of benefits to both Authorities; ranging from safeguarding choice, value for money, democratic control and flexibility within a potentially aggressive market sector, through to the significant potential for service innovation, strategic service alignment and business expansion.
- 1.2.2 An integrated management structure will result in strong leadership; completely focused on fostering the unique blend of a strong business culture with the clear ethic of improving and developing services for the customer.
- 1.2.3 Whilst acknowledging that making savings may not be the prime motivator, the Business Case also identifies that the joint venture will provide both the opportunity and means to improve cost effectiveness. This will range from business expansion potential through to the rationalisation of support services. There will also be significant economies of scale in procurement and purchasing across a range of commodities, with both authorities benefiting from increased purchasing power and e-procurement possibilities.
- 1.2.4 Finally, the Business Case acknowledges the clear links between innovative service planning and delivery between two partner authorities and the forthcoming Comprehensive Performance Assessment.

### **1.3 Business Plan**

- 1.3.1 The Business Plan (Section 5.0) continues with this theme and starts by setting out a clear Mission Statement (5.2) and set of Partnership Objectives(5.3).

- 1.3.2 In reviewing the services currently offered and customers within the community, the Business Plan also identifies potential business opportunities and significant scope for service development (5.8); ranging from strategic service alignment between the two authorities where appropriate, through to placing budget and operational responsibility with the front line service provider (5.9).
- 1.3.3 The importance of a clear shared vision embracing all employees within the partnership, together with a strong and united partnership identity, is highlighted as critical to the success of the joint venture.
- 1.3.4 The Business Plan proposes a support service (finance, personnel, etc.) strategy based on a "lead authority" principle, with implementation phased during the first year to provide a stable platform for both service provider and the partnership (5.10).
- 1.3.5 The Business Plan also sets out a proposed constitutional and legal framework (5.11) for the governance and management of the new joint venture, whilst a financial framework (5.12) sets out a range of proposals for ensuring financial control, risk and probity are properly managed.
- 1.3.6 These frameworks are, of necessity, fairly detailed but in particular it is proposed that for existing contracts/services each authority will continue to be responsible for their own liabilities and benefits accruing. However, for any new contracts/services arising which the parties have jointly agreed on, the profit/liability ratio would be 50/50, or as otherwise agreed (5.11.2.2).
- 1.3.7 Likewise it is proposed that the ownership, legal responsibility and disposal of existing assets and resources will remain with the respective authorities (5.12.1.1) and that any proposals for future investment will require approval by the Joint Committee before being referred to each partner authority for funding (5.12.2.1).
- 1.3.8 The proposals also make it clear that existing employees would continue to be employed by their respective authorities, although for operational purposes may come under the control of a manager from the other authority (5.11.2.4). It is also envisaged that the statutory officers for both authorities, e.g. the Monitoring Officers and Section 151 Officers, would carry out their functions jointly in connection with the joint arrangements (5.11.2.5).
- 1.3.9 Finally, the proposals also cater for the scenario where one or possibly both authorities decide to terminate the joint provisions. In short, this provides for a reasonable period of notice (12 months from 31<sup>st</sup> March), an obligation to consider arrangements for the continuation of services and the associated financial responsibilities (5.11.2.6).

## **1.4 Project Plan**

- 1.4.1 Section 5.15 of the Business Plan sets out a project plan which focuses on the first year primary objective; to successfully integrate Test Valley Contract Services and New Forest Commercial Services into a single effective service unit, with a financially and operationally stable base.
- 1.4.2 It is proposed that this integration is tackled on an incremental basis, commencing with the governance, identity and management of the partnership. The focus then moves to reviewing business systems, support service links, employee relations, performance review and service development. That said, an early review of health and safety systems will be necessary to ensure the partnership has consistent and robust procedures in place.

## **1.5 Organisational Structure**

- 1.5.1 Section 5.11 of the report proposes that a Joint Committee is set up, comprising of three Executive Members from each respective authority. It is also proposed that a new joint Scrutiny Committee is established to review the operation of the Joint Committee.
- 1.5.2 The Joint Committee will discharge the relevant operational functions of both authorities, subject to such matters being within the policy and budget framework approved by both Councils. The Joint Committee will also present a business plan annually for approval by both Councils.
- 1.5.3 Section 6.0 summarises the existing management structures within both existing DSOs and highlights the changes to the structure of Test Valley Contract Services if the joint venture does not proceed. It identifies that doing nothing is not an option for Test Valley.
- 1.5.4 A proposed single management structure for the partnership is put forward, building on the existing strengths within each respective DSO to provide an efficient management model (6.2.2). The management structure will be headed by a chief officer post reporting directly to the Joint Committee. The post will be accountable to the Chief Executives of both authorities and for line management purposes will be responsible to the Chief Executive of New Forest District Council (6.2.4).

## **1.6 Financial Implications**

- 1.6.1 The over-arching objective of the joint venture is the provision of a stable, responsive and cost effective service model, capable of enhancing both service delivery and service development to the benefit of both communities (Section 8.0).
- 1.6.2 The financial aim of the joint venture is to be cost neutral within overall services budgets in the first year, with efforts being focused on integrating and consolidating the two existing DSO operations into a single effective organisation.

- 1.6.3 Whilst during the first year business impetus will be maintained, the longer term opportunities for efficiency improvements, business expansion and procurement opportunities will be evaluated for inclusion in the second year business plan.

## **1.7 Consultation/Employee Comments**

- 1.7.1 Throughout the process, every effort has been made to ensure that employees have been kept informed as the project has progressed (Section 7.0).

- 1.7.2 Employee comments are included which endorse the high degree of consultation with employee representatives (Section 9.0) and a partnership statement is attached as Appendix 14.

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## **1.8 Conclusion**

- 1.8.1 In conclusion, the partnership proposal to form a new single joint venture organisation provides an exciting, innovative opportunity to promote the development of best value services within a strong culture of business excellence.

- 1.8.2 The proposal provides a robust constitutional framework with strong operational and financial controls to promote and protect the common interests of both authorities.

- 1.8.3 The proposal will also undoubtedly fit well with the culture of strategic thinking envisaged within the recent White Paper in terms of high performing, upper quartile authorities.

- 1.8.4 More importantly, it will provide the platform to develop flexible, responsive and more cost effective service delivery models to the long term benefit of the communities in the New Forest and Test Valley.



## **2.0 PURPOSE OF THE REPORT**

- 2.1 This is a joint report prepared for Test Valley Borough Council (TVBC) and New Forest District Council (NFDC).
- 2.2 The report sets out a proposal to form a single new joint venture organisation from the two Councils' respective direct service organisations (DSOs).

## **3.0 BACKGROUND**

- 3.1 In June 2000, the Management Teams of TVBC and NFDC received a confidential report detailing initial officer discussions for exploring partnership opportunities between the two Councils' DSOs.
- 3.2 A project team was established to undertake a review of options and having reported back to both Management Teams in February 2001 a joint report was prepared for the Executive Committee/Advisory Cabinet of TVBC and NFDC in April/May 2001.
- 3.3 In line with the democratic process within each respective authority, it was resolved:
  - 3.3.1 That Members' support for further investigation the formation of a new joint venture between NFDC and TVBC for the provision of works and services.
  - 3.3.2 That a further report, including the preparation of a business plan for the joint venture and detailed implications for the two authorities, be prepared.
  - 3.3.3 That an initial budget of £10,000 for additional resources to assist the project team be approved, with each authority contributing equally.
- 3.4 This joint report sets out the business case for the new joint venture and provides a business plan to support the proposals.



## **4.0 BUSINESS CASE**

- 4.1 The Current Situation
- 4.2 Reasons for Change
- 4.3 Choice
- 4.4 Value for Money
- 4.5 Responsiveness/Flexibility
- 4.6 Customer/Community Focus
- 4.7 Democratic Control and Accountability
- 4.8 Combined Management Skills
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- 4.10 Service Innovation
- 4.11 Strategic Opportunities
- 4.12 Support Services
- 4.13 Procurement/Purchasing
- 4.14 Financial
- 4.15 Modern Local Government
- 4.16 Conclusion

## 4.1 The Current Situation

- 4.1.1 There is presently a Direct Service Organisation (DSO) in each of the District/Borough Councils of New Forest and Test Valley.
- 4.1.2 New Forest Commercial Services (NFCS) has 278 employees and undertakes work to an annual value of around £8.5 million. Historically it has traded at an annual surplus of just under £0.25 million.
- 4.1.3 Test Valley Contract Services (TVCS) has 118 employees and undertakes work to an annual turnover of almost £4 million. It trades with a small annual surplus of less than £40,000.
- # 4.1.4 Appendix 1 provides a summary of the annual value of services within each respective DSO, together with the actual surplus for 2000/01 and projected surplus for 2001/02.

## 4.2 Reasons for Change

- 4.2.1 Both DSOs have provided services for their respective Councils for many years. Indeed, they did so before the notion of a DSO gained currency. Both have survived CCT against stiff competition at a time when many other authorities lost their DSOs. Each DSO therefore has strengths in terms of providing services for its own Council, as well as the benefits of a commercial culture.
- 4.2.2 In looking to the future, the old Compulsory Competitive Tendering (CCT) regime has been replaced by Best Value. This means that it is no longer necessary to automatically put contracts out to tender where more often than not the lowest price wins with little guarantee of quality of service, development potential or reasonable terms and conditions of employment. Best Value allows all these factors to be taken into consideration as well as ensuring value for money services.
- 4.2.3 Throughout the country a number of Councils who have previously looked to the private sector for service provision have found that it is better value to return to a system where the services are provided in-house. For some service areas, the private sector has failed to deliver - and there is clear evidence of this in Test Valley, where two refuse collection contractors have failed to deliver a quality service. This service is now provided by the CSO and there have been considerable improvements in service delivery since the transfer to in-house provision.
- 4.2.4 The Government continues with an agenda of modernising Local Government, and is encouraging Councils to find innovative solutions to problems. There is also continued pressure on scarce resources and this is another factor which drives the need for new responses.
- 4.2.5 There is strong support for a joint venture from the employee organisations (trade unions) and political support for exploring this option in both Authorities.
- 4.2.6 In looking at the two DSOs it would appear that there may be significant advantages in sharing strengths and combining to form a new joint venture DSO that would serve both Councils.
- 4.2.7 Within the Test Valley range of services TVCS has strengths in areas which will be of benefit to NFCS, e.g. Grounds Maintenance. Additionally, TVCS

carries out this work for Hampshire CC and this could be a potential growth area for New Forest.

- 4.2.8 Test Valley also has greater expertise in kerbside refuse collection and recycling with wheeled-bins has been a feature of their refuse collection operation for some years. Both TVBC and NFDC have challenging recycling targets for the future that have been set by DEFRA. Both need to achieve a rate of 33% by 2003/04, and 40% by 2005/06.
- 4.2.9 At the same time, New Forest has a much wider range of services with expertise that could help Test Valley develop into areas not currently covered. NFCS also has a strong management team and an excellent record of delivering quality services within the tendered price.
- 4.2.10 A joint venture can achieve several economies of scale, which will improve operating and financial performance. This includes areas such as purchasing, operational and support services, and a review of operational practices between 'client' and 'contractor'. There is, within the first year, the opportunity to consider expanding operational areas within TVBC and NFDC and, in the longer-term, beyond the Councils' boundaries.
- 4.2.11 Financially, it is probably untenable for the TVCS to continue in its present form for much longer without a change of culture within the Council and greater security for future work. The amount of management resource that is currently devoted is insufficient and the overall surplus (less than 1%) is very small. The loss of TVCS, with the work being taken over by external contractor(s) would almost certainly lead to higher costs in the longer-term as well as some loss of control.
- 4.2.12 Whilst NFCS is in a comparatively much stronger position, the joint venture will provide a substantially more stable operational platform which is less vulnerable to 'single customer' budget fluctuations and policy decisions. It will also provide the platform to move more rapidly towards a single service delivery model, with operational responsibility and budgets transferred to the in-house service provider.
- 4.2.13 The need for investment in management systems etc is, in many cases, in areas where systems exist within New Forest, e.g. vehicle workshop and fleet management system.
- 4.2.14 In short, the joint venture can deliver cost-effective quality services to the residents of both Test Valley and New Forest and also provide for future development and improvement.

### 4.3 Choice

- 4.3.1 Apart from progressing towards a joint venture, there are other ways forward, but these have distinct disadvantages.
- 4.3.2 The most obvious alternative is to engage external contractors to carry out the work, but there are limited alternatives in terms of the contractors who would carry out much of this work.
- 4.3.3 In the areas of refuse collection and street cleaning, there are few contractors who would be interested in bidding for contracts of this size and geographic location. In reality there are only seven such contractors currently, these being SITA, Onyx, Biffa, Ecovert, Service team, SERCO and Cory
- 4.3.4 Significantly, two of these (Biffa and Ecovert) have already worked for Test Valley, but in both cases the contracts were terminated because of poor performance.
- 4.3.5 Of the remaining five, two (Cory and SITA) hold no contracts currently in Hampshire, and the former is extremely cautious as to which contracts it tenders for (e.g. no tender submitted for Portsmouth). SITA is going through a major reorganisation and has lost several contracts (including Rushmoor). More importantly, the company failed to perform on several contracts in the south of England, resulting in early termination (including South Oxfordshire and Brighton & Hove). Onyx is relatively well placed to take commercial advantage from its waste disposal arm (Hampshire Waste) and combine this with a refuse collection service. It would not, however, embrace the full range of operational and support services offered by the joint venture partnership.
- 4.3.6 In the field of Grounds Maintenance, a number of small companies have found that profits are insufficient to fund long-term investment. They have either withdrawn from the market or increased prices, often quite substantially. Having tried for some years to compete in grounds maintenance, SITA has sold its contracts, while the largest grounds contractor, Brophy, was acquired by Thames Water some years ago, but has now been sold. Amey FM has (probably as part of its strategy of exiting from this area of operation) submitted substantially increased prices for a number of Grounds Maintenance contracts recently and in the New Forest stated that they were no longer interested in grounds maintenance only contracts.
- 4.3.7 A number of contractors have tried to extend their services to cover front-line municipal contracting, but have since withdrawn, either completely (e.g. Amey FM, who are exiting from the refuse and street cleaning operations in Portsmouth) or substantially (e.g. SERCO who have lost refuse collection contracts in East Hampshire and elsewhere).
- 4.3.8 In total, this means that there is less choice within the private sector for these services.

#### **4.4 Value for Money**

- 4.4.1 This lower number of potential suppliers, with question-marks against some, is a problem in itself, but there is a serious question-mark as to value-for-money in terms of some of the procurement exercises that have taken place in Hampshire in recent months.
- 4.4.2 Tenders for refuse collection at Basingstoke & Deane, Winchester and East Hampshire saw significant increases in price - by between 18% and 25%. If this were replicated, then the taxpayers of New Forest and Test Valley might (each) be faced with funding an extra £500,000 per annum for this service.
- 4.4.3 The procurement exercise at Rushmoor saw a lower increase in tender price, but the contract offered significant economies of scale that are not applicable in either New Forest or Test Valley - including items such as leisure centre management, a golf course and a crematorium in the total package. Nevertheless, the principle of increased costs for refuse collection and street cleaning held true.
- 4.4.4 The results from the recent tender for refuse collection at Portsmouth are not yet known, but a significant increase in cost is expected.
- 4.4.5 Across the country there is consolidation in the municipal contracting industry. As noted above, SITA is withdrawing from areas such as grounds maintenance, while some other smaller contractors have found that they cannot sustain these contracts at their previous tendered level. Prices are on the increase and in some Councils it is difficult to obtain competitive tenders from the private sector.
- 4.4.6 As noted above, there has been an increase in prices for Grounds Maintenance services from Amey and this is also true of other contractors.
- 4.4.7 From this evidence it is clear that retaining the services in-house offers significant value-for-money benefits at this point in time.

#### **4.5 Responsiveness/Flexibility**

- 4.5.1 One of the key characteristics of service delivery within a local authority is the need to be able to respond to changing circumstances, either over time or in response to key (often immediate) issues, and how flexible the service often needs to be.
- 4.5.2 At one level, small contractors (jobbing builders, grass-cutting contractors, tree surgeons, etc) on occasion do not have sufficient spare resource to respond to a demand for increased service, e.g. that caused by the weather. At the other extreme, large (often multi-national) contractors are insufficiently flexible in terms of what they can achieve in terms of demands for a change in service.
- 4.5.3 However, the in-house providers of both authorities have demonstrated time and again their flexibility in responding to change and, in particular, emergencies, for example, flooding, when their top priority has been to resolve the problem not where the money is coming from.

## **4.6 Customer/Community Focus**

- 4.6.1 The focus of external providers is generally on profit and return to share holders. Terms and conditions of employment are often reduced for new employees creating tensions in the workforce. The creation of this 'two tier' workforce is becoming an increasingly national issue, with the major trade unions lobbying hard for a change in legislation.
- 4.6.2 The focus of the in-house DSO is to serve the community by providing good value services as it is the Council tax payer to whom they are accountable. Both authorities treat their employees fairly and consistency in an atmosphere of openness and honesty and, in turn, the employees take a pride in the services they deliver.

## **4.7 Democratic Control and Accountability**

- 4.7.1 A key advantage of the proposed partnership is that the provider remains under democratic control and is ultimately answerable, via Members, to the electorate of the Districts to whom it provides services.
- 4.7.2 The joint venture organisation can be directed to pursue policies that are deemed to be appropriate by its governing body - in other words, the policies of the two Councils, in such matters as purchasing policies, employment policies, health & safety, sustainability, etc. The proposed partnership can be directed to adopt policies which contribute to the social, economic, community and environmental objectives of the Councils. Although this is entirely possible with external contractors, it would inevitably involve, possibly protracted, negotiations of the contract and, more significantly, the contract price. That is not to say that there is not a cost associated with such changes with an in-house provider but the 'negotiations' would be transparent and not driven by profit.
- 4.7.3 The new organisation will share the objectives of the two Councils because it is part of the two Councils. It owes no loyalties to other third parties (e.g. shareholders or a Board of Directors). This is fundamental to the success of the partnership. Although it will continue to be run along sound business lines (one of the more positive effects of CCT) the new organisation will be motivated by providing high quality cost-effective services within a pre-set budget, not by maximising profits.

## **4.8 Combined Management Skills**

- 4.8.1 The combined management structure will result in strong leadership from the top completely focused on the customer and improving and developing services. Both DSOs have a strong business culture which will continue to be a driving force.



## **4.9 Business Opportunities**

4.9.1 The proposal to combine the two DSO's has already brought forth a number of possibilities to expand the business. Some may have occurred regardless of the joint venture but others are as a direct result. Examples include: a move to facilities management, i.e. building maintenance, building cleaning, caretaking and security; HCC grounds maintenance; highways/Raynesway contract.

## **4.10 Service Innovation**

4.10.1 The Government encourages Councils to find innovative solutions to problems and the proposed joint venture would certainly fall into this category. But at a more local level, the in-house DSO is far better placed to experiment with and pilot various service options without risk, for example, locality based service delivery, street scene approach, recycling initiatives. Few external providers would have the flexibility or inclination to do such things unless a substantial payment was attached.

## **4.11 Strategic Opportunities**

4.11.1 With the demise of Compulsory Competitive Tendering (CCT) and the introduction of Best Value, there are much greater opportunities for the DSO to contribute to the strategic development of services.

4.11.2 The joint venture will offer opportunities to align, where appropriate, their strategic direction. Examples would include: Project Integra (recycling), commercial waste, clinical waste, collection systems, grounds maintenance, as the Councils will have expertise in both strategy and operations and will be working to the same end - improving services to the public and seeking cost efficiencies from the process.

4.11.3 The joint venture will also provide a platform to move rapidly from areas of continuing dual-responsibility at officer level in service delivery (remaining after CCT) to a single, service focused model. With operational responsibility and budgets transferred, cost efficiencies should be achievable after an initial consolidation process.

## **4.12 Support Services**

4.12.1 The joint venture, ideally, would want support services provided from one point. For example, it would not be practicable to continue to run both Test Valley's and New Forest's existing financial systems. Consequently, a lead authority would be identified for each service which would then provide that service for the entire joint venture. This will inevitably lead to a rationalisation of support services and some economies of scale.

## **4.13 Procurement/Purchasing**

4.13.1 In this area there is likely to be significant opportunities for economies of scale in the procurement and purchasing across the range of plant, vehicles, equipment, machinery, stationery, etc. New Forest has a well-established Purchasing Unit and, where opportunities arise, both authorities can benefit from increased purchasing power and from e-procurement possibilities.

#### **4.14 Financial**

- 4.14.1 The over-arching objective for the joint venture is the provision of a stable, responsive and cost effective service model; capable of enhancing both service delivery and service development to the benefit of both communities.
- 4.14.2 Whilst making savings may not be the prime motivator, it is clear that the combination of Benefits 4.1 to 4.13 will certainly provide both the opportunity and means to improve cost effectiveness.
- 4.14.3 Financial benefits will range from increased income and profit potential from business expansion, through to direct savings achieved by realising the economies of scale in procurement.
- 4.14.4 Likewise, savings should be achievable by moving towards a single service delivery model and the focussing of support services through a lead-authority approach.

#### **4.15 Modern Local Government**

- 4.15.1 This partnership will fit well with the sort of innovative arrangements envisaged in the recent White Paper in terms of high performing, upper quartile, authorities.
- 4.15.2 Whilst the Comprehensive Performance Assessment for both authorities will be determined on a range of factors, the value to both Authorities in commissioning this joint venture could be significant.
- 4.15.3 The potential benefits, which may include greater financial freedoms, will clearly not be confined to the joint venture, but the wider opportunities offered, for example the increased powers to trade, would nevertheless be welcomed.

#### **4.16 CONCLUSION**

- 4.16.1 This proposal builds on the strengths of the two existing DSOs in terms of service delivery and on the benefits of the commercial culture that exists.
- 4.16.2 There are serious shortcomings with regard to the private sector's ability to deliver these services at an economic price.
- 4.16.3 The new venture has local knowledge and can be flexible in providing solutions to local needs.
- 4.16.4 This partnership provides huge synergies, sharing resources as appropriate.
- 4.16.5 Combining the DSOs gives economies of scale in operation, including in areas such as purchasing and support services.
- 4.16.6 The new organisation will be subject to democratic control from both Councils.
- 4.16.7 There is strong support for this joint venture from the trade unions.

- 4.16.8 The joint venture fits the Government's objectives for innovative solutions in terms of delivering quality services.
- 4.16.9 The joint venture provides a platform for a sea change in the culture of service delivery and provides a signpost for the future.
- 4.16.10 The joint venture gives financial control and transparency of accounting.
- 4.16.11 The joint venture provides the opportunity and means to improve cost effectiveness.
- 4.16.12 The joint venture provides a platform for future expansion in service delivery.
- 4.16.13 The joint venture provides an opportunity for strategic planning in service delivery.



## **5.0 BUSINESS PLAN**

- 5.1 Introduction
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## 5.1 Introduction

5.1.1 The challenge for both New Forest District Council and Test Valley Borough Council is to develop a culture where there is inherent natural support for the new in-house organisation.

5.1.2 This means that the benefits set out in the Business Case - in terms of value-for-money, choice, flexibility and responsiveness, as well as the opportunities for strategic development - need to be translated into reality.

5.1.3 However, to deliver these benefits is clearly the prime task of those responsible for the management of the new organisation. It is important to note that all have a part to play and one of the key benefits that come from this new venture is the synergy of us all working together. The cultural change needs to be:-

- away from the old style 'client/contractor' split;
- towards a new style whereby the new venture is seen as an integral part of the organisation(s); and
- focusing skills and resources and maximising expertise from within the Council(s) on a whole to serve the community.

5.1.4 The relationship between the new venture and the two Councils will, of necessity, be a little different - it is, after all, a joint venture. However, there needs to be a bond between the new venture and both New Forest District Council and Test Valley Borough Council. All this means:-

- A re-focusing on our customers.
- Concentrating on delivering high quality, cost effective services.
- Using all of the synergies that are available within New Forest District Council and Test Valley Borough Council, no matter whether these are currently designated as client, contractor or corporate services.
- Creating a 'Can Do / Will Do' culture.
- Working within a framework that gives open, democratic control of the new venture.
- Fully embracing Best Value.

## 5.2 Mission Statement

**"To serve the community by delivering and developing high quality, cost effective services."**

## 5.3 Partnership Objectives

- To integrate the direct service organisations of TVBC and NFDC into a single, homogenous business unit.
- To develop an effective model of governance, management and support for the organisation.
- To identify customers within the community and define the services that will be delivered.
- To agree improvement targets for these services in terms of quality and customer satisfaction.
- To identify target areas for improving the financial effectiveness of the organisation.
- To develop business opportunities to increase the turnover, customer base and range of services provided.
- To promote service innovation, Best Value and partnership working within both Authorities.
- To identify opportunities for alignment of strategic direction and service delivery within both Authorities.
- To maximise opportunities to promote the environmental, social and economic well being of the communities served through the services offered.
- To engender a shared vision with all employees, based on service excellence, sound employee relations, openness and trust.

## 5.4 Customers Within the Community

5.4.1 The combined geographic areas of TVBC and NFDC embrace a resident population of 280,000 people and covers a total area of some 39,000 hectares.

5.4.2 The combined Districts also welcome a substantial number of visitors and tourists throughout the year, with a combined total annual influx being estimated at 22 million visitor days.

5.4.3 Both Districts also embrace a diverse range of industry and businesses, ranging from light retail through to heavy industrial. Likewise, the governance of the area ranges from the strategic regional body (GOSE) through to a range of town and parish councils.

5.4.4 Whilst a number of these generic groupings may overlap, the following represents a summary of customers within the community currently served by the partnership:

- Residents of Test Valley
- Residents of New Forest
- Residents of adjoining Councils
- Tourists and visitors to the area
- Businesses within Test Valley and New Forest
- Users of sports and leisure facilities
- Teachers and students of schools and colleges
- Housing associations/social landlords
- Voluntary bodies
- County Council
- Town and Parish Councils
- Crown bodies (e.g. Forestry Commission)
- Health authorities



## 5.5 Services Offered

5.5.1 The following defines the services currently delivered to customers. This includes developing business opportunities and expanding the trading base, both in terms of the range of services provided and the portfolio of customers served.

- Waste Management
  - Domestic refuse collection
  - Recycling initiatives
  - Bulky/Special Collections
  - Commercial Waste
  - Clinical Waste
- Environmental Cleaning
  - Street Cleaning
  - Public/amenity areas
  - Graffiti/vandal damage
  - Dumped waste
  - Special events
- Grounds Maintenance
  - Highways
  - Housing
  - Cemeteries
  - Schools and Colleges
  - Recreation/Sport
  - Amenity areas
  - Towns and Parishes
- Building Works
  - Reactive maintenance
  - Programmed maintenance
  - Improvements and conversions
  - Minor construction
- Engineering Works
  - Highways maintenance
  - Construction works
  - Coastal protection
  - Sewerage/drainage
  - Signage/street furniture
  - Winter gritting/snow clearance
  - Emergency response (flooding, storms, etc.)

- Fleet Management/Vehicle Maintenance
  - Fleet procurement
  - Fleet management
  - Vehicle and plant maintenance
  - Ad-hoc/spot hire management
  - Accident investigation
  - Statutory Operators Licence
  
- Central Purchasing/Stores
  - Comprehensive procurement service for goods and services
  - Stores and distribution
  - E-procurement

## 5.6 Resource Summary

- # 5.6.1 New Forest Commercial Services (NFCS) currently has 278 employees and Test Valley Contract Services (TVCS) has 118 employees. Appendix 2 provides a summary of employee resources within the respective organisations.
- # 5.6.2 The main administrative/operational base for NFCS is at Marsh Lane, Lymington and that TVCS is at Portway, Andover. Appendix 3 provides a summary of these two sites, plus details of additional depot sites utilised.
- 5.6.3 Both NFCS and TVCS operate vehicle and plant fleets of significant size to support the full range of direct services provided. In addition to operational DSO vehicles, both fleets also include a range of service vehicles to support car park wardens, pest control officers, dog wardens and the like. TVCS also maintain the vehicles utilised by Testway Housing.
- # 5.6.4 Appendix 4 provides a summary of vehicles and heavy plant for each respective organisation.

## 5.7 Turnover Summary

- 5.7.1 NFCS currently undertakes work to an annual value of £9.4 million and in the 2000/01 financial year generated a surplus of £289,000.
- 5.7.2 TVCS currently undertakes work to an annual value of £4.3 million and in the 2000/01 financial year generated a surplus of £61,000.
- 5.7.3 In addition to the NFCS operational turnover, the Central Purchasing/Stores had a turnover of some £7.5 million worth of goods, and services in support of the Council as a whole and local public organisations. Whilst this service operates on a cost neutral basis, covering its costs but not generating surpluses, it does accrue significant savings for the organisation.
- # 5.7.4 Appendix 1 provides a summary of the annual value of services within each respective DSO, together with the actual surplus for 2000/01 and projected surplus for 2001/02.

## 5.8 Business Opportunities

- 5.8.1 A key partnership objective is the development of business opportunities to increase the turnover, customer base and range of services provided.
- 5.8.2 Clearly the timing is an issue here, as the primary objective within the first year will be to successfully integrate the two DSOs into a single effective operating unit.
- 5.8.3 There will, however, be windows of opportunity within the first year which will need to be evaluated and acted upon to maintain business impetus within the partnership.

Examples of this include:

- Public Convenience Cleaning (TVBC) July 2002
- Public Office (Beech Hurst) Cleaning October 2002
- Public Building Maintenance (TVBC) March 2003
- Grounds Maintenance (NFDC) January 2002

- 5.8.4 Building on a financially and operationally stable base, the Year 2 business plan will target each service area with identifying business opportunities in accordance with paragraph 5.8.1.

- 5.8.5 Examples of targeted areas will include:

- |                       |  |
|-----------------------|--|
| Civil Engineering -   | Building on the recent Partnership Contract with Raynesway Construction for highways maintenance works. Projected annual value £½ million/year with significant scope to expand. |
| Grounds Maintenance - | Building on TV's reputation to undertake work for education establishments and schools within the NFDC area. Potential annual value estimated at £½ million plus.                |
| Waste Management -    | Review business case for providing regional Trade Waste, Clinical Waste and Recycling collection services.   |
| Building Works -      | Explore opportunities to carry out maintenance function for social landlords operating within the region. Unquantified at this stage.  |
| Central Purchasing -  | Demonstrate benefits of extending procurement function/role to agreed areas within TVBC. Significant financial savings have been achieved within NFDC.                           |

## **5.9 Service Development**

- 5.9.1 Running in parallel with the partnership's review of business opportunities, significant emphasis will be placed on promoting service innovation and partnership working within both Authorities.
- 5.9.2 The flexibility within the partnership and transparency in accounting processes will provide the ideal platform to pilot a range of service development initiatives.
- 5.9.3 Within the Best Value framework, emphasis will also be placed within each service area to identify and agree targets for customer satisfaction and quality standards.
- 5.9.4 From an operational perspective, combining a range of front-line services, such as street cleansing, grounds maintenance and highways works, to provide a Streetscene approach is both feasible and achievable.
- 5.9.5 Likewise the continued change in emphasis from the old "client/contractor" split towards placing budget and operational responsibility with the front line service provider offers further potential for efficiencies within the service.
- 5.9.6 At a strategic level the partnership will actively promote discussions to identify opportunities for alignment in service delivery between the two Authorities. This does not mean either Authority being taken in a direction contrary to its wishes but it does provide, for instance, under the Project Integra umbrella, a platform to explore and evaluate significant potential benefits.

## **5.10 Support Services**

- 5.10.1 Within the current framework of two stand-alone DSOs, both organisations receive the full range of support services from their respective authorities.
- 5.10.2 For the purposes of this overview the support services can be broadly classified as:
- Personnel Services
  - Financial Services
  - Information and Communication Technology (ICT)
  - Committee/Administration Services
  - Legal Services
- 5.10.3 The support service strategy for the partnership will be based on the "lead authority" principle, with implementation phased during the first year to provide a stable platform for both service provider and the partnership.
- 5.10.4 When fully implemented the lead authority approach will ensure consistency of service support and cost effectiveness, within a framework agreed by both Authorities.

5.10.5 The following lead roles are proposed:

- Personnel Services - TVBC
- Financial Services - NFDC
- Information and Communication Technology (ICT) - NFDC
- Committee/Administration Services - TVBC
- Legal Services - JOINT

5.10.6 At this early stage, the following broad principles have been identified:

- Initially the existing sections within both DSOs will retain their own financial accounts.
- During the first year, financial support and services will be provided by the respective authorities, with NFDC providing a summary account for the partnership.
- From year two the preferred financial system for the partnership will be the Agresso suite of systems, recently implemented within NFDC.
- Payroll services will initially be provided by the respective employing authorities. (Employees within the partnership will retain their current employment status.) The provision of payroll services will be reviewed during the first year.
- The overall responsibility for personnel services to the partnership will be with TVBC, this being phased in from the start of the partnership. Specific functions, such as Job Evaluation, will be provided by NFDC on an agreed basis.
- Maintaining the servers and managing application support will be the responsibility of ICT Services at NFDC, via the ICT help desk.
- Technical (hardware) support for equipment based at TV's Portway Depot will be the responsibility of ICT Services at TVBC. Technical support for NF's Marsh Lane Depot will be via ICT Services at NFDC.
- The partnership will utilise the Tranman fleet management system currently operated by NFCS.
- NFDC and TVBC are both joining the Hampshire Public Services Network (HPSN). This will reduce integration problems at the network level and minimise costs for the partnership.
- Administration and support for the democratic process, including servicing the Joint Committee, will be provided by TVBC, this commencing at the start of the partnership.
- Legal Services will be provided jointly by NFDC and TVBC on a case-by-case basis, dependent on resources and workload. This reflects the relative infrequency in demand for legal advice/services by the DSOs.

## 5.11 Constitutional/Legal Framework

### 5.11.1 The Proposed Joint Committee and its Constitution

- #
- 5.11.1.1 If the principle of the new joint venture proceeding is accepted, then to give legal effect to the partnership arrangements, it is proposed that a Joint Committee is set up under Section 101(5) of the Local Government Act 1972 and the Local Authority (Arrangements for the Discharge of Functions) Regulations 2000. This Joint Committee could be operational with effect from 1 September 2002 as long as all the necessary documentation including a Constitution governing its operation, and a commercial agreement outlining the responsibilities of each party have been approved. The suggested Constitution for such arrangements is set out in Appendix 11. It is proposed that the Joint Committee, if set up, would discharge the functions relating to the operational side of the respective Commercial Services Divisions of both authorities, **subject** to such matters being within the policy and budget framework approved by both Councils. It would, along with a proposed newly set up Scrutiny Committee, monitor performance of the business and be responsible for the development of the service, as well as seeking ways to maximise efficiency and quality within the business.
- 5.11.1.2 It is important to stress that the full Councils of both authorities would still set the budget and policy framework under which the Joint Committee would operate. Like both Councils' Executives, the Joint Committee would only be able to take decisions within that approved budget framework. For example, it is envisaged that if the Joint Committee wished to undertake new business or new contracts, it could only do so having approval of the full Councils of both authorities.
- 5.11.1.3 The proposed draft Constitution also provides for the Joint Committee to present a Business Plan annually for approval of both Councils. This will set out, amongst other things, the services offered within the community, a summary of resources needed to carry out such services, a turnover summary, business opportunities as well as setting out the required budget in respect of such matters. Both Councils will be able to consider such matters for approval and may impose financial or policy limits on the activity of the Joint Committee.
- 5.11.1.4 It is also envisaged that the Joint Committee, in the same way as the Councils' current Executives would be able to delegate its functions to officers of the respective Councils.

- 5.11.1.5 If the proposal to set up a Joint Committee (to discharge executive functions) is accepted, then under secondary legislation pursuant to the Local Government Act 2000, it would be a matter for the Executives of the Councils to agree such arrangements. In addition, the Executives of both Councils would be required to appoint Executive Members to sit on the Joint Committee. It is proposed that there should be three Executive Members from each authority's Executive.
- 5.11.1.6 It is also proposed that a new joint Scrutiny Committee, comprising members of both authorities, would be set up (to review the operation of the Joint Committee), and again, it is proposed that this would comprise of three members from each authority. Such members cannot be Executive Members and the decision to appoint members would be one for the full Council, reflecting the political proportionality rules.
- 5.11.1.7 As stated in paragraph 5.11.1.2, the Joint Committee would only be empowered to take decisions within the policy and budget framework set down by the two Councils and within any margins allowed by Financial Regulations, a draft of which is attached as Appendix 11.1 to the Constitution. It is proposed that the Joint Committee would be able to take urgent decisions outside the approved budget up to a total limit of £20,000 on behalf of both Councils. This would appear sensible and similar to the existing powers of both Councils' Executives. Any non-urgent expenditure outside budget would have to be approved by the full Councils of both authorities.
- 5.11.1.8 Decisions of the Joint Committee would, it is proposed, be subject to 'call-in' by the Scrutiny Committee as long as such decisions are not considered urgent. It is proposed that the 'call-in' arrangements follow Test Valley Borough Council's procedures as they will be responsible for the day to day administration of the Joint Committee. The proposed detail of such arrangements is set out in Appendix 11.2 to the Constitution.
- 5.11.1.9 Whilst officers from both Councils would be required to support the Joint Committee, it is envisaged that Test Valley Borough Council would look after the administrative arrangements for example, preparing Agendas, recording the Joint Committee decisions, dealing with 'call-ins' and arranging Scrutiny meetings etc. Notwithstanding this, the Monitoring Officers and Section 151 Officers from both authorities will still need to make sure that each Council complies with their statutory responsibilities.
- 5.11.1.10 It is proposed, as with both Councils current arrangements, that public participation would be permitted for both the Joint Committee and the Scrutiny Committee. Proposed details are attached as Appendix 11.3 to the Constitution.

## 5.11.2 The Commercial Agreement

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- 5.11.2.1 In addition to the Constitution, it would also be necessary to have a Commercial Agreement between the parties. This Agreement, which is attached (for Members' approval) as Appendix 12 to this report, sets out the obligations of the respective parties in respect of the joint venture. The fundamental obligations on both parties will be:-
- To ensure the discharge of the joint arrangements which achieves the delivery of high quality, cost effective and customer focused services in accordance with the principles of best value; and
  - To work collaboratively and provide each other with assistance as is reasonably necessary to achieve the above.
- 5.11.2.2 The Commercial Agreement also sets out the liabilities of the parties in connection with the joint arrangements. In respect of contracts and business operating immediately prior to the commencement of the Joint Committee, each authority will continue to be responsible for such and will enjoy any benefits accruing from existing business and contracts. It is proposed that the position would be the same in respect of any liabilities flowing from existing contracts. However, it is proposed that any new business or contracts arising after the commencement date of the joint arrangements, which the parties have jointly agreed on, would be shared on a profit/liability ratio of 50/50, or as otherwise agreed.
- 5.11.2.3 It is also proposed that the Commercial Agreement provides for the parties to share staff, assets, premises and equipment as is reasonably necessary to assist in the efficient performance of the joint functions.
- 5.11.2.4 The Agreement also makes it clear that existing employees would continue to be employed by their respective authorities, although for operational purposes, it is envisaged that some staff may come under the control of a manager from the other authority. Notwithstanding this, each employee would be working under the terms of their existing contracts. In due course, each authority would need to consider if further changes were required to the operating arrangements and if so, further reports, after consultation with the employees and unions etc., would need to be brought before Members.
- 5.11.2.5 It is envisaged that the statutory officers of both Councils e.g. the Monitoring Officers and Section 151 officers would carry out their functions jointly in connection with the joint arrangements.



- 5.11.2.6 In addition, the Commercial Agreement caters for the scenario where one or possibly both authorities decide to terminate the joint provisions. In such circumstances it is proposed that at least 12 months notice with effect from 31<sup>st</sup> March in any year be given by the party wishing to terminate. The consequences of termination are set out in the Commercial Agreement. It is proposed that the parties would be under an obligation to consider what arrangements are to be put in place for the continuation of the Service in the interest of its customers after termination has taken effect. In addition, it is proposed that the terminating party would be responsible for bearing any additional costs arising from the termination that would otherwise not have been incurred.
- 5.11.2.7 The Commercial Agreement, as it is currently drafted, allows for the situation where the two authorities wish to delegate any of their respective functions to officers of either authority. At this time, it is proposed to give the Chief Officer, responsible for the Services, delegated authority to deal with operational employment matters (see Appendix 13 to this report).
- 5.11.2.8 If the joint venture is to proceed, then it is important that the Constitution governing its operations and the Commercial Agreement covering the responsibilities of both parties, are approved. These documents will need the approval of the Executive (in part) and of full Council (also in part) before the joint venture can begin.

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## 5.12 Financial Framework

### 5.12.1 General Principles

5.12.1.1 It is proposed that each Authority will retain responsibility for:

- The scope and quality of service required
- Approving and determining the level of investment in the joint venture
- The most appropriate method of financing operations and assets used by the partnership
- Ownership, legal responsibility and disposal of respective assets and resources
- The level and use of reserves available for the joint venture
- Ensuring the proper accounting treatment of assets and income and expenditure
- Approving the Financial Regulations within which the Joint Committee will operate

5.12.1.2 Each Authority will continue to be accountable for their own taxpayers' money and adopt appropriate measures to ensure probity is maintained.

### 5.12.2 Framework

5.12.2.1 Any proposals for investment of assets, expenditure and income for new or existing ventures will initially be contained within the annual Business Plan for approval by the Joint Committee before being referred to the partner authorities for funding.

5.12.2.2 These proposals will normally be considered as part of the annual budget planning process within the partner authorities.

5.12.2.3 The Joint Committee may only act within the policy and budget framework approved by both Councils.

5.12.2.4 The Joint Committee will have limited delegated power to approve requests for vehement between budgets or additional supplementary funding up to the financial limits set out within the Financial Regulations for the partnership.

5.12.2.5 Requests for additional budget over the financial limit delegated to the Joint Committee will need referral to the partner authorities for approval in accordance with their own respective Financial Regulations.

5.12.2.6 The Partnership will not retain any separate reserves; each partner authority may decide, as part of their individual allocation of resources, to set aside a reserve to meet specific unplanned expenditure for the partnership.

5.12.2.7 Separate accounting records will be maintained showing the income and expenditure relating to each activity for each partner authority.

- 5.12.2.8 Expenditure incurred by each partner authority will be apportioned or recharged between relevant activities based on the actual costs incurred or negotiated agreed contributions. The basis of apportionment will be reviewed annually and agreed by the Section 151 Officers from both partner authorities.
- 5.12.2.9 Detailed trading accounts for each activity will be produced on a monthly basis to enable proper monitoring by the respective S151 Officers. The Joint Committee will receive consolidated financial reports of the partnership activities on a quarterly basis. Financial reports will be available for the Scrutiny Committee and Executives of both Councils on request. .
- 5.12.2.10 Risk, surpluses or deficits will be shared as follows:
- For existing services, each partner authority will retain any surplus or loss attributable to those activities for which they are currently responsible;
  - For new ventures for third parties (i.e. external to both authorities), it is proposed that surpluses and deficits will be shared equally, or as otherwise agreed.
  - For new areas of service provision to only one authority, any surplus or loss incurred will be attributable to the sponsoring authority.
- 5.12.2.11 Cross subsidisation of the other partner authority's activities will not be permitted.
- 5.12.2.12 Each partner authority will dispose of vehicles and equipment in accordance with its own procedures and retain any surplus or loss on disposal. Any proposals by a partner authority to dispose of a major operational asset will remain the decision of the owning authority, but the consequences of such disposals should be identified to the Joint Committee before any final decision is made.
- 5.12.2.13 Each partner authority will be responsible for providing adequate insurance to cover all relevant and identified risks.

### 5.12.3 Section 151 Officer Responsibilities

- 5.12.3.1 Both partner authorities will have the right to undertake an audit of any of the activities of the Joint venture in pursuance of the statutory responsibilities set out in S151 of the Local Government Act 1972. The powers of the Internal Auditors are set out in the Financial Regulations of the partner authorities.
- 5.12.3.2 In addition to the delegated powers available within the Financial Regulations of the partner authorities, the Internal Auditors from both authorities will have independent access to the Joint Committee.

- 5.12.3.3 The Internal Auditors from each partner authority will liaise and plan the work to be undertaken during a financial year; reports relating to the partnership will be provided to both S151 Officers (i.e. the Chief Finance Officer or his delegated representative).
- 5.12.3.4 Where fraud, loss or irregularity is suspected, the Internal Auditors will liaise to decide on the most appropriate action to be taken.

## 5.13 Partnership Identity

5.13.1 Establishing a strong and united partnership identity at an early stage is seen as critical in terms of the lasting success of the venture.

5.13.2 The partnership identity will need to cover its external identity; its internal culture and its integration within both authorities.

5.13.3 In considering the external identity the following must be decided:

- Name
- Logo
- Livery
- Stationery
- Uniform/Clothing etc.

Regardless of the decision on these issues, it is suggested that any change is migratory rather than "big bang", to avoid unnecessary costs.

5.13.4 The internal culture will clearly be led by the partnership's Mission Statement and its objectives. The key to achieving these is the partnership's most important resource - its employees. Section 5.14 of this plan sets out clear objectives in terms of employee relations, organisational development and training.

5.13.5 However, to maximise the benefits of the partnership it is vital that it is accepted and embraced as an integral part of both authorities. The last vestiges of the DSO being "the contractor down the depot" must be dispelled and replaced by a common bond of excellence in service delivery and development. There is clearly an important role here for elected members and employees throughout the authorities, which will be underpinned by the proposed Joint Committee and programmed service specific officer meetings.

## 5.14 Employee Vision

5.14.1 The new partnership will embrace in excess of 400 employees, offering a diverse combination of skills and experience, together with a challenging array of management issues and employee development opportunities.

5.14.2 A clear priority will be a review of health and safety procedures, training and support systems for the new partnership. The implications of single status terms and conditions will also need careful consideration, although this of course will be necessary for both authorities in any event.

5.14.3 The success of the partnership is dependent on the employees, who are key to delivering and developing the services. The importance of the Partnership Objective (paragraph 5.3) cannot therefore be overstated:

**"To engender a shared vision with all employees, based on service excellence, sound employee relations, openness and trust."**

5.14.4 To turn this vision into reality will require both leadership and structure, with a framework based on the following:

- Employee Relations: Communications

To provide and sustain an effective employee relations climate which allows the objectives of the Joint Venture to be met and changes readily accommodated. The role of the Trade Unions is recognised and supported in developing and maintaining an effective working environment.

- Employee Relations : Terms and Conditions of Employment

To review and develop personnel policies and procedures, in consultation with Trade Union representatives, which demonstrate that the Joint Venture subscribes to the principles of a forward looking employer and to develop a culture of fairness, consistency, openness and equality of opportunity, while maintaining a commercially viable organisation.

- Training and Development:

To maximise the quality of service delivery by the ongoing training and development of employees, not only in their current roles but also for their future development.

- Organisational Development

To ensure the Joint Venture is capable of adapting to the constantly changing environment and its employees are able to meet the new challenges by providing a framework of policies and procedures to ensure that change is managed effectively and efficiently.

- Health and Welfare

To provide a safe and healthy working environment which supports employees in the performance of their jobs whilst taking a proactive approach to managing absence.

5.14.5 This framework is developed in Appendix 5 with related targets identified against each of the framework headings.

## 5.15 Project Plan

5.15.1 The primary objective of the first year's Project Plan is to successfully integrate NFCS and TVCS into a single effective service unit, with a financially and operationally stable base.

5.15.2 The process of combining the two DSOs will be tackled on an incremental basis, commencing with the governance, identity and management of the partnership. Subsequently the focus will move to review its internal business and administrative systems, its support service links, its performance review mechanisms, its employee relations, and its future service development opportunities.

### 5.15.3 Governance

• Formal Joint Venture (JV) - Council (TV)	03/07/02
- Council (NF)	22/07/02
• Programme Joint Committee	Sept 02
• Programme Scrutiny Committee	Sept 02
• Protocol for Employee Relations Committee	Sept 02
• Committee support/administration	Sept 02

### 5.15.4 Identity

• Name	Sept 02
• Incremental approach to logo, livery, etc.	March 03
• Publicity	Sept 02

### 5.15.5 Management

• Formalise management structure	Oct 02
• Constitute JV Management Team	Oct 02
• Link to Corporate Management Teams	Sept 02
• Appoint Assistant Director(s)	Sept 02

### 5.15.6 Business Systems (Internal)

• Review performance monitoring/systems	March 03
• Review finance monitoring/systems	March 03
• Review procurement protocols/systems	March 03
• Review internal delegations	Nov 02
• Review employee monitoring/support	March 03
• Review health and welfare systems	Nov 02
• Review training and development systems	March 03



### 5.15.7 Support Services

• Establish IT Support	
- Network/infrastructure	Oct 02
- Application support	Oct 02
- Technical support	Oct 02
- System development	March 03
• Establish Personnel support	
- HR systems	Oct 02
- HR Support	Oct 02
- Recruitment	Oct 02
- Payroll	March 03
- Health and Welfare	March 03
- Training and Development	March 03
• Establish Finance support	
- Financial Management	March 03
- Accounting	March 03
- Audit/probity	Sept 02
- Debtors/Creditors/Payments	March 03
- Insurance/Risk Management	Sept 02
• Establish Legal and Democratic support	
- Joint Committee administration	Sept 02
- Scrutiny and call-in	Sept 02
- Legal Services	Sept 02

### 5.15.8 Performance Review

• Quarterly report to Joint Committee	Dec 02
• Annual report to Councils	June 03
• Best Value Performance Indicators	March 03
• Review/establish local performance indicators	March 03

### 5.15.9 Employee Relations (see Appendix 5)

• Communications	July 03
• Terms and Conditions of Employment	July 03
• Training and Development	July 03
• Organisational Development	July 03
• Performance Review	July 03
• Health and Absence Management	July 03

### 5.15.10 Service Development

• Review first year opportunities for service expansion/development	July 03
• Review/evaluate potential to adopt operational service responsibility.	July 03
• Participate in all relevant Best Value Reviews	Nov 02
• Contribute to Strategic Management of both authorities	Nov 02

## **6.0 ORGANISATIONAL STRUCTURE**

### **6.1 Introduction**

# 6.1.1 New Forest Commercial Services has an effective, professional management structure whereas Test Valley has a structure which, although currently providing day-to-day service provision, has insufficient resources to devote to future planning and development of the service or to fully embrace the Best Value approach. See appendices 6 and 7 for structures as at 1 April 2002.

# 6.1.2 If the joint venture were not to be approved then fundamental changes will have to be made to the management structure of Test Valley's DSO. Doing nothing is not an option, therefore whatever happens Test Valley's current management structure is bound to change. Taking into account that the CSO is the Council's preferred provider of services, subject to demonstrating Best Value, and the intention to transfer some areas of work currently carried out by external contractors to the CSO, a revised structure has been proposed. (See Appendix 8). This will provide a full-time Head of Service and an additional service manager. It is on this structure that costings have been based.

### **6.2 Proposed Management Structure**

6.2.1 The aim of the new joint venture is to be cost-neutral in the short-term with a review carried out in 18 - 24 months' time to evaluate its effectiveness and potential savings, once the joint venture is fully implemented. There will be, in effect, a merger of the two DSO's management teams. There will not be duplication of resources, as Test Valley's Contract Services Manager's expertise lies in horticulture, an area which has only recently been brought back in-house by New Forest. Consequently, grounds maintenance across the joint venture will be managed by this post holder. The Assistant Manager is responsible for Refuse Collection and Street Cleansing. Although, New Forest also has a Cleansing Manager with similar responsibilities, the methods of waste collection in the two districts are significantly different and two managers can be justified.

# 6.2.2 This will result in nine service managers potentially reporting to a chief officer post (partnership Director), which will continue to be filled by the current New Forest Commercial Services General Manager. Given the increased range of services and the geographical spread of the joint venture, it is not considered practical, sustainable or good management practice for the chief officer to have direct responsibility for nine managers. Therefore, it is proposed to introduce two new assistant chief officer posts. These posts will be responsible for Operations and Business Services respectively. See Appendix 9 for the proposed structure. It is intended that at least one of these posts may be filled from an existing manager's post.

6.2.3 Below the service managers are a number of supervisors and foremen and, initially, no change is anticipated at this level or below.

6.2.4 The post of partnership Director will report directly to the Joint Committee, will be accountable to the Chief Executives of both authorities and will, for line management purposes, be responsible to the Chief Executive of New Forest District Council.

### 6.3 Establishment Costs

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6.3.1 The comparative costs of the pre and post joint venture establishments are detailed in Appendix 10, **which is "exempt information" and therefore attached as a confidential appendix at the end of the Agenda.** Costs have been based on either the current salaries of existing employees or the mid-point of the estimated grade for new posts. The overall impact is, in effect, cost-neutral with a minor saving of £9,000. As mentioned earlier, an assumption has been made that, should the joint venture not go ahead, Test Valley would incur additional salary costs in the appointment of a full-time Head of Service and service manager to manage the additional workload which the CSO will be taking on.

6.3.2 Salary on-costs of 19½% have been included.

## **7.0 CONSULTATION**

- 7.1 In preparing the joint report considered previously by the Executive Committee and Advisory Cabinet of TVBC and NFDC respectively, care was taken to ensure employee representatives were fully briefed and their comments were included in the report accordingly.
- 7.2 Over the ensuing months employee representatives from TVBC and NFDC have been kept updated on the progress of the project team and a number of briefing sessions for employees within TVCS and NFCS have been undertaken at the respective depots. (Reference Section 9.0)
- 7.3 At officer level, members of the project team have endeavoured to keep colleagues informed as the project has progressed and a joint Heads of Service briefing, attended by colleagues from both authorities, was held in Romsey to jointly review proposals.

## **8.0 FINANCIAL IMPLICATIONS**

- 8.1 As highlighted within the Business Case, the over-arching objective of the joint venture is the provision of a stable, responsive and cost effective service model; capable of enhancing both service delivery and service development to the benefit of both communities.
- 8.2 The aim of the joint venture is to be cost neutral within overall service budgets in the first year, with efforts focused on integrating and consolidating the two existing DSO operations into a single effective organisation.
- 8.3 During this first year business impetus will be maintained, as described in Section 5.8, with longer term opportunities for efficiency improvements, business expansion and procurement economies being evaluated for inclusion in the second year business plan.
- 8.4 Quantifying efficiency savings, economies of scale and the opportunity for income generation from external agencies at this early stage is difficult, but the future potential is wide and should not be minimised.
- 8.5 Needless to say, all opportunities and proposals will be subject to full evaluation and risk assessment under the auspices of the Joint Committee and scrutiny process.
- 8.6 If the joint venture does not proceed, there will be no immediate impact on New Forest but fundamental changes to the management structure of Test Valley's Contract Services will still be necessary, as detailed in Section 6, Organisational Structure. The full year costs are estimated at £66,500. For both authorities, failure to proceed could be viewed as a lost opportunity.
- 8.7 The scenario of one or both authorities deciding to terminate the joint venture will be covered in the proposed Commercial Agreement (Section 5.11.2). The fall back position would clearly need evaluating at the time but would be based on the current status quo of each authority providing its own direct services.

## 9.0 EMPLOYEE COMMENTS

- 9.1 The employee representatives at Test Valley Borough Council and New Forest District Council applaud the vision to seek a partnership between TVCS and NFCS.
- 9.2 We feel that this innovative partnership between two local authorities will become a centre of excellence and a role model for other local authorities to follow. It will provide an ability to deliver better services beyond the capability of the two individual existing organisations.
- 9.3 We are pleased to have been involved in the process from an early stage of the partnership concept. Initially there were some concerns voiced from both workforces over the proposals, however after a number of workplace meetings, the fears and scepticism of the workforce has now turned into overwhelming support for the proposal.
- 9.4 The employee representatives would like to assure members that we see many benefits for the workforce when the partnership is forged. Indeed the partnership will have a greater critical mass that could lead to long term job security, training and skill enhancing opportunities. To this end the employee representatives from both organisations are so confident of the benefits to the workforce that we have signed a partnership statement which is contained in the business plan. (Attached as Appendix 14 )
- 9.5 The employee representatives recognise that there will inevitably be difficulties as the partnership develops. One of the more complex tasks is the bringing together of two workforce cultures. The employee representatives recognise this issue and will strive to work together with the employer to ensure that the change process is carried out successfully.
- 9.6 Finally the employee representatives from both organisations give members assurances that we will work together with the employer to ensure that the partnership is a success, as it is beneficial to the workforce and the public that we serve.

#

## **10.0 ENVIRONMENTAL IMPLICATIONS**

- 10.1 Whilst there will be no immediate environmental implications arising from the joint venture, it is clear that the creation of a single organisational and procurement structure will provide opportunities to secure environmental benefits.
- 10.2 At an operational level, rationalisation of service delivery models and the longer term potential to consider optimising depot locations should improve fuel economy.
- 10.3 Within the overall vehicle and plant fleet, greater standardisation will improve efficiency and also provide the opportunity to consider alternative fuel technology on a viable scale.
- 10.4 On a more strategic level, the opportunity to align procurement policies through the use of a single central purchasing unit could have a significant impact, particularly if a common "green purchasing" strategy was adopted at the same time.

## **11.0 CRIME AND DISORDER IMPLICATIONS**

- 11.1 There are no crime and disorder implications arising from the joint venture.

## 12.0 RECOMMENDATIONS

### 12.1 IT IS RECOMMENDED THAT THE CABINET :-

12.1.1 Approve the Business Case, Business Plan and Organisational Structure set out in the report and support the proposal for the joint venture between Test Valley Borough Council and New Forest District Council.

12.1.2 Agree to set up a Joint Committee with effect from 1 September 2002 under Section 101 (5) Local Government Act 1972 and the Local Authorities (Discharge of Function) Regulations 2000 with the Executive of Test Valley Borough Council to discharge executive functions relating to the operation of the Commercial Services/Contract Services Divisions of both Councils.

#

12.1.3 Approve so far as it is empowered to do so by law the Constitution (including Financial Regulations) and Commercial Agreement set out respectively in Appendix 11 and Appendix 12 to the report.

12.1.4 Appoint three Executive members from the Executive of New Forest District Council to sit on the Joint Committee.

#

12.1.5 Note the additional funding of up to £63,500 from Test Valley Borough Council in their 2002/03 budget, to finance the revised management structure as set out in Appendix 9.

### 12.2 IT IS RECOMMENDED THAT THE COUNCIL :-

12.2.1 Approve the Business Case, Business Plan and Organisational Structure set out in the report and support the proposal for the joint venture between Test Valley Borough Council and New Forest District Council.

12.2.2 Note that the Cabinet has agreed to set up a Joint Committee with the Executive of Test Valley Borough Council with effect from 1<sup>st</sup> September 2002 under Section 101 (5) Local Government Act 1972 and the Local Authorities (Discharge of Function) Regulations 2000.

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12.2.3 Approve so far as it is empowered to do so by law the Constitution (including Financial Regulations) and Commercial Agreement set out respectively in Appendix 11 and Appendix 12 to the report.

12.2.4 Appoint three non executive members from New Forest District Council to sit on the proposed Scrutiny Committee.

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12.2.5 Delegate such of its functions as are set out in Appendix 13 to this report to the officers named therein.

12.2.6 Note the additional funding of up to £63,500 from Test Valley Borough Council in their 2002/03 budget, to finance the revised management structure as set out in Appendix 9.

**For further information please contact the Project Team**

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**Background Papers**

Partnership Opportunity - Briefing Paper  
(Management Teams, NFDC 19/06/00, TVBC 20/06/00)  
Partnership Opportunity - Project Team Review  
(Management Teams, NFDC 27/02/01, TVBC 27/02/01)  
Partnership Opportunity - TVBC and NFDC  
(NFDC Policy & Resources Committee, 16/05/01)  
(TVBC Executive Committee, 18/04/01)



**SUMMARY OF ANNUAL TURNOVER**

<u>Service</u>	<u>2001/02</u> <u>Annual Value (£)</u>	<u>2001/02</u> <u>Est. Surplus (£)</u>	<u>2000/01</u> <u>Surplus (£)</u>
<b>NFCS</b>			
Coastal Protection	208,824	12,911	(4,859)
Highways	1,311,180	80,984	56,511
Sewers	184,955	21,653	30,934
Grounds Maintenance (1)	64,035	3,285	3,852
Grounds Maintenance (2)	148,600	32,030	--
Building Maintenance	2,065,270	61,207	103,845
Refuse Collection/Street Cl.	2,561,667	(61,928)	30,593
Building Cleaning	686,221	17,305	21,999
Fleet Management	1,373,519	3,870	22,279
Vehicle & Plant Maintenance	624,585	44,583	31,952
Totton & Eling	209,000	(26,467)	(7,963)
<b>TOTAL :</b>	<b>9,437,856</b>	<b>189,433</b>	<b>289,143</b>
<b>TVCS</b>			
Grounds Maintenance	1,000,000	56,000	97,679
Highways	262,000	(29,000)	(34,591)
Street Cleansing	558,000	(1,000)	(1,692)
Refuse Collection	2,566,000	Budgeted B/E	Budgeted B/E
Vehicle & Plant Maintenance	166,000	(26,000)	B/E
<b>TOTAL :</b>	<b>4,386,000</b>	<b>B/E</b>	<b>61,396</b>

**SUMMARY OF EMPLOYEE RESOURCES****New Forest Commercial Services**

<u>Service</u>	<u>Direct Operational</u>	<u>Man/Admin</u>	<u>Total</u>
Grounds Maintenance	15	2	17
Engineering Works	10	4	14
Building Works	13	4	17
Caretaking	5	1	6
Veh. & Plant Maintenance	8	1	9
Fleet Management	--	1	1
Refuse/Street Cleansing	107	4	111
Building Cleaning	84	2	86
Administration	--	5	5
<b>Sub Total</b>	<b><u>242</u></b>	<b><u>24</u></b>	<b><u>266</u></b>
Stores	2	1	3
Central Purchasing & Payments	--	9	9
<b>Sub Total</b>	<b><u>2</u></b>	<b><u>10</u></b>	<b><u>12</u></b>
<b>TOTAL</b>	<b><u>244</u></b>	<b><u>34</u></b>	<b><u>278</u></b>

**Test Valley Contract Services**

<u>Service</u>	<u>Direct Operational</u>	<u>Man/Admin</u>	<u>Total</u>
Veh. & Plant Maintenance	5	1	6
Grounds Maintenance	22	3	25
Street Cleansing	24	3	27
Refuse Collection	50	3	53
Administration	--	7	7
<b>TOTAL</b>	<b><u>101</u></b>	<b><u>17</u></b>	<b><u>118</u></b>

**SUMMARY OF OPERATIONAL DEPOTS****New Forest**

		<u>Square Metres</u>
Marsh Lane Depot (Lymington, owned)	- Site (total)	10,000
	- Accommodation	600
	- Workshop/Garages	1,700
Claymeadow Depot (Totton, owned)	- Site (total)	4,200
	- Accommodation	170
	- Workshop	380
Ringwood Depot (Ringwood, leased)	- Site (total)	750
	- Accommodation	100

**Test Valley**

Portway Depot (Andover, owned)	- Site (total)	3,000
	- Accommodation	500
	- Workshop	(incl above)
Abbey Park (Romsey, owned)	- Site (total)	950
	- Accommodation	100
Bunny Lane (Romsey, leased)	- Site (total)	1,100
	- Accommodation	100

**VEHICLE FLEET PROFILE****New Forest**

Refuse and Recycling Freighters	25
Lorries over 3.5 tonne	10
Car derived vans	35
Large vans & tippers under 3.5 tonne	36
Mechanical Sweepers	6
Major Plant	7

**Test Valley**

Refuse and Recycling Freighters	19
Lorries over 3.5 tonne	9
Car derived vans	12
Large vans & tippers under 3.5 tonne	24
Mechanical Sweepers	8
Major Plant	4

**Testway Housing**

Lorries over 3.5 tonne	1
Car derived vans	11
Large vans & tippers under 3.5 tonne	21

## **EMPLOYEE VISION - FRAMEWORK**

### **1.0 Employee Relations: Communications**

- 1.1 Overall Objective: To provide and sustain an effective employee relations climate which allows the objectives of the joint venture to be met and changes readily accommodated. The role of the trade unions are recognised and supported in developing and maintaining an effective working environment.
- 1.1.1 Keep employees and trade union representatives fully informed of developments both prior to and after the joint venture has been approved.
  - 1.1.2 Arrange regular meetings with all employees on either a six monthly or annual basis to keep them informed of progress and planned developments.
  - 1.1.3 Arrange regular team briefings within each section on either a monthly or bi-monthly basis.
  - 1.1.4 Arrange quarterly consultative meetings with the recognised trade unions.
  - 1.1.5 Carry out employee opinion surveys every 18 months.

### **2.0 Employee Relations - Terms and Conditions of Employment**

- 2.1 Overall Objective: To review and develop personnel policies and procedures, in consultation with trade union representatives, which demonstrate that the joint venture subscribes to the principles of a forward looking employer and to develop a culture of fairness, consistency, openness and equality of opportunity.
- 2.1.1 Agree disciplinary and grievance procedures to reflect the new management structure.
  - 2.1.2 Harmonise terms and conditions of employment, including pay.
  - 2.1.3 Review existing policies and procedures and adapt, where necessary, to the new working arrangements.
  - 2.1.4 Consider the implications of single status.

### **3.0 Training and Development**

- 3.1 Overall Objective: To maximise the delivery of services by the on-going training and development of employees, not only in their current roles but also for their future development.
- 3.1.1 Carry out induction training for all employees to introduce them to the new venture and to building new teams.
  - 3.1.2 Set up a thorough and consistent induction programme for all new employees.

- 3.1.3 Identify skills, knowledge and experience required for each role/team and use as a basis for identifying training needs.
- 3.1.4 Retain Investors in People recognition as part of the respective Councils.
- 3.1.5 Provide on-going health and safety training, supported by robust management systems, for all roles.

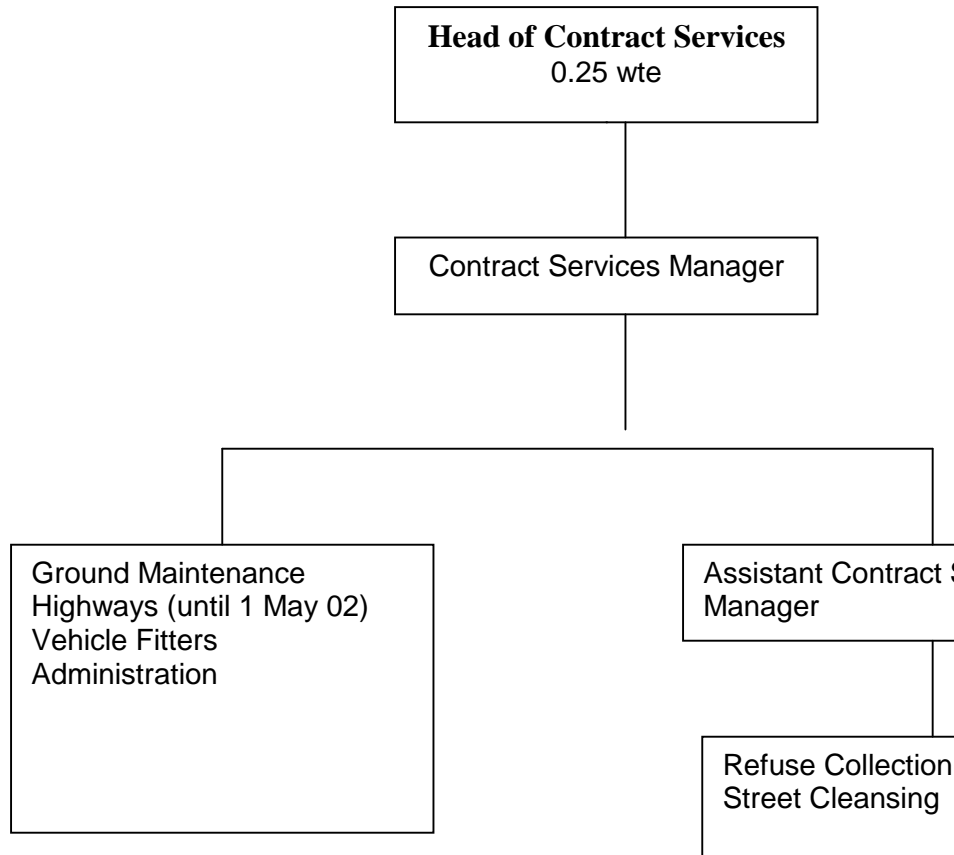
#### **4.0 Organisational Development and Performance Reviews**

- 4.1 Overall Objective: To ensure the joint venture is capable of adapting to the constantly changing environment and its employees are able to meet the new challenges by providing a framework of policies and procedures to ensure that change is managed effectively and efficiently.
  - 4.1.1 Review both authorities' existing policies and procedures and, in consultation with trade union representatives adapt them, as appropriate for the new joint venture.
  - 4.1.2 Review both authorities' approach to performance appraisal and introduce a scheme appropriate for the workforce.
  - 4.1.3 Develop an approach to Human Resource Planning to accommodate changes in operation.
  - 4.1.4 Determine the new organisational structure for the joint venture.
  - 4.1.5 Draw up job descriptions for all posts and evaluate using the agreed scheme.

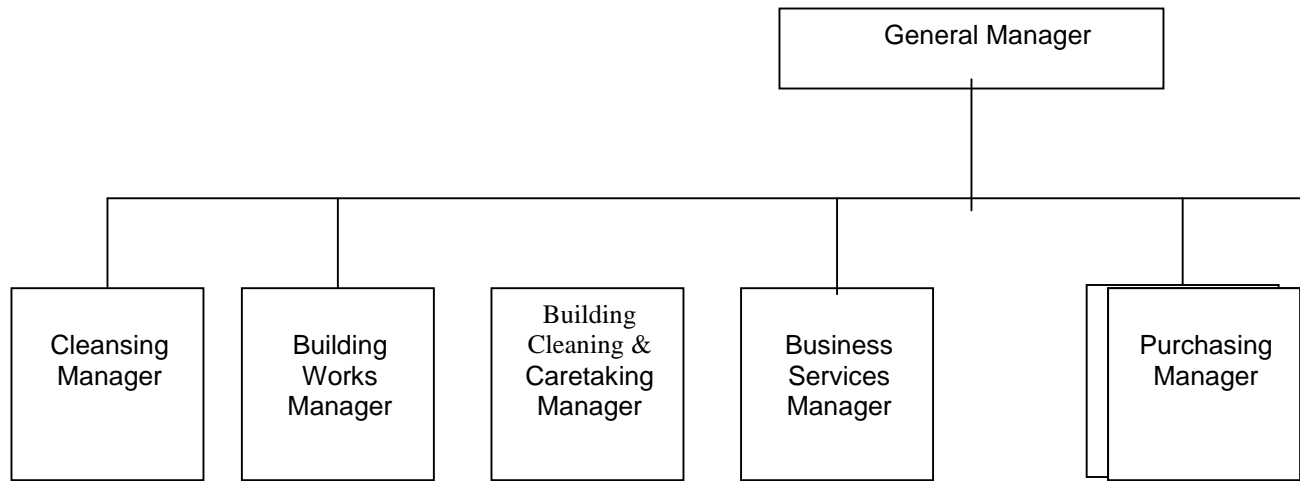
#### **5.0 Health and Absence Management**

- 5.1 Overall Objective: To provide a safe and healthy working environment which supports employees in the performance of their jobs whilst taking a pro-active approach to managing absence.
  - 5.1.1 Develop and implement an attendance policy to ensure:
    - All new employees have a satisfactory medical report before they are employed.
    - Sickness absence is reported promptly and accurately to Payroll and Personnel.
    - A pro-active approach is taken to frequent short-term and long-term absences.
  - 5.1.2 Arrange access to employee support services (counselling) for all employees.
  - 5.1.3 Arrange, as appropriate, for the regular monitoring of the working environment to ensure it provides for both the physical and psychological good health of employees.

**Test Valley Borough Council**  
**Contract Services Organisation Structure**  
**As at 1 April 2002**

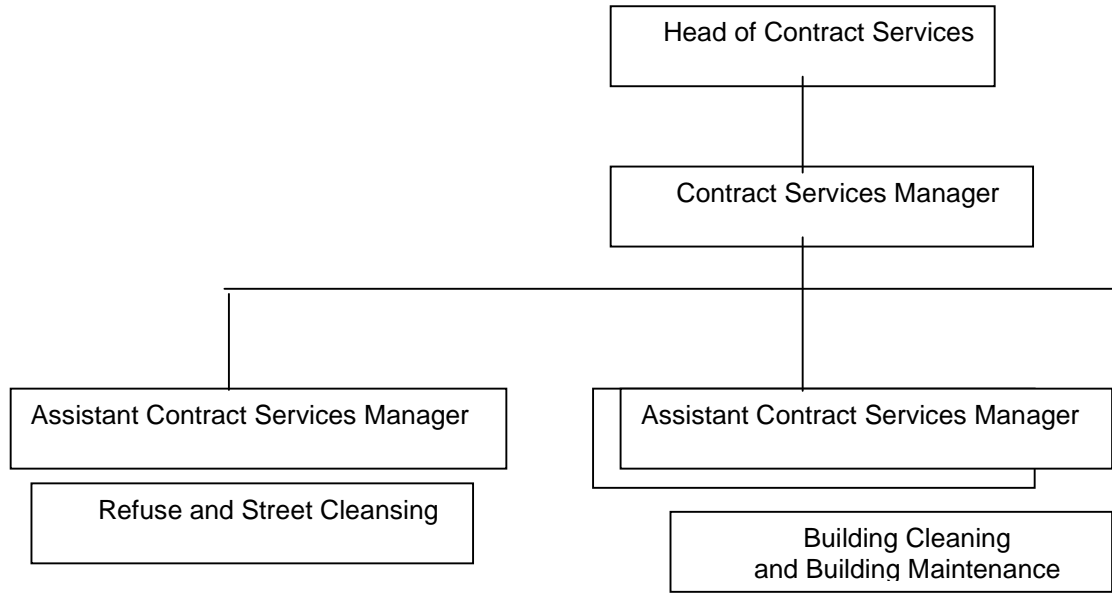


**New Forest District Council  
Commercial Services Management Structure  
As at 1 April 2002**

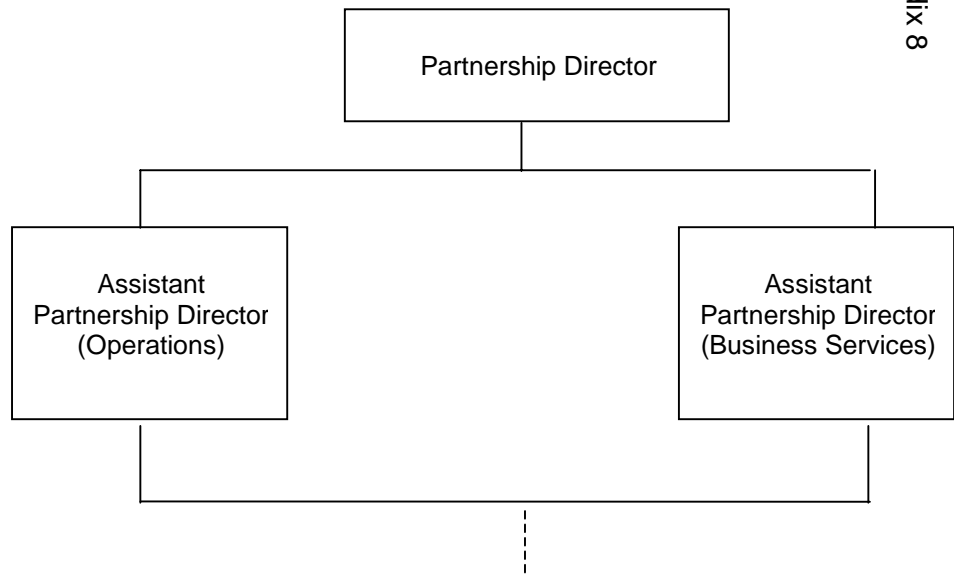




**Test Valley Borough Council  
Contract Services Organisation  
Proposed Structure if Joint Venture is  
not adopted**



**JOINT VENTURE - PROPOSED STRUCTURE**



8 x Service Managers responsible for:

Cleansing (N)	Purchasing
Cleansing (S)	Transport
Building Cleaning	Engineering Works
Grounds Maintenance	
Building Works	

## CONSTITUTION

### Constitution of the New Forest District Council/Test Valley Borough Council Commercial Services Joint Committee

#### 1. Definitions

"Business Plan" means the business plan for the Joint Service approved by the Parent Authorities;

"Constitution" means this constitution;

"the Executives" means the Executives of the Parent Authorities

"Financial Regulations" means the Regulations governing the operation of the financial framework within which the Joint Committee operates, attached at Appendix 11.1

"Joint Agreement" means the legal agreement between the Parent Authorities governing the joint discharge of functions dated [ ];

"Joint Committee" means the joint committee established further to Paragraph 2;

"Joint Service" means the combined Direct Service Organisations of New Forest District Council and Test Valley Borough Council provided by virtue of the Joint Agreement

"the Objectives" are as provided in Paragraph 3;

"Parent Authorities" means New Forest District Council and Test Valley Borough Council;

"Overview and Scrutiny Committee" means the committee constituted under Paragraph 8;

"the Role of the Joint Committee Member" is as provided in Paragraph 6;

#### 2. Name and Legal Status

2.1 Both the Joint Committee, and the Overview and Scrutiny Committee, are established further to Section 101(5)(a) and 102(1)(b) Local Government Act 1972. The name of the Joint Committee is the "New Forest District Council/Test Valley Borough Council Commercial Services Joint Committee". Meetings of both committees are subject to the provisions of the Local Government Act 1972 and the Local Authorities (Access to Information) Regulations 2000 as appropriate.

- 2.2 The area within which both committees are to exercise their authority is that comprising the administrative districts of New Forest and Test Valley in the County of Hampshire and any other area so approved by the Parent Authorities.

### **3. Objectives**

The objectives of the Joint Committee shall be as follows:

- 3.1 to ensure the strategic management of the Joint Service within an overall framework approved by the Parent Authorities;
- 3.2 to monitor performance of the Joint Service;
- 3.3 to develop the Joint Service;
- 3.4 to secure best value in the provision of the Joint Service;
- 3.5 to explore the benefits of Partnership working between the two Authorities.
- 3.6 to integrate the Joint Service into a single, homogenous business unit.
- 3.7 to develop an effective model of governance, management and support for the organisation
- 3.8 to identify customers within the community and define the services that will be delivered.
- 3.9 to identify target areas for improving the financial effectiveness of the organisation.
- 3.10 to develop business opportunities to increase the turnover, customer base and range of services provided to benefit the interests of the council tax payers of the Parent Authorities.
- 3.11 to promote service innovation, Best Value and partnership working within both Authorities.
- 3.12 to maximise opportunities to promote the environmental, social and economic well being of the communities of the Parent Authorities
- 3.13 to engender a shared vision with employees, based on service excellence, sound industrial relations, openness and trust.

#### **4. Powers and Functions of the Joint Committee**

4.1 Subject to paragraph 4.2 below, to make executive decisions in respect of the discharge of the following functions:

- Waste Management
  - Domestic refuse collection
  - Recycling initiatives
  - Bulky/Special Collections
  - Commercial Waste
  - Clinical Waste
  
- Environmental Cleaning
  - Street Cleaning
  - Public/amenity areas
  - Graffiti/vandal damage
  - Dumped waste
  - Special events
  
- Grounds Maintenance
  - Highways
  - Housing
  - Cemeteries
  - Schools and Colleges
  - Recreation/Sport
  - Amenity areas
  - Towns and Parishes
  
- Building Works
  - Reactive maintenance
  - Programmed maintenance
  - Improvements and conversions
  - Minor construction
  
- Engineering Works
  - Highways maintenance
  - Construction works
  - Coastal protection
  - Sewerage/drainage
  - Signage/street furniture
  - Winter gritting/snow clearance
  - Emergency response (flooding, storms, etc.)

- Fleet Management/Vehicle Maintenance for the Joint Service
  - Fleet procurement
  - Fleet management
  - Vehicle and plant maintenance
  - Ad-hoc/spot hire management
  - Accident investigation
  - Statutory Operators Licence

in so far as (in all of the above cases) the discharge of those functions relates to the actual delivery of the Joint Service, but not including the determination of overall strategy or policy in relation to the service (which remains the responsibility of each of the Parent Authorities).

4.2 The Joint Committee shall exercise its powers in accordance with the Business Plan approved as part of the annual budget process by the Parent Authorities save in respect of any latitude allowed in accordance with the Financial Regulations applicable to the Joint Committee.

4.3 In the exercise of its powers, the Joint Committee shall:

4.3.1 receive quarterly performance monitoring reports;

4.3.2 review service development opportunities and take such decisions or (where appropriate) make such recommendations to the Parent Authorities as the Joint Committee considers appropriate;

4.3.3 review capital expenditure proposals, including future investment strategies, and take such decisions or (where appropriate) make such recommendations to the Parent Authorities as the Joint Committee considers appropriate;

4.3.4 consider whether any amendments to this Constitution, the Joint Agreement, the constitution, standing orders, or financial regulations of either Parent Authority as are applied to the Joint Committee by virtue of this Constitution, or terms and conditions of employment of staff would assist in achieving the Service's objectives, and make such recommendations to the Parent Authorities as the Joint Committee considers appropriate;

4.3.5 prepare the draft Business Plan for submission annually to the Parent Authorities for approval in accordance with the Parent Authorities budget setting timetable.

4.3.6 In carrying out the above, the Joint Committee may consult with its stakeholders.

## **5. Composition**

- 5.1 The Joint Committee shall comprise six members, being three members of each Parent Authorities' Executive. Each Executive shall ensure that the person appointed has relevant knowledge of being responsible for the Joint Service at a strategic level, and has the skills and qualities required to fulfil the Role of the Joint Committee Member.
- 5.2 The appointments of Chair and *Vice-Chair* of the Joint Committee, shall rotate annually between the respective Authorities' Executive members. The Joint Committee at its first meeting shall appoint the Chairman and Vice Chairman respectively for the remainder of the municipal year.
- 5.3 The term of office of a Joint Committee Member shall be the period from their date of appointment until the date of the next local election for their ward, provided that for the duration of that period they remain a member of their Parent Authorities' Executive. The Executives may change any of their appointed Joint Committee Members at any time provided that written notice of any such change is provided to the other Parent Authorities' Executive.

## **6. Role of Committee Member**

The responsibilities of a Joint Committee Member are as follows:

- 6.1 to be a champion of, and ambassador for, the Joint Service;
- 6.2 to attend meetings, vote on business and make a positive contribution to the achievement of the Objectives;
- 6.3 to remain acquainted with emerging issues which may have an impact on the future development of the Joint Service;
- 6.4 to act as an advocate in seeking approval of their Parent Authority to the Business Plan.

## **7. Meetings and Decision-making**

- 7.1 The Joint Committee shall meet on a quarterly basis. The dates and venue for meetings shall be determined by the Joint Committee.
- 7.2 The procedure to be followed at meetings of the Joint Committee shall be governed by the provisions of the Standing Orders of Test Valley Borough Council
- 7.3 The quorum for meetings of the Joint Committee shall be three members, including at least one member appointed by each Parent Authority.

- 7.4 In order for a decision of the Joint Committee to be valid, at least 1 member of each Parent Authority's Executive must vote.
- 7.5 In cases involving the approval of supplementary estimates under the Joint Committee's Financial Regulations, any such proposal will require the approval of a minimum of 4 members including the Chairman and Vice-Chairman of the Joint Committee

## **8. Overview and Scrutiny Committee**

- 8.1 The role of the Overview and Scrutiny Committee is to discharge the functions conferred by Section 21 of the Local Government Act 2000 in relation to the activities of the Joint Committee as is set out in Appendix 2. In the exercise of these functions, the Overview and Scrutiny Committee shall:
  - 8.1.1 Review and/or scrutinise any decisions made or actions taken in connection with the discharge of any of the Joint Committee's functions;
  - 8.1.2 Make reports or recommendations to the Joint Committee in connection with the discharge of any of its functions;
  - 8.1.3 Consider any relevant matter affecting the area or its inhabitants; and
  - 8.1.4 Exercise the right to call in, decisions made by the Joint Committee details of which are set out in Appendix 2 hereto.
- 8.2 The Overview and Scrutiny Committee shall comprise six Members, being three Members appointed by each Parent Authority. Members may not include members of Parent Authority executives. Members shall have relevant knowledge of issues relating to the Service, and the skills and qualities required to assist the Committee in discharging its review and scrutiny functions.
- 8.3 The Overview and Scrutiny Committee shall have scheduled meetings twice yearly at dates and venues to be agreed by that Committee. The Standing Orders of Test Valley Borough Council shall apply to meetings of the Overview and Scrutiny Committee in the same way that they apply to the Joint Committee, including the provision regarding quorum.
- 8.4 The term of office of a Overview and Scrutiny Committee Member shall be the period from their date of appointment until the date of the next local election for their ward, provided that for the duration of that period they do not become a member of their Parent Authority's executive. Parent Authorities may change any of their appointed Members at any time provided that written notice of any such change is provided to the other Parent Authority.



8.5 The appointments of Chair and Vice-Chair of the Overview and Scrutiny Committee shall rotate annually between the respective Parent Authorities' members. The Committee at its first meeting shall appoint the Chairman and Vice-Chairman respectively for the ensuing municipal year.

**9. Public Participation**

The rules governing Public Participation at both the Joint Committee and the Overview and Scrutiny Committee are as set out in Appendix 3 hereto.

**10. Conduct**

All Joint Committee Members and Overview and Scrutiny Committee members shall observe at all times the provisions of the code of conduct adopted by their parent Authority under section 51 Local Government Act 2000.

**11. Expenses**

Each Parent Authority shall be responsible for meeting any expenses to which any Member appointed by them to the Joint Committee or Policy Review and Scrutiny Committee shall be entitled as a result of their appointment.

**12. Professional Support**

Administrative support to the Joint Committee and to the Overview and Scrutiny Committee shall be provided by Test Valley Borough Council. Other professional support, such as legal and financial advice will be provided jointly by relevant officers of both Parent Authorities.

**13. Delegations**

The Joint Committee may arrange for the discharge of any of their functions by an officer of either Parent Authority but not by an individual member.

**Dated**

**2002**

## **FINANCIAL REGULATIONS**

### **1.0 GENERAL MATTERS**

- 1.1 The Financial Regulations of the Partnership will be approved by both Councils; the Joint Committee and Officers may act within the powers delegated to them through these Regulations. The partner Authority's own Financial Regulations will apply for all matters not specifically identified and delegated within these Regulations
- 1.2 The Joint Committee and Officers shall ensure proper financial control of the parts of the budget for which they are responsible. They are authorised to commit revenue and capital expenditure which is authorised through the partner authority's approved revenue and capital budgets, or by virement or tolerances permitted by these Regulations
- 1.3 Any proposals for virement or supplementary budget by the partnership, which is not within the delegated powers set out in these Regulations, must be referred to the relevant partner Authority(s) and dealt with in accordance with the Partner's existing Financial Regulations.
- 1.4 The proper administration of the financial affairs of the Partnership will remain the responsibility of the Officer nominated by each partner authority under S151 of the Local Government Act 1972. This includes reporting to the partner Council(s) on the occurrence of any circumstances set out in S114 of the Local Government Act 1988.
- 1.5 The ownership or legal custody of assets used by in the joint venture will vest with the appropriate sponsoring partner authority. Each partner authority will continue to have responsibility for decisions relating to the acquisition, method of financing and disposal of its assets.

### **2. REVENUE AND CAPITAL BUDGETS**

- 2.1 Each partner authority will be responsible for determining the financing of revenue and capital expenditure for the joint venture, in accordance with their respective financial plans and strategies.
- 2.2 All bids for new expenditure must be included in the annual business plan and approved by the Joint Committee, before being referred to the partner authority for consideration. Bids will be considered as part of the respective partner authority's annual expenditure plans.

- 2.3 Detailed budgets will be prepared annually; separate budgets will be maintained for individual activities for each partner authority. The format of these budgets and allocations of costs, will be determined, through agreement, by the respective S151 Officer from each authority.
- 2.4 Reports will be prepared on a regular basis for consideration by Officers, the Joint Committee, Review Panel(s), Cabinet/Executive and Councils, on the overall financial performance and forecast net expenditure for the current financial year.
- 2.5 **Virement:**
- 2.5.1 Revenue budget provision may be vired (transferred from one revenue budget to another) between budgets provided for each activity. Proposals for virement between capital budgets will require the approval of the partner authority, in accordance with their respective Financial Regulations.
- 2.5.2 Virement may not be made between General Fund and Housing Revenue Account budgets, nor between the budgets of the partner authorities (i.e. cross subsidisation between Partner Authorities is not permitted).
- 2.5.3 Proposals for virement must initially be approved by the designated S151 Officer (i.e. Chief Finance Officer or his nominated officer) of the relevant partner authority. Virement of sums up to £5,000 may be made on the approval of the designated responsible budget holder.
- 2.5.4 The Joint Committee may approve the virement of sums up to £20,000. All such proposals are subject to a written report to the Joint Committee.
- 2.6 **Supplementary Estimates:**
- 2.6.1 Where expenditure is urgently required and for which there is no current approved budget, a maximum total of £20,000 (apportioned where appropriate between partner authorities), may be authorised by the Joint Committee after consultation with the designated S151 Officers of both authorities. This sum is cumulative within a financial year.
- 2.6.2 The S151 Officers have to be satisfied that the expenditure is urgently required and the implementation of such decisions will not be delayed.

- 2.6.3 Any such proposals will require the approval of a minimum of 4 Members, to include the Chairman and Vice-Chairman of the Joint Committee, and will be binding to both partner authorities.
- 2.6.4 The action taken by the Joint Committee must be reported to the next meeting of the Executive/Cabinet of the partner authorities.

## **OVERVIEW AND SCRUTINY PROCEDURE RULES**

### **1. What are Overview and Scrutiny?**

The Councils will appoint an Overview and Scrutiny Committee to discharge the functions conferred by section 21 of the Local Government Act 2000 and regulations under section 32 of the Act with regard to the joint arrangements. The size and composition of the committee will be determined by the Councils from time to time as they see fit.

The terms of reference of the Overview and Scrutiny Committee will be:

- (i) the performance of Overview and Scrutiny functions regarding all functions delegated to the joint Committee;
- (ii) the appointment of such sub-committees or panels as it considers appropriate to fulfil those Overview and Scrutiny functions;
- (iii) to consider and make recommendations to the Executive and/or the Councils

### **2. Who may sit on Overview and Scrutiny Committees?**

All councillors, except members of the Joint Committee and the Councils' Executives, may be members of the Overview and Scrutiny Committee. However, no member may be involved in scrutinising a decision which he/she has been directly involved in.

### **3. Co-optees**

The Committee shall be entitled to recommend to Councils the appointment of people as non-voting co-optees.

### **4. Meetings of the Overview and Scrutiny Committee**

At least 2 ordinary meetings of the Overview and Scrutiny Committee shall be programmed for each year. In addition, extraordinary meetings may be called from time to time as and when appropriate. An Overview and Scrutiny Committee meeting may be called by the chairman, by any 3 members of the committee in writing to the Head of Administration or by him if he considers it necessary or appropriate.

### **5. Quorum**

The quorum for the Overview and Scrutiny Committee shall be 3 members including at least one member from each Council.

## 6. **Agenda items**

- (a) Any member of the Overview and Scrutiny Committee or sub-committee shall be entitled to give notice to the Head of Administration that he/she wishes an item relevant to the functions of the committee or sub-committee to be included on the agenda for the next available meeting of the committee or sub-committee. On receipt of such a request the Head of Administration will ensure that it is included on the next available agenda.
- (b) Any members of the Councils who are not members of the Overview and Scrutiny Committee may give written notice to the Head of Administration that they wish an item to be included on the agenda of the Overview and Scrutiny Committee. If the Head of Administration receives such a notification, then he/she will include the item on the next available agenda of the Committee for consideration.
- (c) The Committee will have access to the Joint Committee's forward plan and timetable for decisions and intentions for consultation.

## 7. **Policy review and development**

- (a) The Committee or its sub-committees may make proposals to the Joint Council in so far as they relate to matters within their terms of reference.
- (b) The Committee may hold enquiries and investigate the available options for future direction in policy development and may appoint advisers and assessors to assist them in this process. They may go on site visits, conduct public surveys, hold public meetings, commission research and do all other things that they reasonably consider necessary to inform their deliberations.

## 8. **Reports from Overview and Scrutiny committee**

Recommendations from The Committee will be reported to the next available meeting of the Joint Committee or, in the case of a matter referred to it directly by Council, to the next available meeting of the Councils.

## 9. **Procedure at Overview and Scrutiny committee meetings**

- (a) The Committee and its sub-committees shall consider the following business:
  - (i) minutes of the last meeting;
  - (ii) declarations of interest
  - (iii) consideration of any matter the subject of a call-in
  - (iv) the business otherwise set out on the agenda for the meeting.

- (b) Where the Committee conducts investigations, the committee may ask people to attend to give evidence at committee meetings which are to be conducted in accordance with the following principles:
  - (i) that the investigation be conducted fairly and all members of the committee be given the opportunity to ask questions of attendees, and to contribute and speak;
  - (ii) that those assisting the committee by giving evidence be treated with respect and courtesy; and
  - (iii) that the investigation be conducted so as to maximise the efficiency of the investigation or analysis.

10. **Members and officers giving account**

- (a) The Committee or its sub-committees may scrutinise and review decisions made or actions taken in connection with the discharge of any Joint Committee functions. As well as reviewing documentation, it may require any member of the Joint Committee, other member, the General Manager or appropriate Heads of Service to attend before it to explain in relation to matters within their remit:
  - (i) any particular decision or series of decisions;
  - (ii) the extent to which the actions taken implement the Business Plan; and/or
  - (iii) their performance.

and it is the duty of those persons to attend if so required.

- (b) Where any member or officer is required to attend the Committee under this provision, the Chairman will inform the Head of Administration. The Head of Administration shall inform the member or officer in writing giving at least 5 working days notice of the meeting at which he/she is required to attend and may incur reasonable expenditure in so doing.

The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the committee. Where the account to be given to the committee will require the production of a report, then the member or officer concerned will be given sufficient notice to allow for preparation of that documentation.

- (c) Where, in exceptional circumstances, the member or officer is unable to attend on the required date, then the Head of Administration shall in consultation with the chairman the committee and the member or officer arrange an alternative date for attendance.

- (d) Where someone requested to attend is genuinely unable to attend, then he or she may nominate another member or officer who is able to speak on the topic to attend
- (e) Speakers shall be entitled to a copy of any draft minute or other record taken of their contribution for comment. Should they feel that such record is not accurate then they shall be given the opportunity to make a written representation asking for the correction to be submitted to the next meeting of the Committee.
- (f) Overview and Scrutiny Committee meetings shall be open to the press and public except where they are considering matters which would give rise to the disclosure of confidential or exempt information as defined in Schedule 12A of the Local Government Act 1972.

#### 11. **Attendance by others**

The committee may invite people other than those people referred to in paragraph 13 above to address it, discuss issues of local concern and/or answer questions. It may for example wish to hear from residents, stakeholders and members and officers in other parts of the public sector and may invite such people to attend may incur reasonable expenditure in so doing.

#### 12. **Call-in**

##### 1. **'Call-in' by whom**

Any member of the Committee may call-in a decision of the Joint Committee.

##### 2. **'Call-in' to whom?**

A request for a decision of the Joint Executive Committee to be "called-in" will be made in the first instance to the Head of Administration (at Test Valley Borough Council) who will notify the Monitoring Officer (at Test Valley Borough Council) who will decide whether a request falls within the criteria. No judgement on the merits, or otherwise, of the request will be made.

Where a call-in request is to be rejected the Chairman of the Overview and Scrutiny Committee shall be consulted before a final decision is reached.

##### 3. **'Call-in' Criteria**

3.1 Joint Committee decision will be called-in:  
if the Member(s) calling it satisfies the Monitoring Officer (at Test Valley Borough Council) that one of more of the following conditions apply:

- the decision has been made without compliance with Standing Orders;



- the decision is outside the Terms of Reference of the Joint Committee;
- the decision is in conflict with existing policy or the corporate plan;
- there is no budget, or insufficient budget provision to implement the decision;
- that information contained within the report, and/or considered by the Joint Committee, which would have been likely to have affected the decision, was incomplete or inaccurate.

In all cases the Member(s) must provide reasons to support the belief which has given rise to the call-in request, or, if the belief is that the information was inaccurate or incomplete, must provide details of the alleged inaccuracies or missing information.

It will not be possible to call in a decision simply because a Member or Members do not agree with it (but note that any decision may be received for any reason under paragraph 6 of the Overview and Scrutiny Rules).

#### 4. **'Call-in' Procedure**

All Members of Overview and Scrutiny Committee will receive the reports which go to the Joint Committee at least 3 clear days before the appropriate meeting.

A list of the decisions of the Joint Committee will then be distributed to all Members by the second day after each meeting.

Members who wish to 'call-in' a decision must do so, in writing, to the Head of Administration by noon on the 6<sup>th</sup> working day after the meeting of the Joint Committee. A standard form for this purpose will be introduced.

The Head of Administration will receive the request and notify the Monitoring Officer who will either:

- (a) accept the request as being in accordance with the criteria;
- (b) following consultation with the Chairman of the relevant Overview and Scrutiny Committee, reject the request on the grounds that it is not in accordance with the criteria.

#### 5. **'Call-Back'**

At the discretion of the Chairman of the Joint Committee it will be possible for the Joint Committee to "call-back" a decision without it first going to the Overview and Scrutiny Committee. This may occur:

- (a) at the request of the Joint Committee because further information has come to light;
- (b) when the Chairman of the Joint Committee, having heard the reason for the call-in request, considers that it would be appropriate to look again at its decision.

**6. Other Procedural Matters**

- (a) In the event of a "called in" matter remaining unresolved between the Joint Committee and the Overview and Scrutiny Committee, the matter shall be the subject of a report to Councils.

**13. Call-In and Urgency**

The call-in procedure set out above shall not apply where the decision being taken by the Joint Committee is urgent. A decision will be urgent if any delay likely to be caused by the call in process would *for example* – seriously prejudice the Councils or the public's interests. The record of the decision, and notice by which it is made public shall state whether in the opinion of the decision making person or body, the decision is an urgent one, and therefore not subject to call-in.

The chairman of the Overview and Scrutiny Committee must agree both that the decision proposed is reasonable in all the circumstances and to it being treated as a matter of urgency. In the absence of the Chairman, the Vice-Chairman's consent shall be required. In the absence of both, the Head of Paid Service (of Test Valley Borough Council) or his/her nominee's consent shall be required. Decisions taken as a matter of urgency must be reported to the next available meeting of the Council, together with the reasons for urgency.

- 16.1 The operation of the provisions relating to call-in and urgency shall be monitored by the Standards Committee (of Test Valley Borough Council), and a report submitted to Council with proposals for review if necessary.

**14. Call-In and Financial Decisions**

In accordance with the Joint Committee's Financial Regulations, an urgent decision (as set out in the said Regulations) will likewise not be subject to 'call-in'. For this purpose, the relevant S151 Officers will be the designated officers of both Test Valley Borough Council and New Forest District Council.

**The Borough Council and New Forest District Council  
(The Councils)  
Public Participation  
Joint Arrangements - Direct Services Organisation**

**1. Introduction**

The Councils wish to give those who are interested the opportunity to make a statement on any item on the agenda for any meeting of the Joint Committee and the Overview and Scrutiny Committee

**2. Rules for Speaking**

- (i) **Statements** - These can only be made in respect of items on the agenda for a meeting. Copies of the agenda for any meeting will be available for inspection by 12 noon of the Thursday of the week prior to the week of the meeting.
- (ii) **Length of address** - Statements will be limited to a maximum of three minutes. A total of ten minutes will be set aside for any one item and the Chairman may limit the length of speeches to less than three minutes if a number of people wish to speak on a particular item.
- (iii) **Content of address** - Speakers must keep their address to the material issues involved. There will be no opportunity to present background or supporting material.
- (iv) **Notice of intention to speak** - In order to make a statement, notice must be given to the Committee Administrator at the Test Valley Borough Council Offices, Beech Hurst, Weyhill Road, Andover by 12 noon on the previous working day. Notice to speak will not be accepted until an Agenda has been published or, exceptionally, no more than a month in advance of a meeting and only then if it is known that the subject matter is going to appear.
- (v) **Agendas** - Generally, copies of Agendas will be available for public inspection at the Council Offices at either Andover or New Forest by 12 noon on the Thursday of the week prior to any meeting.

**3. Procedure at Committee Meetings**

Speakers should arrive at the meeting at least 10 minutes before the start of the meeting and register with the Committee Administrator. The Chairman will invite the speaker to speak when the agenda item is called. Speakers may remain for the debate but may not speak during the debate. The Chairman has discretion to decide the order of agenda items.

Speakers may be asked to clarify matters of fact by Members - there will be no debate between speakers and the Councillors.



**COMMERCIAL AGREEMENT**

Dated 2002

New Forest District Council

and

Test Valley Borough Council

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Legal Agreement governing the  
Joint Arrangements for the Discharge of Functions  
relating to the Delivery of Commercial Services

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This Agreement is dated the \_\_\_\_\_ day of \_\_\_\_\_ 2002

Between:

- (1) New Forest District Council, of Appletree Court, Lyndhurst, Hampshire SO43 7PA; and
- (2) Test Valley Borough Council, of Beech Hurst, Weyhill Road, Andover, Hampshire SP10 3AJ

Whereas:

- (1) The parties hereto are the local authorities responsible for the provision of various services within their respective administrative areas;
- (2) The parties have resolved to discharge certain of those functions jointly, further to Section 101(5) Local Government Act 1972;
- (3) The functions the subject of these arrangements being executive functions and the making of these arrangements has been approved by the Executive of each of the parties, further to Regulation 4 of The Local Authorities (Arrangements for the Discharge of Functions) Regulations 2000 and the term 'parties' shall be taken as meaning the respective Executives of both Councils where appropriate.
- (4) The Councils of both Authorities have also approved those matters not falling to the Executives to approve.

It is hereby agreed as follows:

## 1. Definitions

"Commencement Date"	means the date referred to in Clause 4
"the Constitution	means the Constitution of the Joint Committee approved by the parties and their respective Executives
"the Joint Committee"	means the Joint Committee constituted further to Clause 2.2
"the Joint Functions"	means the functions referred to in Clause 3
"the Parent Authorities"	means the full Councils of both parties

## **2. Statutory Basis for Joint Exercise of Powers**

- 2.1 Further to Section 101(5) Local Government Act 1972, Section 20 Local Government Act 2000, and the Local Authorities (Arrangements for the Discharge of Functions) Regulations 2000, the parties hereby make arrangements for the joint discharge of the Joint Functions.
- 2.2 Further to Sections 101(5)(a) and 102(1)(b) Local Government Act 1972, the parties hereby arrange for the discharge of the Joint Functions by a joint committee, constituted on the terms set out in the Constitution (“the Joint Committee”), together with the establishment of the Overview and Scrutiny Committee, as provided in the Schedule.

## **3. Joint Functions**

The functions of the parties the subject of these joint arrangements are as set out in clause 4 of the Constitution, in so far as (in all cases) the discharge of those functions relates to the actual delivery of service, but not including the determination of overall strategy or policy in relation to the service (which remains the responsibility of each of the Parent Authorities).

## **4. Commencement Date and Duration of Agreement**

These arrangements shall commence on the 1 September 2002 (“the Commencement Date”) and shall continue until terminated in accordance with Clause 16.

## **5. Fundamental Responsibilities of Each Party**

The fundamental responsibilities of each party shall be:

- 5.1 to ensure the discharge of the Joint Functions in a way which achieves the delivery of high quality, cost-effective and customer-focused services in accordance with the principles of best value
- 5.2 to work collaboratively and provide each other with such assistance as is reasonably necessary to achieve the above.

## **6. Service Contracts**

- 6.1 Each party retains sole responsibility for the performance of contracts with third parties and/or service level agreements which relate to any of the Joint Functions and which are in existence at the Commencement Date

- 6.2 Decisions to tender for, or enter into, a new contract taking effect after the Commencement Date, relating to any of the Joint Functions shall be made by the Joint Committee for referral to the Parent Authorities (if appropriate). In respect of any such new contract, the Joint Committee shall agree the tendering or negotiation strategy and the arrangements for the bearing of risks and responsibilities between the parties including which party is to be the contracting party, such party for the avoidance of all doubt, to comply with their Parent Authorities' Standing Orders as to Contracts and make recommendations to the Parent Authorities if appropriate.

## **7. Deployment of the Parties' Resources and Delegations**

- 7.1 Each party shall make such staff, assets, premises, and equipment or other resources under their control available to such extent as is reasonably practicable to assist in the efficient performance of the Joint Functions.
- 7.2 Where, further to Section 113 Local Government Act 1972, the parties agree to the placing of an officer employed by one authority, at the disposal of the other party, for the purposes of any of the Joint Functions, the officer concerned will remain in the employment of their existing authority.
- 7.3 The Parent Authorities and the Joint Committee can at any time delegate any of their respective functions to an officer of either of the Parent Authorities.

## **8. Assets**

- 8.1 Each party remains solely responsible for the repair, maintenance, depreciation, replacement and insurance of any land, premises, equipment, vehicles and other assets under their control and made available by them for the exercise of the Joint Functions.
- 8.2 Each party hereby gives the other party permission to access and use such assets for the purposes of the Joint Functions

## **9. Liabilities**

- 9.1 Each party shall bear sole responsibility for any liabilities incurred by them in respect of the exercise by them of any of the Joint Functions, prior to the Commencement Date.
- 9.2 Any liabilities incurred individually by the parties in respect of the exercise by them of any of the Joint Functions after the Commencement Date (except where, new business or contracts are engaged by the Parties) shall likewise be the responsibility of that individual party.



- 9.3 In respect of new business or contracts agreed by the parties both parties shall be jointly and severally liable for any liabilities incurred arising from the carrying out of such new business or contracts (unless otherwise agreed) except where such liability is incurred as a direct result of the act, default, or omission of the other party. Each party hereby indemnifies the other against all reasonable costs, claims, losses and liabilities incurred as a result of its acts, default or omissions in the exercise of the Joint Functions including for the purposes of clause 9.2 and this clause.
- 9.4 Each party shall ensure that they maintain adequate public liability insurance arrangements in respect of the Joint Functions.

## **10. Surpluses**

- 10.1 Each party shall be entitled to any surpluses accruing from the exercise by them of any of the Joint Functions prior to the Commencement Date.
- 10.2 Any surpluses incurred after the Commencement Date in respect of the exercise of the Joint Functions (except those that relate to any new business or contracts agreed jointly by the Parties) shall likewise accrue to the individual party responsible for carrying out that part of the Joint Functions.
- 10.3 In respect of new business or contracts agreed by the Parties after the Commencement Date, both parties shall share equally such surpluses arising from such new business or contracts or otherwise agreed.

## **11. Compliance**

Each party remains solely responsible for ensuring that it complies with all legal requirements in the discharge of the Joint Functions.

## **12. Confidentiality**

Each party shall maintain the confidentiality of any information provided to it by the other party in connection with the discharge of the Joint Functions, so far as it is able to do by law.

## **13. Corporate Identity and Communications**

- 13.1 The parties shall discharge the Joint Functions in accordance with such arrangements as may be agreed by them governing the name of the service, logo, dealing with the media and consistent communication style.

13.2 Each party shall deal with complaints against it, arising out of its discharge of the Joint Functions, in accordance with its own complaints procedure.

#### **14. Best Value**

In discharging the Joint Functions, the Joint Committee, the Partnership Director and the Management Team responsible for the delivery of services shall pay particular regard to the duty of each of the parties, under Section 3 Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

#### **15. Warranties**

Save as has been disclosed in writing prior to completion of this Agreement, each party warrants that:

15.1 it is legally empowered to enter into this agreement and that all necessary internal authorisation has been given;

15.2 there is no inhibition on their ability to make staff and assets available for the purpose of the Joint Functions;

#### **16. Termination**

16.1 This Agreement may be terminated by either party by giving no less than 12 months notice in writing, with effect from the 31 March in any year. Where notice of termination is given, the parties shall consider what arrangements are to be put in place for the continuation of the services provided by the parties in the interests of customers in the period after termination has taken effect. The parties shall co-operate with a view to minimising the disruption to customers and the costs that each party will incur as a result of the termination.

16.2 Unless otherwise agreed between the parties, the party terminating these arrangements shall indemnify the other party against any costs incurred by it as a result of the termination (including redundancy costs), being costs which it would not otherwise have incurred had these arrangements remained in effect.

#### **17. Amendments**

This Agreement may only be amended in writing by agreement between the parties, such amendments having been approved by or on behalf of the parties in accordance with the Local Authorities (Arrangements for the Discharge of Functions) Regulations 2000.

In witness whereof the parties hereto have set their respective seals.

The Common Seal of New Forest  
District Council was hereunto  
affixed in the presence of:

Authorised Signatory

The Common Seal of Test Valley  
Borough Council was hereunto  
affixed in the presence of:

Authorised Signatory

## **DELEGATIONS**

The following functions, relating to the appointment and dismissal of employees and their terms and conditions of employment, are delegated to the Partnership Chief Officer under Section 101 of the Local Government Act 1972:

1. To:
  - a. appoint employees in accordance with the corporate guidelines of the authority in question; and
  - b. extend employment, and make appointments in special circumstances, beyond normal retirement age in accordance with any corporate requirements of the authority in question,  
  
to meet the varying operational requirements of the Partnership arrangements set up between New Forest District and Test Valley Borough Council in respect of their Direct Services Organisations.
2. To dismiss employees in accordance with the corporate guidelines of the authority in question.
3. To:
  - a. amend the details of the bonus and honorarium schemes, and other performance related payment schemes, approved by the authority in question, to the extent that they relate to employment carried out under the Partnership arrangements; and
  - b. grant honorariums to employees in line with the relevant authority's scheme.

**TEST VALLEY BOROUGH COUNCIL / NEW FOREST DISTRICT COUNCIL PARTNERSHIP OPPORTUNITY**





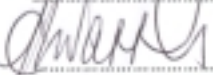

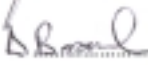
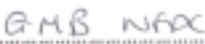


The employee representatives indicated below fully support and embrace the proposed innovative partnership opportunity between the Direct Service Organisations of Test Valley and New Forest Councils.

Both Authorities have a similar culture and there are clearly substantial benefits to be gained from the venture, such as sharing of expertise and resources, resulting in Best Value and good employment practice. This will mean increased job security and opportunities for the workforce.

We believe that this project will provide both Authorities with a stable yet flexible service delivery model, combining a culture of business excellence, customer focus and value for money. Not least it will ensure Members retain direct strategic control of key front line services to the benefit of local taxpayers.

Finally we are pleased to say that the employee representatives have been fully involved from an early stage, thereby providing positive employee involvement.

**Signed**

	
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JACK WARREN	T & C NFOC
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DAVID DRAMEY GMB NFOC	GMB NFOC
.....	.....
	
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