



Professional Examination 3

25 June 2003

FINANCE AND MANAGEMENT CASE STUDY

Time allowed – 6 hours

Morning Session Part 1: From 10.00 a.m. to 12.30 p.m.

Morning Session Part 2: From 12.40 p.m. to 1.10 p.m.

Afternoon Session : From 2.00 p.m. to 5.00 p.m.

Candidates are to work on the information contained in the Case Study during the first part of the morning session.

The preparatory session will end at 12.30 p.m., at which time Question 1 will be distributed. At 12.35 p.m. candidates will be given 5 minutes to familiarise themselves with the task required of them. Answers to this question will be collected at the end of the morning session.

Nothing may be taken from the examination room during the lunch interval, nor may anything additional be brought into the afternoon session.

The remaining questions on the case study will be distributed at 1.55 p.m. so that candidates may familiarise themselves with the tasks required of them.

The case study has been prepared on the assumption that candidates will not necessarily have a detailed knowledge of the type of organisation to which it refers. No additional merit will be accorded those candidates displaying such knowledge.

Candidates will be allowed to submit, as part of their script, work performed in the morning session, but they should distinguish clearly between work supporting their script and that which is to be considered a part of it.

MALTSHIRE POLICE AUTHORITY

Background

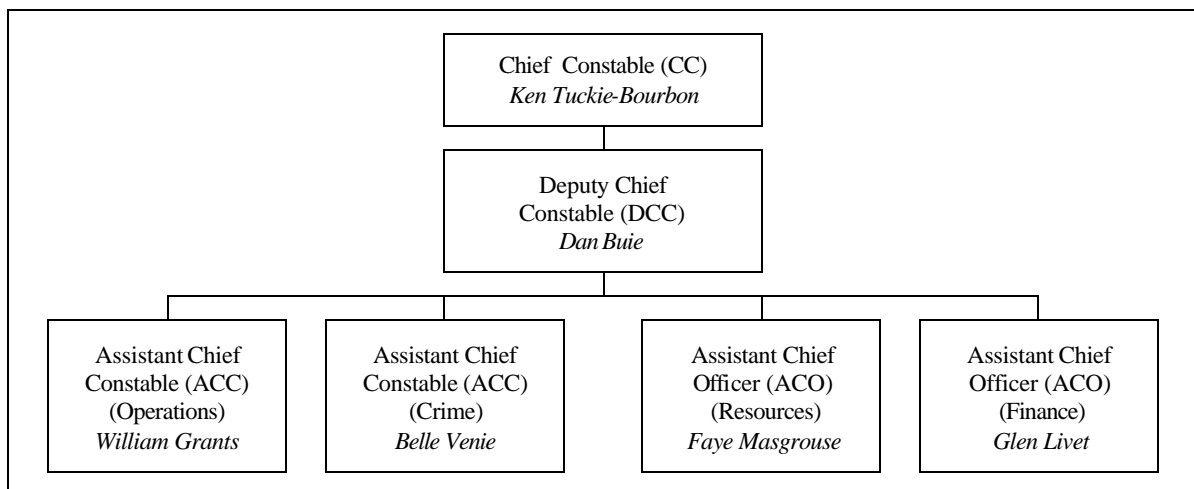
Maltshire is the largest and one of the most rural of the ten shires that comprise the Northern European island of Wisky. Maltshire's principal city is Barleytown and this provides headquarters (HQ) for both Maltshire Council and the Maltshire Police Authority, which has responsibility for all law and order matters within the shire.

Maltshire Police Authority

The Maltshire Police Authority (MPA) was created in 1993 as a result of the reorganisation of the police forces in Wisky, involving amalgamation of smaller forces. MPA is now a single 10 year-old police authority responsible for a population of 1.46 million and covering an area of 1,450 square miles with 4,500 miles of road. This large operational area is divided into 4 Police Divisions – East, West, North and South. The MPA has an annual budget of £203 million and its workforce of 4,296 uniformed and non-uniformed staff accounts for the largest part of this. Another major expense relates to the fleet of 700 vehicles operated by the MPA.

Governance

The MPA is governed by a body of 20 nominated and co-opted members under the chairmanship of Lady Tilly Moore-Dew. The newly appointed head of paid service is the Chief Constable, Ken Tuckie-Bourbon. The management structure is as follows.



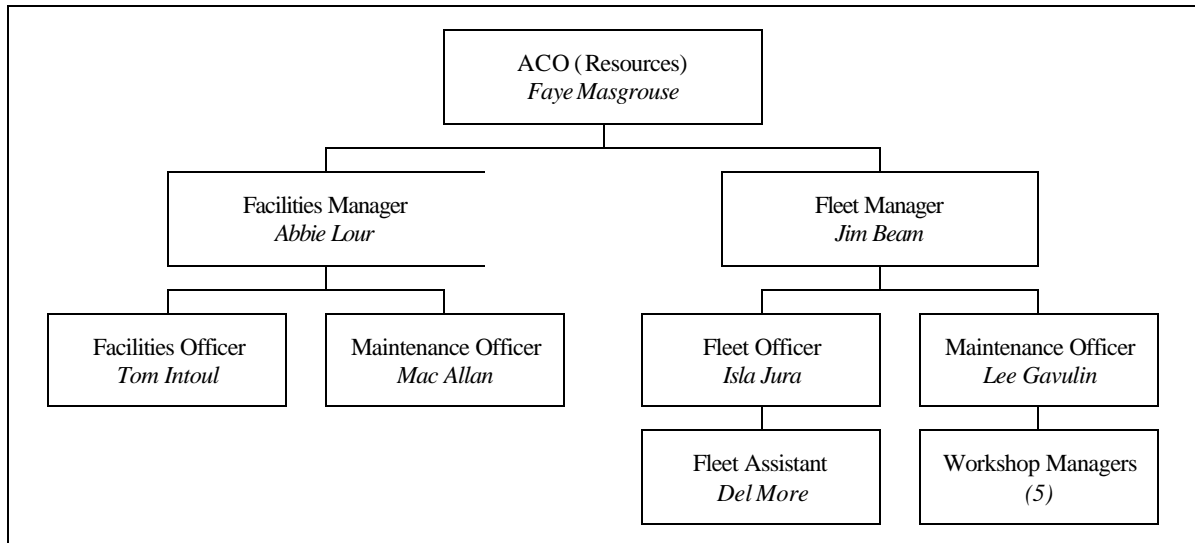
The ACO (Finance), Glen Livet, is also a new appointment. The previous incumbent held the post for 15 years and took early retirement at 31 December 2002. Glen Livet, who previously worked in the private sector, is keen to bring best practice and a more commercial approach to the MPA.

Financial Background

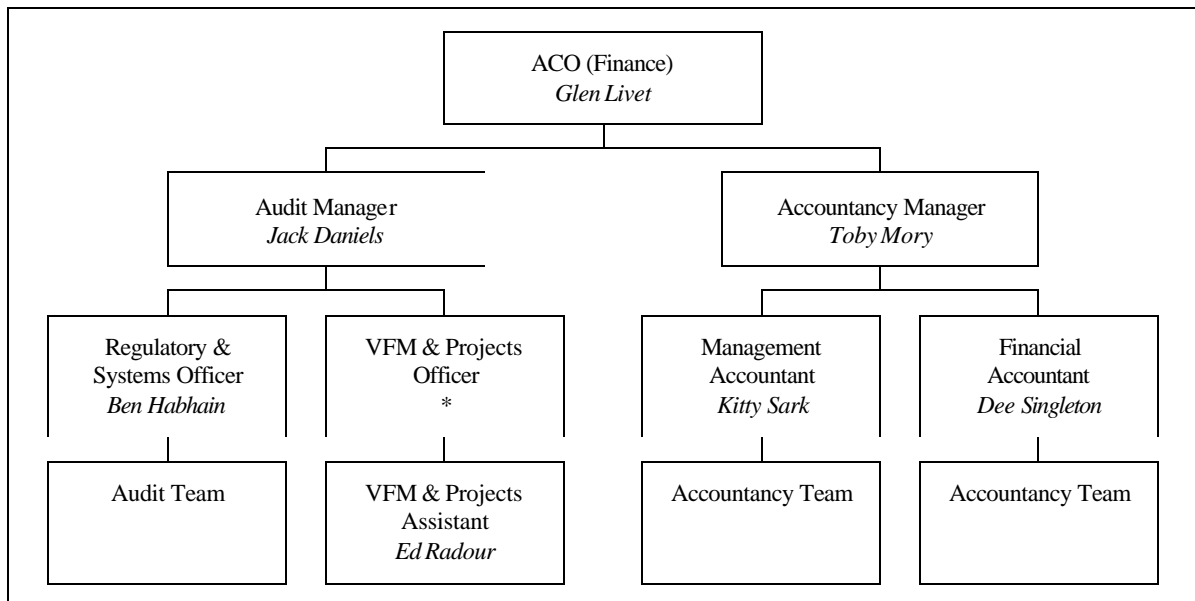
The MPA is funded 50% by direct Government grant and 50% by Maltshire Council (as part of a local property tax – “Rates”). Whilst there has recently been some new money to expand policing operations, the new Chief Constable is still eager to see more resources transferred from support services to front line policing. There is no Value Added Tax on Wisky and the Wisky Pound (£) is equal to £1 Sterling. The MPA operates on a calendar year basis (1 January - 31 December).

ORGANISATIONAL STRUCTURE

Assistant Chief Officer (Resources)



Assistant Chief Officer (Finance)



* You are Bo More, recently appointed to the newly created post of VFM & Projects Officer. The Chief Constable recently agreed that Glen Livet should create this new unit within the Audit Division of the Finance Department so that a Value for Money (VFM) study of the MPA could be carried out, with the emphasis initially on support services.

Outsourced Services

Certain services such as payroll, payments, personnel and pensions are outsourced and provided by Maltshire Council (known as Shire Services).

FLEET MANAGEMENT - GENERAL

Background

Fleet management is the responsibility of the ACO (Resources) and is operated through the Fleet Manager. There are two main aspects to the fleet management operation as follows :-

- ❑ Central - planning, administration and costing undertaken by the Fleet Officer and Fleet Assistant;
- ❑ Workshops - maintenance and fuelling undertaken by the Maintenance Officer, who has responsibility for the 5 maintenance workshops operated by the MPA.

The Fleet Manager, the central Fleet Management team (Fleet Officer and Fleet Assistant) and the Maintenance Officer are all based at police HQ in Barleytown.

Workshop Locations

A total of 6 workshops were inherited at the time of the reorganisation in 1993. One of these, Aberfeldy, had been recently replaced by the Elgin workshop and was closed at that time, but is still in the ownership of the MPA.

Fleet management, therefore, currently operates 5 workshops, which are located strategically throughout Maltshire to service the four Police Divisions. The North Division, which is the largest area and includes HQ, has two workshops.

- ❑ Burgie workshop ~ South Division
- ❑ Cadam workshop ~ West Division
- ❑ Dronach workshop ~ North Division (West)
- ❑ Elgin workshop ~ North Division (East)
- ❑ Farclas workshop ~ East Division

Most workshops are adjoining or close to their Divisional HQ. The Elgin workshop covers the North East of Maltshire and HQ, whilst the Dronach workshop covers the North West and the North Divisional HQ.

Workshop Services

Each workshop provides a maintenance service for its own designated fleet vehicles, as well as handling the issue of petrol. On environmental grounds, the Wisky Government only allows the use of unleaded petrol. Vehicles are allocated to workshops on the basis of the Divisional areas and, unless exceptional circumstances arise, vehicles must use their designated workshop for petrol and maintenance services. As well as petrol issues and routine maintenance, the workshops provide replacement of mechanical parts, electrical components and other items such as tyres and batteries. The workshops also deal with breakdowns relating to their vehicles, but do not have the facilities for accident repair work. All accident repair work, breakdown recovery and MOT work is contracted out to the private sector and charged directly to vehicles through the invoice payments system. Licences and taxation are dealt with by Finance staff and charged direct to vehicles.

Workshop Staffing

Each workshop has its own manager, supervisor and stores officer plus a number of mechanics. Current workshop staffing structures have not been reviewed for many years and reflect the levels in place before the amalgamation of the smaller forces in 1993.

FLEET MANAGEMENT - COSTS

Budget

As noted above, a number of vehicle costs are charged directly to vehicles. The budget for the Fleet Management operation, therefore, which is £4.3 million for 2003, merely covers expenditure incurred on Fleet Management staff, office running costs and vehicle workshop operations, plus the general overheads relating to these areas. This budget is broken down between central Fleet Management and the workshop operations. The workshop operations budget is not currently broken down between the individual workshops, although expenditure incurred is separately coded to each, where appropriate.

Finance staff, in consultation with the Fleet Manager, deal with the arrangements for vehicle replacement and separate financing arrangements apply.

Costs and Recharges

The Fleet Management operation covered by the £4.3 million expenditure budget is effectively a trading account of the MPA, with its costs recharged to its clients within the MPA structure. The major client is the Assistant Chief Constable (Operations), who has responsibility for all uniformed operations, in particular patrols and traffic. However, all police activities use fleet vehicles to some extent.

Recharges are centred upon utilisation of the fleet's vehicles and costing therefore should be at individual vehicle level. However, the procedures followed have been in use since the formation of the MPA and are badly in need of review. For example, whilst all workshop staff directly involved in maintenance work complete job sheets, no labour costing to jobs takes place. The gross costs of the Fleet Management operation can therefore be analysed as follows :-

- Direct Costs - Petrol issues;
- Indirect Costs - All other Fleet Management costs;
- Overheads - Central/external costs, such as finance and personnel.

Direct costs are allocated to vehicles on the basis of actual issues. All other residual costs (indirect and overheads) are allocated as a standard fixed charge per vehicle. This ensures full recovery of all costs incurred by the Fleet Management operation, but does not necessarily reflect the true annual costs of each vehicle. Recharges for all Fleet Management services are made at year-end.

VFM Study

The Fleet Management operation is one of the areas identified for VFM study by the new unit. This not only reflects the significant size of its gross budget, but also some concerns about the efficiency and effectiveness of its operation as follows :-

- A widely held view that there is over-capacity in the 5 workshops;
- Dissatisfaction with the quality of some of the work carried out in some of the workshops and the number of subsequent breakdowns;
- Dissatisfaction with the amount and timing of recharges;
- The lack of formal service standards and a customer focused approach.

Maltshire Police Authority



Serving One Another

MALTSHIRE POLICE AUTHORITY

File Number: MPA/P/03/03

**Held by : VFM &
Projects**

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MALTSHIRE POLICE AUTHORITY

Minutes ~ Management Team Meeting ~ 17 April 2003

Present

Chief Constable, DCC, ACC (Crime), ACC (Operations), ACO (Finance), ACO (Resources)

1. Introduction

The CC noted that the meeting had been specifically arranged to deal with finance matters.

2. Minutes of the meeting 3 April 2003

Agreed : *No matters arising other than those on the agenda.*

3. Budget Outturn 2002

The ACO (Finance) presented a summary of the 2002 MPA final accounts. These showed a net overspend of £1.2 million for the year, with the largest proportion on Operations. The CC noted that the two special incidents during the year accounted for most of this overspend. He expressed surprise, however, at the size of the Operations overspend, particularly as the ACC (Operations) had suggested a lower figure just after year-end. The CC asked the ACC (Operations) to investigate further the reasons for the overspend and report back.

Agreed : *To note the position and receive the accounts.*

4. VFM & Projects Unit

The ACO (Finance) reported that, subsequent to the approval of the new VFM & Projects Unit by the MPA in early March 2003, appointments had recently been made to the two new positions, with the successful applicants taking up post on 1 May 2003. The CC stressed the new unit's importance in producing cost savings and delivering improvements in efficiency and effectiveness for the MPA.

Agreed : *To note the progress made.*

5. Savings Targets

The CC reported the outcome of the debate on this at the last MPA meeting, namely that –

- ❖ there should be no cuts in uniformed operations;*
- ❖ all non-uniformed operations should be reviewed on a three year rolling programme;*
- ❖ there was some concern that so many support services were already outsourced;*
- ❖ all other support services were considered key in-house resources.*

Agreed : *To note the MPA constraints.*

6. Projects

The CC noted that he had subsequently met with the ACO (Finance) and ACO (Resources) to consider options and priorities. Three main review areas had been identified.

- ❖ banking - the bank contract had been in place for five years;*
- ❖ rationalisation of payrolls - the possibility of moving to one monthly payroll;*
- ❖ vehicle maintenance - spare capacity and closure of one of the five workshops.*

The proposal was to prioritise the vehicle maintenance exercise as the VFM & Projects Unit's first task. The CC agreed to produce a more detailed brief in consultation with the ACOs and proposed a target saving of £250,000 from the exercise.

Agreed : *To confirm the proposals.*

7. Tender – Vehicle Spare Parts (Spares)

It was confirmed that two tenders had been received (Parfit Parts and Fiddick Factors). Parfit Parts, the current supplier, was much cheaper on a basket of standard parts and would be awarded the contract for a further three years from 1 January 2004. It was agreed that Fiddick Factors could be used in emergencies and when Parfit Parts was unable to supply.

Agreed : *To note the contract award.*

MALTSHIRE POLICE AUTHORITY

From ~ Chief Constable – Ken Tuckie -Bourbon

Date ~ 25 April 2003

To ~ ACO (Finance) – Glen Livet

Vehicle Maintenance Workshops

I am writing to you on two issues, both related to the vehicle maintenance workshops.

Firstly, as promised, I have given some consideration to an outline brief on the vehicle maintenance workshop exercise for your VFM & Projects Unit. The ACO (Resources), who, as you know, has only been in post a couple of years or so, has confirmed that the current vehicle maintenance structure goes back before the last reorganisation and has never been reviewed to her knowledge. On the basis of her own initial investigations and a great deal of circumstantial evidence from uniformed staff using the workshops, we have already concluded that there is considerable overcapacity within certain of the workshops, and that one of the workshops should be closed. The key questions are – which one and how much can be saved? As this exercise is now largely financial, perhaps we can discuss the exact wording of the brief.

Secondly, I attach a copy e-mail received from the ACC (Operations) in response to my request at the last Management Team meeting for more information on the Operations overspend in 2002. We were already anticipating an overspend, as you know, but the final result was higher than expected. As you can see from his e-mail, the main cause of this was an unexpected overspend on vehicle running costs. He also touches upon a number of client service issues relating to the Fleet Management operation.

Whilst I am eager to pursue savings in order to tackle key policing issues, I am also fully committed to quality and client satisfaction, whether this relates to uniformed or non-uniformed services and whether those services are provided to the public or to colleagues within the MPA. The e-mail from the ACC (Operations), in fact, raises a number of client satisfaction issues on the Fleet Management operation and these too need to be addressed.

As a result, I have asked the ACC (Operations) to set up and chair a small Workshop Quality Workgroup including the ACC (Crime), the ACO (Resources), the Fleet Manager and yourself (or representative). The ACC (Operations) is likely to call the first meeting of the group in late May 2003 with the intention of identifying problem areas, agreeing a brief and commissioning an initial report. Logic dictates that your new VFM & Projects Officer should also play an active and key role in this exercise.

I have copied this memorandum to the ACO (Resources) and both ACCs for information.

Ken Tuckie-Bourbon

Chief Constable



MALTSHIRE POLICE AUTHORITY

internal e-mail

From: ACC (Operations)
To: Chief Constable
Date: 23 April 2003 09.37
Subject: Operations Overspend & Fleet Management

Ken

As promised, I have carried out further investigations into the overspend incurred by my Operations Division. As you know, we were already anticipating an overspend as a result of the civil disorder caused by the Government's proposal to introduce Value Added Tax on Whisky and the riots following the island's humiliating defeat by Finland in the curling world cup qualifying round. The final overspend, however, was much higher than I indicated to you just after year-end.

The main reason for this relates to vehicle running costs, most of which are only charged against budgets after year-end. My investigations show that vehicle costs are charged in three different ways as follows –

- external contract - the invoices for breakdown recovery, MOTs and accident damage repair undertaken by external contractors, as well as vehicle licence and insurance costs, are charged directly to vehicles throughout the year;
- internal direct - petrol issues are charged directly to vehicles, but mostly after year end;
- internal indirect - all other maintenance costs (labour, parts and consumables) and overheads are allocated to vehicles well after year-end as a standard charge per vehicle.

The final element above, which is a significant cost, makes it impossible for me to monitor this budget head through the year. That is why the total overspend turned out to be higher than I anticipated. I can confirm, however, that the whole overspend in 2002 did relate to the special incidents and will not recur in 2003.

The issue in fact goes deeper than this. As the budget manager or client (to use the modern phrase) receiving services from Fleet Management, I do not approve the expenditure on vehicles nor am I able to query the charges, as I do not receive sufficient information to do so. The expenditure is merely transferred into my accounts, most of it after year-end. I also have serious doubts about whether the charges levied reflect the true costs of running specific vehicles and certainly whether they represent good value for money.

There is also some dissatisfaction with the quality of the work undertaken and the number of breakdowns suffered as a result of poor servicing in some of the workshops.

Overall Fleet Management needs to adopt an approach which is much more client-focused and aimed at improving client satisfaction both in terms of costs, management information and the quality of work undertaken.

William

MALTSHIRE POLICE AUTHORITY

From ~ ACO (Finance) – Glen Livet

Date ~ 1 May 2003

To ~ VFM & Projects Officer – Bo More

Project – Fleet Maintenance Workshops

Congratulations on your recent appointment and welcome to the new post of VFM & Projects Officer. I have no doubt that your experience over the last couple of years within both the accountancy and the audit teams will serve you well.

The MPA Management Team (Minutes 17 April 2003) has agreed that your first project will be a review of the vehicle maintenance workshops. There is already evidence of over-capacity and that savings can be made. The Chief Constable, as part of his drive to transfer resources from support services to front-line policing, has indicated that he wants four workshops rather than five from the beginning of 2004. He has also set a target expenditure saving of £250,000 for this exercise and wants a report on all these issues produced by early July 2003.

I attach a copy of the 2003 Fleet Management budget, for information. As you know, all costs are recovered through recharges to vehicle users. One initial problem for you is that the expenditure budget is merely split between Fleet Central and the workshops. The budget is not broken down to individual workshops, although the Accountancy Manager, Toby Mory, tells me that expenditure is now coded separately to each workshop. One of your first tasks, therefore, will be to analyse the costs, workloads and capacities of each of the five workshops. I am currently discussing the brief with the Chief Constable and I will let you have his detailed report requirements in due course.

Clearly it is also important to consider qualitative and client service issues, and the Chief Constable is very conscious of some of the complaints and concerns already raised by our uniformed colleagues. I have passed papers to you indicating the Chief Constable's intention of setting up a small work group to look at these aspects. I have now nominated you as the Finance representative and I have no doubt that you will have a key role to play, but the financial exercise must take precedence initially.

On both elements, you will need to work closely with your colleagues within audit, as well as those in accountancy.

Finally, it is the ACO (Resources), and not myself, who has responsibility for the vehicle maintenance workshops. She has promised her full co-operation, but it is clearly important that the whole exercise is undertaken tactfully and openly, in order to maintain this.

Please keep Jack Daniels and myself informed of progress.

Glen Livet

ACO (Finance)

FLEET MANAGEMENT INCOME AND EXPENDITURE PLAN – 2003

	Total	Fleet	Fleet
	£	Central	Workshops
<u>EXPENDITURE</u>		£	£
Staffing			
Administration	120,000	120,000	0
Workshop Managers	126,000	0	126,000
Supervisors	97,000	0	97,000
Stores Officers	79,000	0	79,000
Mechanics	508,000	0	508,000
Training	6,000	1,000	5,000
	936,000	121,000	815,000
Premises			
Building Maintenance	45,000	0	45,000
Cleaning	7,000	0	7,000
Energy	45,000	0	45,000
Water (metered)	9,000	0	9,000
Rates	65,000	0	65,000
Rent	35,000	0	35,000
	206,000	0	206,000
Supplies & Other			
Equipment Maintenance	25,000	1,000	24,000
Spares and consumables	520,000	0	520,000
Petrol	2,500,000	0	2,500,000
Office Expenses	7,500	5,500	2,000
	3,052,500	6,500	3,046,000
Capital Charges	60,000	0	60,000
Total Direct & Indirect Expenditure	4,254,500	127,500	4,127,000
General Overheads			
Administrative Buildings – Fleet Central	9,000		
Corporate Services	7,000		
Property Insurance – Fleet Workshops	18,000		
Shire Services from Maltshire Council	11,500		
	45,500		
Total Fleet Management	4,300,000		
<u>INCOME</u>			
General Income	0		
Recharges	4,300,000		
Total Fleet Management	4,300,000		

MALTSHIRE POLICE AUTHORITY

From ~ Fleet Manager – Jim Beam

Date ~ 9 May 2002

To ~ VFM & Projects Officer – Bo More

Workshops

I have been instructed by the ACO (Resources) to pass to you any documents and provide you with any information relevant to your current exercise reviewing my workshops.

I attach a map, which shows the location of the five workshops currently in use. The old Aberfeldy workshop was closed some years ago, but is still owned by the MPA. I set out below some basic information on each of the workshops. For your exercise it is reasonably safe to assume no change in fleet numbers or allocations in 2003 and 2004.

Workshop	Floor Area ¹	Vehicle Nos ²	Status	Location
Aberfeldy	120	-	Owned	Close to the town of Elgin
Burgie	850	136	Owned	Adjoins South Division HQ Station
Cadam	830	136	Owned	Same site as West Division HQ Station
Dronach	410	135	Rented	Close to North Division HQ Station
Elgin	920	156	Owned	Next to MPA Police Training Centre
Farclas	590	137	Owned	Same site as East Division HQ Station
	3720	700		

¹ Square metres

² Number of vehicles allocated to each workshop

Workshop time is spent mainly on four activities as follows :-

- ☐ petrol issues
- ☐ regular vehicle servicing and maintenance (including car wash and valeting)
- ☐ replacing tyres, brakes, exhausts and batteries etc., as required
- ☐ breakdowns

As you probably know, all accident work and MOT testing is contracted out to various specialist garages and Oban Autolift, a private company, has the contract for breakdown recovery throughout the MPA.

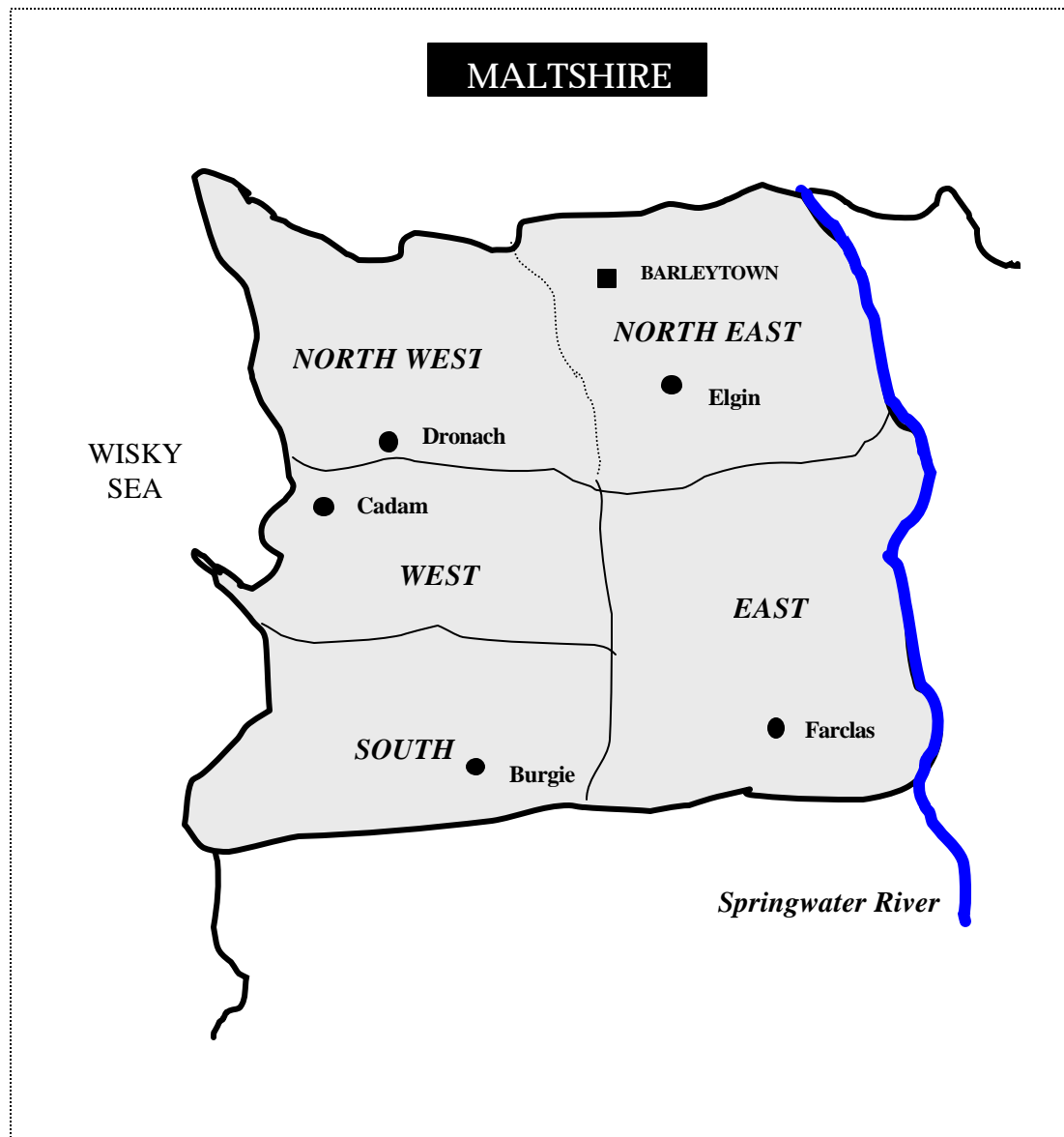
I have to express my surprise that such a review has been deemed necessary. The workshop staff are all highly skilled, extremely dedicated and very cost conscious. Lee Gavulin, my Maintenance Officer, also tells me that they are under considerable pressure to complete their current workloads, so any talk of closure sounds like nonsense to me. I cannot see the problem as we cover all our costs through income for the work done.

Jim Beam

Fleet Manager

MALTSHIRE POLICE AUTHORITY

DIVISIONS & VEHICLE WORKSHOPS





MALTSHIRE POLICE AUTHORITY

internal e-mail

From: VFM & Projects Assistant – Ed Radour
To: VFM & Projects Officer – Bo More
Date: 15 May 2003 15.22
Subject: Project Plan

Bo

Further to our meeting, I have documented below the agreed actions in progressing the vehicle maintenance workshop review project.

It was agreed that, as you are likely to become involved soon in the Workshop Quality Workgroup (WQW), I would start to gather together and break down the data on the workshops. This will be a sizeable exercise since, whilst most of the relevant time and expenditure records exist, in most instances costs have not been budgeted at individual workshop level.

It was noted that the ACO (Finance) had already agreed that all costings for the vehicle maintenance workshop report should be at a 2003 price base (projected outturn).

In terms of producing projected 2003 outturn figures broken down to workshops, the agreed initial actions were as follows :-

- ❑ Contact the Head of Exchequer at Maltshire Council for Fleet Management staffing numbers and updated staff budget costs broken down to workshop level;
- ❑ Contact the Facilities Manager in Resources asking for 2003 projected outturn figures on premises costs broken down to workshop level;
- ❑ Speak to Kitty Sark and Dee Singleton in Accountancy for updated supply costs and capital charges broken down to workshop level;
- ❑ Obtain prime records from Fleet Management to analyse workshop staff time –
 - between the five workshops;
 - between direct work hours available (on vehicles etc.) and indirect time (holidays, sickness, supervision, administration, training, idle time etc.);
- ❑ Identify the workloads in terms of direct work hours potentially required within each workshop.

These last two points will be key in identifying how much spare capacity exists in terms of direct work hours and at which workshops.

I will also look at performance indicators and obtain comparative performance data, if any exists, as this might be relevant to your WQW exercise.

In addition, it will be necessary to obtain estimates of removal/disposal costs and estimates of potential capital receipts resulting from closure of one of the workshops. It might also be useful, even at this early stage, to ask the Head of Personnel at Maltshire Council for general information on potential redundancy and pension costs resulting from closure of one of the workshops.

Ed

MALTSHIRE POLICE AUTHORITY

From ~ ACC (Crime) – Belle Venie

Date ~ 16 May 2003

To ~ Chief Constable – Ken Tuckie -Bourbon

Vehicle Maintenance Workshops – Quality Workgroup

I fully support the issues raised by the ACC (Operations) on vehicle maintenance charging and the lack of a “customer care” approach by Fleet Management. The creation of a Workshop Quality Workgroup is an excellent idea and I look forward to its first meeting.

I raised the issue of the vehicle maintenance workshops at my own management team meeting earlier this week and was immediately inundated with comments and complaints. Some correspond with those raised by the ACC (Operations), but I set out below a few more specific ones not yet covered.

- ❑ There appears to be no workload planning in any of the workshops. At peak times, vehicles often have to be kept in the workshops longer than they need be, or cannot be taken in for services when due. Both scenarios create operational problems and affect operational efficiency. At other times the workshops are empty and the men have nothing to do.
- ❑ It is not always clear what work has been completed and to what standards. There is no feedback on what has been done and clients are never asked for their views.
- ❑ One wonders at times how well the mechanics are trained. There have been a number of instances of vehicles having to be returned to workshops for replacement brakes, tyres and exhausts a few thousand miles after having been serviced.
- ❑ Whilst I appreciate that police vehicles are not typical in terms of their usage (different drivers, round the clock operations and diverse driving requirements), the number of breakdowns occurring is also much higher than I would expect.

On breakdowns, I have to say that most of the complaints are in respect of the Dronach vehicle maintenance workshop, where the number of breakdowns seems significantly higher than at the others. At a recent Regional Crime conference, I was talking about this to my opposite number at Brandyland Police Authority. He knew of some survey work on this carried out by a number of forces in his area and has promised to send me what information he can find.

In summary, therefore, the current situation is totally unsatisfactory. As owners and users of the vehicles, all we want is a quality service and to be treated like customers, as we would be if the service were to be provided externally.

Belle Venie

ACC (Crime)

Copies

ACC (Operations)

ACO (Resources)

VFM & Projects Officer – Finance



The Right Sair!

MALTSHIRE COUNCIL

SHIRE HALL ~ BARLEYTOWN ~ WH1 5KY

Director of Finance ~ Tom Matin

Bo More
Finance Department
The Distilleries
Mash Tun Road
Barleytown
WI5 5CE

22 May 2003

Dear Bo

Fleet Management – Staffing

Further to your call, I set out below the staffing levels and projected outturn Fleet Management staffing costs for 2003, broken down as requested and showing gross costs including employers' pension contributions and national insurance costs. The cost estimates, at 2003 outturn prices, are down on the original budget, as the pay award came out lower than expected.

	Total	Central	Work-shops	Burgie	Cadam	Dronach	Elgin	Farclas
Staff Numbers	No.	No.	No.	No.	No.	No.	No.	No.
Administration	4	4	0	0	0	0	0	0
Managers	5	0	5	1	1	1	1	1
Supervisors	5	0	5	1	1	1	1	1
Stores Officers	5	0	5	1	1	1	1	1
Mechanics	27	0	27	5	5	5	7	5
	46	4	42	8	8	8	10	8
Staff Costs	£	£	£	£	£	£	£	£
Administration	117,300	117,300	0	0	0	0	0	0
Managers	124,700	0	124,700	25,300	24,400	25,300	26,100	23,600
Supervisors	96,200	0	96,200	19,700	20,400	18,500	19,100	18,500
Stores Officer	78,000	0	78,000	15,400	14,900	15,900	16,400	15,400
Mechanics	500,300	0	500,300	92,400	92,400	93,000	130,100	92,400
Training	6,000	1,000	5,000	1,000	1,000	1,000	1,000	1,000
	922,500	118,300	804,200	153,800	153,100	153,700	192,700	150,900

Finally, I have passed your queries about potential redundancy payments, pensions and relocation costs to the Head of Personnel for attention.

Yours sincerely

Ann Cnoc

Head of Exchequer

MALTSHIRE POLICE AUTHORITY

From ~ ACO (Resources) – Faye Masgrouse

Date ~ 26 May 2003

To ~ ACO (Finance) – Glen Livet

Vehicle Maintenance Workshops

I attach for your information a letter recently received from Whyte and McKay, the property agents for the Dronach workshop. As you can see, the owners are expecting a hefty increase in rent from 1 January 2004 and this might be relevant to Bo More's current project.

Until I received the letter, I thought that the MPA owned all the workshops. As a relative newcomer to the MPA, with less than 3 years' service, I have learnt quickly not to be surprised by anything. The authority appears to have stagnated rather since the reorganisation in 1993 and some practices even reflect what happened pre-1993.

The Fleet Management side has proved a particular problem and progress has been slower than I expected, but some changes have been made as follows :-

- ☐ cost centre codes for individual workshops have been established within Fleet Management;
- ☐ petrol issues are now charged directly to vehicles on a slightly more regular basis;
- ☐ spares are not charged directly to vehicles yet, but issues can be identified to individual workshops;
- ☐ time sheets and vehicle job sheets are completed at all the workshops identifying the vehicle and the time spent on each job.

As you may be aware, invoices for breakdown recovery, accident repairs and MOTs are coded directly to vehicles and do not form part of the Fleet Management budget, nor do vehicle licence and insurance costs.

I even brought in the Management Services Unit at Maltshire Council to have a look at the workshops a few months ago and a work study (productivity) exercise was completed, but, with these other pressures, I have not had a chance to do anything yet.

However, much of the core data for full costing does now exist, but Fleet Management has found it difficult to convert this into charging. A proper charge-out system would resolve many of the issues raised by the two ACCs, as well as my own frustrations, and that is one of the reasons why I welcome the current Project.

Faye Masgrouse

ACO (Resources)

Copies

Chief Constable

VFM & Projects Officer

Whyte & McKay

Property Agents

Ms Faye Masgrouse
ACO (Resources)
The Distilleries
Mash Tun Road
Barleytown
WI5 5CE

20 May 2003

Dear Ms Masgrouse

Dronach Workshop

As you may be aware, the 15-year lease on this property terminates on 31 December 2003. The owners, Glenkinchie Properties, are more than willing to renew the lease, but would be seeking a substantial increase in the current rent of £35,000, which was agreed at the last five-yearly rent review. The figure proposed is £55,000. As previously, the tenant would be responsible for all repairs and maintenance on the property.

For the benefit of all parties, it would be useful to get this matter settled and the paperwork completed well in advance of the renewal date and I look forward to hearing from you shortly.

Yours sincerely

Jock McKay

Potstill House ~ Malt Kiln Road ~ Barleytown ~ WH1 5CI

MALTSHIRE POLICE AUTHORITY

From ~ Facilities Officer – Tom Intoul

Date ~ 28 May 2003

To ~ VFM & Projects Officer – Bo More

Vehicle Maintenance Workshops Premises Costs

Further to your call, Mac Allan, the Maintenance Officer, and I have had a close look at premises costs. The figures for 2003 at projected outturn prices are set out in the table below.

	Total	Central	Work-shops	Burgie	Cadam	Dronach	Elgin	Farclas
	£	£	£	£	£	£	£	£
Maintenance ¹	42,400	0	42,400	11,000	10,800	11,100	3,400	6,100
Cleaning	6,600	0	6,600	1,700	1,300	1,100	1,300	1,200
Energy	45,250	0	45,250	9,850	7,500	11,600	7,600	8,700
Water	10,100	0	10,100	1,300	1,400	1,100	5,100	1,200
Rates	65,150	0	65,150	15,850	15,000	10,500	16,500	7,300
Rent	35,000	0	35,000	0	0	35,000	0	0
	204,500	0	204,500	39,700	36,000	70,400	33,900	24,500

¹ Buildings maintenance

As you will see, the projected outturn figures are very close to the original budget. Mac has had a closer look at likely maintenance costs, but most other costs are in line, except for water costs (these are metered supplies), which are much higher than estimated for some reason.

The absence of costs for central Fleet Management reflects the fact that those staff are located in the MPA HQ building. The apportioned costs for this usage are shown as a General Overhead in the 2003 budget with the heading “Administrative Buildings – Fleet Central”. These apportioned costs include property insurance. The General Overhead shown as “Property Insurance – Fleet Workshops”, therefore, relates solely to the five active workshops.

You also asked for an estimate of closure savings on premises. As it remains unclear which workshop will be closed, I have expressed the suggested savings set out below as percentages.

- Building Maintenance - 100%
- Cleaning - 100%
- Energy - 75% (some equipment and operational costs will be ongoing)
- Water - 0%
- Rates - 100%

Tom Intoul

Facilities Officer



MALTSHIRE POLICE AUTHORITY

internal e-mail

From: VFM & Projects Assistant – Ed Radour
To: VFM & Projects Officer – Bo More
Date: 29 May 2003 10.06
Subject: Progress Report

Bo

The 2003 projected outturn figures on a workshop by workshop basis are beginning to come in and Kitty Sark, the Management Accountant, tells me that supplies have also been coded across workshops for the last two years. She has promised to let me have current year projected figures on this basis at outturn prices. Getting statistics on workshop time and usage, however, is more of a problem and will entail me carrying out a lot of analysis of prime records. The information is there, but it will take some time to collate.

As you have seen, the Elgin Workshop has the largest number of vehicles allocated to it, but this is slightly misleading. Most of the lower mileage vehicles are situated at MPA HQ in Barleytown, and Elgin Workshop, the closest to Barleytown, tends to get most of these. The point is, of course, that vehicle numbers are not necessarily an indicator of actual workload. My initial impression, therefore, is that there is significant overcapacity at Elgin and that the closure choice is likely to be between the North Division workshops, Dronach and Elgin.

The potential savings from the workshop closed will be mainly staffing and premises costs.

- Staffing The savings possible will depend upon the amount of spare capacity identified in terms of direct work hours and how much of this can be used to meet the workload of the closed workshop. Inevitably, some mechanics will need to be transferred to meet workload requirements.
- Premises The Facilities Officer has given us percentage savings for closure.
- Supplies No savings

There will also be savings on rent or capital charges, dependent upon the closure choice.

Ed

MALTSHERE POLICE AUTHORITY

Minutes ~ Workshop Quality Workgroup Meeting ~ 30 May 2003

Present

ACC (Operations), ACC (Crime), ACO (Resources), Fleet Manager, VFM & Projects Officer

1. Welcome

As Chair, the ACC (Operations) welcomed members to the first meeting of the Workshop Quality Workgroup.

2. Purpose

The ACC (Operations) noted that the prime purpose of this initial meeting was to identify areas for review, agree a brief and commission a report from the VFM & Projects Officer.

3. Review Areas

The notes already produced by the ACC (Operations) and ACC (Crime) were circulated for information and the ACC (Operations) reported that three key review areas had been suggested prior to the meeting as follows :-

- *breakdowns*
- *charging*
- *customer service and quality improvements*

It was agreed that these should be considered in turn.

4. Breakdowns

The ACC (Crime) noted the firm impression of her officers that the number of breakdowns occurring on vehicles being serviced by the Dronach workshop was higher than normal. Comparative data was being sought, and it was agreed that this was one area very worthy of investigation.

5. Charging

The ACO (Resources) suggested that charging was a second important area for consideration and one that she was keen to have improved. It was agreed that there was no good reason why spares/consumables could not be charged directly to vehicles, as with petrol, although it was suggested that there should be some sort of oncost added to both in order to cover handling in the workshops. The Fleet Manager felt that central Fleet Management costs and workshop residual costs might both require different approaches. The ACO (Resources) agreed to give this some thought and, in consultation with the ACO (Finance), come forward with proposals to improve the current situation.

6. Customer Service

The ACC (Operations) and the ACC (Crime) expressed dissatisfaction with the current service and particularly the lack of a client focus. It was agreed that proposals should be produced to address this.

7. Brief

It was agreed that the ACC (Operations), in consultation with the ACC (Crime) and ACO (Resources) should produce a brief to form a basis for a report to the next meeting on the above issues.

8. Date of Next Meeting

26 June 2003.

MALTSHERE POLICE AUTHORITY

From ~ ACO (Finance) – Glen Livet

Date ~ 2 June 2003

To ~ VFM & Projects Officer – Bo More

Vehicle Maintenance Workshops Project - Report

The above report should be addressed to the Chief Constable, who, as you know, wants the draft in early July. Clearly I would need to see a copy well in advance of that. As already agreed, you should use a 2003 outturn price base throughout.

The Chief Constable's intention is still to close one of the workshops on 31 December 2003 and, from what is already known, it appears that the decision is between two sites, Dronach and Elgin. As the Burgie and Farclas Workshops are too far away, the only other source of spare labour resource worth considering is the Cadam Workshop, but then, for practical reasons, only if Dronach is closed. The options therefore are as follows :-

- close Dronach and utilise any spare resources at Cadam and Elgin to meet workloads, or
- close Elgin and utilise spare resources at Dronach.

Both scenarios would probably involve some transfer of mechanics (but not supervisors) to meet direct hours requirements. In terms of transfers, assume at this stage that workshops only employ full time mechanics. I have also agreed with the ACO (Resources) that it would be prudent in 2004 to allow a minimum contingency level of 200 direct hours per year above identified work level requirements in whichever of the two workshops remained open, as well as the other three workshops, in order to meet emergency or unforeseen situations.

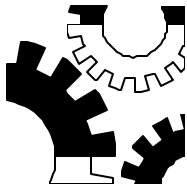
Clearly you have much work still to do, but your final report should cover the following :-

- brief background and introduction, noting the report's objectives;
- production of 2003 projected outturn figures for Fleet Management, analysed across central Fleet Management and each of the five workshops, and comparison of these figures with the original 2003 budget, together with brief comments;
- an analysis of workload requirements (direct hours) for each of the five workshops;
- identification of workforce resources (direct hours) for each of the five workshops;
- comparison and identification of the spare capacity in each of the five workshops;
- a note of how this spare capacity could be utilised to effect the closure of either Dronach or Elgin, and calculation of the additional mechanics needing to be transferred;
- calculation of the overall net savings for both options and comparison of these with the Chief Constable's target;
- if neither closure is likely to meet the target, consideration and identification of other potential and readily achievable areas for Fleet Management savings;
- a critical appraisal of the closure options both in terms of financial and non-financial considerations, conclusions and recommendations;
- detailed consideration of the management (staffing, facilities, operations) and accounting implications of closing the recommended workshop and a note of the actions required of the Fleet Manager in these respects as preparation for 31 December 2003 and the new structure.

I look forward to receiving your report.

Glen Livet

ACO (Finance)



Fiddick Factors

Robbie Dhu Industrial Estate - Dufftown Road -
Elgin

Mr Glen Livet
ACO (Finance)
The Distilleries
Mash Tun Road
Barleytown
WI5 5CE

4 June 2003

Dear Mr Livet

Spares Contract

Thank you for your recent letter, although I was not pleased at all with the contents. I was very disappointed that Fiddick Factors was unsuccessful in its bid, particularly as I now hear from my contacts in the workshops that Parfit Parts has yet again been awarded the contract.

In my view, the standard of the parts supplied by that company and the quality of its service do not match that of Fiddick Factors, but perhaps Parfit has greater influence with the authority than I do. The reputation of my company is second to none and I know that your workshops like using us if they can.

I trust that, despite the award of the contract to Parfit Parts, your workshops will still be able to use Fiddick Factors, as required.

Yours sincerely

Glen Fiddick

Managing Director

MALTSHIRE POLICE AUTHORITY

From ~ Management Accountant – Kitty Sark

Date ~ 6 June 2003

To ~ VFM & Projects Officer – Bo More

Fleet Management - Supplies and Overheads

Further to your call, I set out below projected figures for 2003 at outturn prices, analysed across the five workshops.

	Total	Central	Work-shops	Burgie	Cadam	Dronach	Elgin	Farclas
	£	£	£	£	£	£	£	£
Maintenance ¹	22,700	800	21,900	3,900	4,200	3,600	4,700	5,500
Spares/consumables ²	525,000	0	525,000	103,300	89,200	91,500	141,600	99,400
Petrol	2,500,000	0	2,500,000	475,000	450,000	425,000	675,000	475,000
Office Expenses	5,800	3,900	1,900	300	400	300	600	300
	3,053,500	4,700	3,048,800	582,500	543,800	520,400	821,900	580,200

¹ Equipment maintenance

² All replacement parts, oil, grease, fluids etc.

You also asked about General Overheads. Corporate Services charges are largely a charge to central Fleet Management and that is where I would allocate them. Maltshire Council services (Shire Services) are staff or personnel related in the main, and I would suggest Fleet Management staff number as the most appropriate basis for apportionment. At this stage, I do not foresee any change from the original 2003 budget figures, nor do I feel that any General Overheads will be significantly affected by the closure of one of the workshops.

If you require any further information, please ring me.

Kitty Sark

Management Accountant



MALTSHIRE POLICE AUTHORITY

internal e-mail

From: Financial Accountant – Dee Singleton
To: VFM & Projects Officer – Bo More
Date: 9 June 2003 11.36
Subject: Capital Charges & Interest Rates

Bo

You asked for a breakdown of the £60,000 Fleet Management capital charges estimate for 2003 between the vehicle maintenance workshops. Dronach workshop is leased, of course, and central Fleet Management staff are based in MPA HQ. Aberfeldy is let to a third party and incurs no capital charges. The figures for the other four workshops are set out in the table below.

	Total	Central	Workshops	Aberfeldy	Burgie	Cadam	Dronach	Elgin	Farclas
	£	£	£	£	£	£	£	£	£
Capital charges	60,000	0	60,000	0	14,000	13,500	0	17,000	15,500

I see no reason to amend these for your 2003 projected outturn base. If the result of your exercise were to be the closure of Elgin from 31 December 2003, then it would become non-operational in 2004. On the basis of this and Elgin's likely sale in early 2004, it is safe to assume that the capital charge would not be applied in that year.

You also asked about the rate of return for project appraisal purposes in the case of a disposal. I would suggest that you assume 4% per annum currently on any capital receipts.

Dee Singleton

FILE NOTE

I set out below my notes on the visits to the Dronach and Elgin Workshops. I received a surprisingly warm welcome at both – Tel Lisker, the Manager at Elgin, even offered to have my car washed and valeted! As you would expect, however, there were a lot of questions asked. The staff at both workshops seem eager to know the details of what is happening and I had to be very careful about what I said.

Dronach Workshop

I met with Del Whinnie, the Manager, and Dean Ston, the Supervisor. The Stores Officer was on leave.

This rented workshop is quite compact and is situated close to the North Divisional HQ and not too far away from the Cadam Workshop. The facilities are generally good, and staff seemed generally happy with these, although the premises are now beginning to show their age.

The workshop was particularly busy on the day of my visit and there were three police vehicles parked outside the workshop and a further two were turned away whilst I was there. Del Whinnie was called away to the telephone on a number of occasions. He complained that he was being pushed by uniformed personnel to clear the maintenance backlog and release vehicles for police duties. He blamed police management for sending him so many vehicles at once and wanting them all back quickly. In terms of staffing, he felt that the number of mechanics was about right for the size of the establishment and the workload – it was the peaks and troughs that caused the problem.

Dean Ston was unhappy about the “job sheets and all the other paperwork” which now had to be completed and complained that nothing appeared to happen with this. Del Whinnie made the same comment about stores issues and the issue notes that now had to be completed.

Elgin Workshop

I met with Tel Lisker, the Manager and Glyn Morangie, the Stores Officer.

This is the largest of the five workshops, with capacity to take additional work, and acknowledged as the most modern. However, its outside area is quite limited. It is also situated close to the MPA Police Training Centre and has the largest number of vehicles allocated to it. The facilities are excellent, but the staff did seem uncomfortable that someone from audit was visiting the premises (nothing new there!).

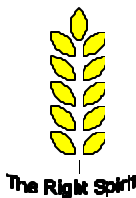
Perhaps the discomfort was because there was very little work taking place on the day of my visit and staff were struggling to find something to do. The only vehicle in the workshop was said to be an unmarked police car, although it was old and certainly not standard issue. When I raised this with Tel Lisker, he looked embarrassed and muttered something about it being for a special job.

Most of the mechanics sat around doing nothing, although Tel Lisker did get a couple to tidy up the stores. The workshop did appear to be particularly well stocked with spares, although Glyn Morangie did say that this was in anticipation of a large number of services that were now overdue.

Overall, the visits were of limited use, but at least I now know where the workshops are and what they look like, and we can comment with a little more authority on the softer issues surrounding the closure.

Ed Radour

11 June 2003



MALTSHIRE COUNCIL

SHIRE HALL ~ BARLEYTOWN ~ WH1 5KY

Chief Executive ~ Rose Bank

Bo More
Finance Department
The Distilleries
Mash Tun Road
Barleytown
W15 5CE

13 June 2003

Dear Bo

Fleet Management – Costs

Thank you for your telephone call. Knowing the likely workshop candidates for closure certainly made my task easier.

I have now had a detailed look at the profiles of the staff currently employed across all the vehicle maintenance workshops and I have spoken to Pensions Section about likely costs. As you know, recent vacancies have been filled on a temporary basis pending the review and there are also a few staff who could take retirement. The implications of closing a workshop, therefore, are unlikely to be particularly significant and I set out below the total (one-off) figures for each workshop at 2003 outturn prices. Clearly these are merely indicative at this stage.

	Dronach £	Elgin £
Redundancy/pension costs	2,000	2,000
Staff relocation expenses	3,000	4,000
	5,000	6,000

You also asked about the exercise completed by the Work Study team of the Council's Management Services Unit on the vehicle maintenance workshops. As I indicated on the telephone, all workshop staff are employed on a 37½ hour week, or 1,950 hours per annum, on the basis of 52 weeks. I have now spoken to my colleague in the Unit and he tells me that his project on the vehicle maintenance workshops was aimed at identifying the number of direct chargeable hours available (that is total hours less holidays, sickness, supervision, administration, training, idle time etc.). His exercise produced the following figures :-

- ❖ Workshop Managers 0% all management and supervision
- ❖ Stores Officer 0% needs to be recovered against issues
- ❖ Supervisors 40% or 780 hours per annum
- ❖ Mechanics 60% or 1,170 hours per annum

I trust that the above figures assist you in your exercise.

Yours sincerely

Blair Atholl

Head of Personnel

MALTSHERE POLICE AUTHORITY

From ~ ACC (Operations) – William Grants

Date ~ 17 June 2003

To ~ VFM & Projects Officer – Bo More

Workshop Quality Workgroup - Report

I trust that you have received a copy of the minutes of the Workshop Quality Workgroup (WQW) held on 30 May 2003.

I enclose a copy of a letter recently received by the ACC (Crime), which appears to be of particular relevance to our work. She remains convinced that the Dronach Workshop breakdown rate is significantly different from that at the other workshops, and certainly not in line with the average percentage quoted in the letter from the ACC (Crime) at Brandyland.

As agreed at the WQW meeting, I have subsequently had further discussion with the ACC (Crime) and ACO (Resources) about the report required from you for the next meeting. I have also spoken to the ACO (Finance) who asked me to write to you directly.

The report should cover the three key areas identified at the meeting, namely vehicle breakdowns, the recharging of costs and actions to improve client focus and satisfaction. At a more detailed level, therefore, your report should cover the following :-

1. An investigation into breakdown occurrences including –
 - a sample check across all workshops into the number of breakdowns occurring and a statistical exercise to check whether there is any evidence of association between the number of breakdowns and the workshop servicing those vehicles;
 - a statistical exercise to check whether the rate of breakdowns at Dronach Workshop is significantly out of line with the average percentage quoted by the ACC (Crime) at Brandyland;
 - an explanation and critical appraisal of the results of these exercises together with a note of any factors which might explain the results.
2. Determination of a revised recharge methodology for the various Fleet Management costs and calculations based upon this. The ACO (Resources) is meeting the ACO (Finance) to look at this in more depth and will give you further guidance after those discussions.
3. Consideration of service and quality issues surrounding the workshop and Fleet Management operations and a note of proposed actions to monitor and improve client satisfaction.

William Grants

ACC (Operations)

Copies - ACC (Crime), ACO (Finance), ACO (Resources)



Brandyland Police Authority

Ms Belle Venie
ACC (Crime)
The Distilleries
Mash Tun Road
Barleytown
WI5 5CE

14 June 2003

Dear Belle

It was good to see you again at the recent Regional Crime conference and I will give you a ring shortly on one or two of the crime-related issues we discussed.

However, I promised to let you have some survey data on vehicle maintenance and I have now received the relevant information from the authority's Fleet Manager. This relates to an exercise that he initiated and it involved gathering data from our three neighbouring police authorities – Portland, Rumshire and Vodka. The results are as follows :-

- The average breakdown percentage of vehicles serviced in the police authorities' own workshops was 10%.
- The average charge-out rate per workshop hour (including all relevant costs and overheads, but excluding central Fleet Management costs and the direct charges levied for fuel and spares/consumables) was £30.

I hope that this is of some use to you and I look forward to speaking to you again soon.

Regards

Yours sincerely

Mart Tell

ACC (Crime)



highland park golf club

president ~ james grant professional ~ kirk wall

The Chief Constable
The Distilleries
Mash Tun Road
Barleytown
W15 5CE

18 June 2003

Dear Chief Constable

I am writing concerning the Golf Club's lease of the old Aberfeldy vehicle maintenance workshop. As you know, this workshop was closed at the time of the police reorganisation in 1993 and, through an agreement with the previous Chief Constable, a Highland Park member, the golf club has used it since then to store our golf buggies (except for the couple of weeks each year when your Police Training Centre uses the premises and the extensive surrounding grounds for public order training).

Technically the current lease terminated on 31 March 2002, and I am surprised not to have heard from you before now. Whilst I have continued to pay the monthly rental of £125, the amount agreed back in 1993, I am concerned about the lack of communication and the possible implications of this.

On my last monthly visit to your Elgin Workshop, which, as you probably know, is just down the road from the golf club, I heard rumours from Tel Lisker, the manager there, about a possible rationalisation of the vehicle maintenance workshops. Are there plans to use Aberfeldy again? This could explain your reluctance to renew the current lease.

You should know that the Aberfeldy workshop is really nothing but a shell, with no facilities and in quite a poor state of repair. This is not a complaint, merely a statement of fact, and under the present lease the Golf Club meets all outgoing (repairs, rates, insurance etc.). However, I also accept that the current rent has remained unchanged for ten years and is in serious need of review. I have discussed this with the golf club committee and, whilst we do not have the resources to purchase the property, we would be willing to increase the rent to £250 per month from 1 January 2004, with an annual inflation increase clause, for a new ten-year lease. The current arrangements for public order training could also continue.

I trust that you will give this offer your most serious consideration.

Yours sincerely

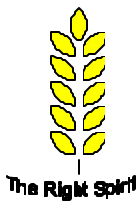
James Grant

President

ACO (Resources)/ACO (Finance)
What is all this about - have we got a sixth workshop?
Please evaluate the offer.

Ken

Highland park golf club ~ orkney island lane ~ elgin



MALTSHIRE COUNCIL

SHIRE HALL ~ BARLEYTOWN ~ WH1 5KY

Director of Finance ~ Tom Matin

Bo More
Finance Department
The Distilleries
Mash Tun Road
Barleytown
W15 5CE

19 June 2003

Dear Bo

Employee Pay Costs and Purchase of Spares

Further to your call, there will clearly be a saving of one workshop manager, one supervisor, one stores officer and a number of mechanics, dependent upon the closure option chosen. However, I would suggest that you use the following indicative pay costs when calculating closure savings, as we do not know at this stage which specific employees will be affected by the closure. These are gross rates including all National Insurance and pension costs and are at 2003 outturn prices :-

<input type="checkbox"/> Workshop Manager	£25,000
<input type="checkbox"/> Supervisor	£19,300
<input type="checkbox"/> Stores Officer	£15,600
<input type="checkbox"/> Mechanic	£18,500

You were also interested in details of spares expenditure. My payments staff have now completed a sampling exercise on purchases from Parfit Parts and Fiddick Factors. As agreed, my staff concentrated on a number of the higher cost replacement parts that account for the bulk of the MPA's expenditure in this area and examined invoices for the last two months.

The results of the exercise, in chronological order, are set out on the attached sheet.

I trust that this meets with your requirements.

Yours sincerely

Ann Cnoc
Head of Exchequer

PURCHASE OF SPARES

			Part	Units	At	Cost	From
			No.	No.	£	£	
02/04/03	Cadam	Alternators	6211	12	102.13	1225.56	Parfit Parts
02/04/03	Farclas	Batteries	4277	15	40.00	600.00	Parfit Parts
03/04/03	Dronach	Tyres	1345	20	52.00	1040.00	Parfit Parts
03/04/03	Elgin	Alternators	6211	25	102.13	2553.25	Parfit Parts
04/04/03	Burgie	Shock Absorbers	3232	10	70.71	707.10	Parfit Parts
04/04/03	Cadam	Tyres	1345	20	52.00	1040.00	Parfit Parts
08/04/03	Cadam	Shock Absorbers	3232	8	70.71	565.68	Parfit Parts
08/04/03	Farclas	Alternators	6211	15	102.13	1531.95	Parfit Parts
09/04/03	Elgin	Tyres	1345	10	52.00	520.00	Parfit Parts
10/04/03	Elgin	Tyres	1345	30	58.00	1740.00	Fiddick Factors
15/04/03	Farclas	Shock Absorbers	3232	10	70.71	707.10	Parfit Parts
15/04/03	Farclas	Tyres	1345	16	52.00	832.00	Parfit Parts
16/04/03	Dronach	Alternators	6211	10	102.13	1021.30	Parfit Parts
16/04/03	Elgin	Shock Absorbers	3232	8	70.71	565.68	Parfit Parts
17/04/03	Elgin	Alternators	6211	12	107.50	1290.00	Fiddick Factors
17/04/03	Dronach	Shock Absorbers	3232	16	70.71	1131.36	Parfit Parts
17/04/03	Elgin	Batteries	4277	10	50.00	500.00	Fiddick Factors
17/04/03	Burgie	Tyres	1345	10	52.00	520.00	Parfit Parts
17/04/03	Elgin	Rear bumper	9135	1	145.00	145.00	Fiddick Factors
22/04/03	Burgie	Shock Absorbers	3232	8	70.71	565.68	Parfit Parts
23/04/03	Dronach	Tyres	1345	20	52.00	1040.00	Parfit Parts
24/04/03	Cadam	Shock Absorbers	3232	10	70.00	700.00	Fiddick Factors
25/04/03	Dronach	Tyres	1345	24	52.00	1248.00	Parfit Parts
28/04/03	Farclas	Shock Absorbers	3232	12	70.71	848.52	Parfit Parts
29/04/03	Elgin	Alternators	6211	10	107.50	1075.00	Fiddick Factors
29/04/03	Elgin	Shock Absorbers	3232	8	70.00	560.00	Fiddick Factors
29/04/03	Farclas	Batteries	4277	12	40.00	480.00	Parfit Parts
29/04/03	Farclas	Tyres	1345	20	52.00	1040.00	Parfit Parts
29/04/03	Farclas	Tyres	1345	16	52.00	832.00	Parfit Parts
01/05/03	Dronach	Alternators	6211	8	102.13	817.04	Parfit Parts
01/05/03	Dronach	Tyres	1345	20	52.00	1040.00	Parfit Parts
03/05/03	Cadam	Alternators	6211	6	102.13	612.78	Parfit Parts
03/05/03	Cadam	Batteries	4277	12	40.00	480.00	Parfit Parts
07/05/03	Dronach	Batteries	4277	10	40.00	400.00	Parfit Parts
07/05/03	Elgin	Tyres	1345	25	58.00	1450.00	Fiddick Factors
08/05/03	Elgin	Tyres	1345	10	52.00	520.00	Parfit Parts
09/05/03	Farclas	Shock Absorbers	3232	8	70.71	565.68	Parfit Parts
12/05/03	Cadam	Tyres	1345	16	52.00	832.00	Parfit Parts
13/05/03	Elgin	Shock Absorbers	3232	8	70.00	560.00	Fiddick Factors
13/05/03	Elgin	Front wing	9299	1	240.00	240.00	Fiddick Factors
14/05/03	Dronach	Alternators	6211	10	102.13	1021.30	Parfit Parts
15/05/03	Cadam	Alternators	6211	12	102.13	1225.56	Parfit Parts
15/05/03	Farclas	Batteries	4277	12	40.00	480.00	Parfit Parts
15/05/03	Farclas	Tyres	1345	24	52.00	1248.00	Parfit Parts
19/05/03	Dronach	Tyres	1345	10	58.00	580.00	Fiddick Factors
20/05/03	Elgin	Batteries	4277	12	40.00	480.00	Parfit Parts
21/05/03	Burgie	Alternators	6211	10	102.13	1021.30	Parfit Parts
21/05/03	Burgie	Shock Absorbers	3232	12	70.71	848.52	Parfit Parts
21/05/03	Cadam	Tyres	1345	20	52.00	1040.00	Parfit Parts
23/05/03	Farclas	Alternators	6211	8	102.13	817.04	Parfit Parts
23/05/03	Farclas	Shock Absorbers	3232	10	70.71	707.10	Parfit Parts
23/05/03	Elgin	Tyres	1345	15	58.00	870.00	Fiddick Factors
28/05/03	Burgie	Batteries	4277	12	40.00	480.00	Parfit Parts
28/05/03	Burgie	Tyres	1345	24	52.00	1248.00	Parfit Parts
30/05/03	Dronach	Shock Absorbers	3232	8	70.00	560.00	Fiddick Factors



MALTSHIRE POLICE AUTHORITY

internal e-mail

From: VFM & Projects Assistant – Ed Radour
To: VFM & Projects Officer – Bo More
Date: 20 June 2003 11.23
Subject: Labour & breakdown figures

Bo

I have finally completed my analysis of workshop time records for the last two years and feel confident that the figures in the table below reflect the 2003 workloads (direct hours) of the respective workshops. I have reviewed the figures with the ACO (Resources), the Fleet Manager and the Maintenance Officer, and all agree that they look to be a realistic basis for decision-making in 2003 and 2004. All figures are per annum (pa).

	Total	Workshops				
		Burgie	Cadam	Dronach	Elgin	Farclas
Service hours pa	27,381	6,006	5,553	4,340	5,421	6,061
Breakdown hours pa	942	192	78	321	206	145
Tyres, exhausts, batteries hours pa	777	159	168	132	151	167
Workloads (total direct hours)	29,100	6,357	5,799	4,793	5,778	6,373
Number of services pa	4,402	938	829	853	874	908

As agreed, I also carried out a sampling exercise on breakdowns and the results are as follows.

	Total	Workshops				
		Burgie	Cadam	Dronach	Elgin	Farclas
Breakdowns between services	16	2	1	8	4	1
Nil breakdowns between services	144	28	29	27	33	27
Total	160	30	30	35	37	28

The breakdown rate at Dronach certainly does look out of line.

Ed

MALTSHIRE POLICE AUTHORITY

From ~ ACO (Resources) – Faye Masgrouse

Date ~ 23 June 2003

To ~ VFM & Projects Officer – Bo More

Vehicle Workshop Closure and Recharging

Further to your call, Abbie has looked into the one-off costs that will be incurred as a result of the closure of either the Dronach or Elgin Workshops. I understand that you already have estimates of the one-off redundancy, pension and staff relocation costs likely to be involved from Maltshire Council. In addition, there will be the costs of removals, re-installations and minor works at the receiving workshops. These are estimated at £5,000 for the Dronach closure or £10,000 for the Elgin closure (this is a much larger workshop with more equipment to re-install). All these one-off costs will fall to be met in 2003.

In the memorandum from the ACC (Operations) of 17 June 2003, you were also promised further guidance on the determination of a revised recharge methodology for Fleet Management costs. I had discussions last week with the ACO (Finance) about a proper basis for recharging these costs, and I set out below the methodology agreed with him for 2003.

On the basis of the 2003 projected outturn figures and ignoring the closure options currently being discussed for 2004, your approach to this part of the Workshop Quality Workgroup report should encompass -

- ❑ the allocation or apportionment, as appropriate, of each of the General Overheads over central Fleet Management and the five individual workshops, as appropriate;
- ❑ the charge-out of the resultant central Fleet Management costs direct to clients on a cost per vehicle basis;
- ❑ the charge-out of petrol issues and spares/consumables direct to clients at cost plus a workshop handling charge. The ACO (Finance) and I agreed that the following handling charges were in line with other police authorities and should be applied -
 - Petrol – handling charge of 2% on issues
 - Spares/consumables – handling charge of 10% on issues
- ❑ calculation of the workshop net residual costs;
- ❑ using 2003 estimated workloads (total direct hours) for each workshop, the charge-out of these workshop net residual costs direct to clients on the basis of a cost per direct labour hour (please produce a separate cost per direct labour hour for each workshop individually, as well as an overall workshops cost. It will be interesting to compare the differences);
- ❑ A critical appraisal of the results in the light of comparative data and consideration of whether the workshop charge per direct labour hour should be applied on an overall workshop basis or at the individual workshop level in 2003 and 2004.

For information, the above approach is in line with the Brandyland basis of recharge.

Faye Masgrouse

ACO (Resources)

Copy

ACO (Finance)



Ms Abbie Lour
Facilities Manager
The Distilleries
Mash Tun Road
Barleytown
W15 5CE
24 June 2003

Dear Ms Lour,

Vehicle Maintenance Workshops

Further to your telephone call, I have carried out valuations at all four active workshops owned by the MPA and details are set out below.

	Value £	Comments
Burgie	275,000	Adjoining a Divisional police station. Saleable, but not the best location.
Cadam	260,000	Co-located with a police station and not particularly valuable as a site
Elgin	350,000	Close to, but separate from the Police Training Centre. Very saleable.
Farclas	300,000	Co-located with a police station, so difficult to sell separately, but potentially valuable

You also asked about the Aberfeldy workshop. This property is in a poor state of repair and is probably worth £45,000 as it stands at present. A market rent is difficult to estimate, but it could be advertised and I would suggest £20 per square metre per annum as a reasonable level on the basis of its present state.

If I can be of further assistance, please contact me.

Yours sincerely

Paddy Old

Senior Partner

Please copy to Bo More

Abbie