

From: Eric Hotson, Cabinet Member for Corporate and Democratic Services

Rebecca Spore, Director of Infrastructure

To: The Policy and Resources Cabinet Committee

Decision No: N/A

Subject: **Total Facilities Management – Biannual Review**

Classification: **Unrestricted**

Past Pathway of Paper:

Future Pathway of Paper:

Electoral Division: All

Summary: The Property Sub Committee reviewed the performance of the Total Facilities Management Contracts - Mid Kent with Amey, West Kent with Skanska, and East Kent with Kier in February 2017. The committee considered a detailed report, including the exempt appendix and discussed the performance of each.

This approach is in line with the commissioning cycle principles as set out in the County Council Paper on the 15th May 2014 titled Facing the Challenge: Towards a Strategic Commissioning Authority, with a view to providing wider scrutiny of the contracts performance.

Recommendations: The Policy and Resources Cabinet Committee is asked to:

- (1) Note the current performance of the TFM contractors and assurance from the Policy and Resources Property Sub Committee.

1. Introduction

- 1.1 In January 2013 the Cabinet Member responsible for this portfolio took the decision (Decision No. 12/01838) to proceed with the implementation of a Total Facilities Management solution. Following a competitive procurement, contracts commenced with Amey and Skanska on 31 October 2014 and with Kier on 21 January 2015. The Policy and Resources Property Sub Committee reviews the performance of these contracts on a bi annual basis to provide member oversight and assurance.

This report is intended to update members on the performance of these contracts since the 5th biannual review, and to provide members with assurance that management and monitoring of the three TFM contracts are in place.

2. Financial Implications

- 2.1 The financial savings identified in the MTFP of £1 million have been delivered following the implementation of the TFM Contracts

3. Bold Steps for Kent and Policy Framework

- 3.1 The implementation of a Total Facilities Management solution directly relates to the delivery of the benefits from implementing a corporate landlord model as part of the change to keep succeeding plans, ensuring that our buildings are able to support front line service delivery and the delivery of the financial position as set out in the medium term financial plan.

4. The Report

- 4.1 The principles behind the contracts are:

- The delivery of outcomes. The authority's requirements were set out in an Output Specification. Bidders provided solutions to deliver the outcomes required by the council. Bidders took the risk on how they were to deliver the required outcomes.
- Performance in the delivery of outcomes is measured against a set of Key Performance Indicators (KPIs). This is supported by a performance regime where deduction penalties are made for poor performance. The contracts are for 5 years with an option to extend for 2 years and are designed to foster a partnering relationship.

- 4.2 As with all substantial contracts (approximately £10 million spend per annum across the three contracts) there is a need to ensure that there is a robust client function and contract management process in place to manage performance. On a day to day basis, Property has put in place a number of contract managers and support officers who will manage and monitor activity. This is supported by monthly performance review meetings with the Director of Infrastructure and a quarterly review with the Cabinet Member for Corporate and Democratic Services.

- 4.3 In order to ensure that members have oversight as to the ongoing performance of this contract, it has been agreed that a biannual performance review is undertaken by the Property Sub Committee on behalf of the Policy and Resources Cabinet Committee. This approach is in line with the commissioning cycle principles set out in the County Council Paper on the 15 May 2014 titled Facing the Challenge: Towards a Strategic Commissioning Authority, with a view to providing wider scrutiny of the contracts performance.

5. Performance Review

- 5.1 The current summary report of the TFM contractors is included in the exempt Appendix 1.
- 5.2 Day to day management of the TFM contract is provided by Gen2 who provide Property Managing Agent services to the Council.

Over the last reporting period the following actions have been taken:

- A KCC commissioning team has been strengthened to provide assurance of effective FM service delivery and oversee Gen2's performance. Regular interface between KCC commissioning, Gen2 and the TFM Contractors is underway.
- A new Head of TFM has been appointed in Gen2 and the contract management team has been further developed.
- An audit of Fire Risk Assessment & Water Risk Assessments was undertaken in March 2017 and it was confirmed all certificates are in place.
- Backlog of reactive maintenance tasks have reduced considerably.
- Helpdesk audit action plan has been developed to ensure improvements are implemented.
- Focused service meetings have taken place with service users if a request has not been actioned or is unresolved.
- Weekly and monthly operation and quarterly partnership meetings with contractors to review issues and services, and management and monitoring of the contracts have continued. These include monthly contract review meetings and Monthly Performance/KPI meetings.
- Detailed analysis of Help Desk Calls to identify recurring reports of issues regarding FM services is taking place
- Implementation of Improvement plans with the contractors resulting in significantly improved performance.
- Software improvements on their CAFM systems.
- Improvements in delivery of cleaning, catering and waste management services to schools and other educational establishments in Kent have been delivered working in conjunction with Kier. Options for August 2017 onwards are being considered.

6. Conclusions

- 6.1 During this six month period, the three TFM contractors have faced many challenges in providing the services to KCC which have generally been actioned and resolved, or plans agreed to help resolve these issues. The KCC commissioning team has strengthened its management interface with both Gen2 and the FM providers. The management changes in Gen2 have also strengthened the contract management arrangements to ensure robust management of the three TFM providers.
- 6.2 KCC Audit & Assurance team carried out a follow up audit of the TFM Contractors Helpdesk which identified a number of previously highlighted issues being actioned and closed. However some issues were still outstanding at the time of the audit. Gen2 have delivered a workshop a clear action plan has been agreed with the TFM providers and is being implemented with a view to all outstanding actions being closed by the end of June.
- 6.3 The Policy and Resources Property Sub Committee noted the current position and performance of the three contracts. The committee noted those areas where performance had improved and the contract management arrangements that had been put in place to oversee these contracts.

7. Recommendation(s)

Recommendations:

The Policy and Resources Cabinet Committee is asked to:

- (1) Note the current performance of the TFM contractors and assurance from the Policy and Resources Property Sub Committee.

8. Background Documents

8.1 Policy and Resources Cabinet Committee Report 27 September 2012

8.2 Record of Decision No: 12/01838

8.3 Attachments Exempt Appendix 1: Mid Kent Performance; East Kent Performance, West Kent Performance

9. Contact details

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