
By: Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform

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To: Policy and Resources Cabinet Committee – 11th July 2012

Subject: Facilities Management Review - Decision 12/01838

Classification: Unrestricted

Summary. As part of the Council's Medium Term Plan £10 million of revenue savings have been allocated against the delivery of 'Total Place' over the next three years. Part of the strategy to deliver the saving was the implementation of the Corporate Landlord model and the centralised management of property. One workstream being progressed as part of the centralisation of property services is a review of Facilities Management (FM) provision. Current FM delivery across the KCC estate is fragmented, varies in consistency and quality and delivers varying degrees of value for money. This report outlines the present works taking place in developing a clear FM strategy across the Council's property portfolio (Phase 1).

Once Phase 1 has been completed, the Director for Property and Infrastructure Support will seek a decision by the Cabinet Member for Business Strategy, Performance and Health Reform to progress to Phase 2 (implementation).

1 Background to the Facilities Management Review

1.1 KCC has adopted the corporate landlord model in respect of the delivery of property services. P&IS has full responsibility for the management of KCC's land and property portfolio including budget responsibility. This involves strategic asset management across the estate. There are approximately six hundred buildings spread across three geographical areas, West, Mid & East Kent. A small proportion of these buildings are serviced directly by seventy eight FM staff, providing reception facilities, porter service, post room, caretaker, cleaning, car parking, meeting room management and basic maintenance.

1.2 The remainder of the buildings are serviced via the following

- Kent Facilities Management (part of Commercial Services)
- Third Party Contracts

- TFM (Total Facilities Management) through external suppliers
- Bundled Services through external suppliers
- Single services through specialist external suppliers

2 Need for Change of Use

2.1 The value of spend in this category is approximately £30m (taken from invoices paid 2010-11). The key objective is to deliver high quality, consistent and cost effective FM services across the portfolio.

2.2 The current fragmented delivery model is inefficient, with the Council not benefiting from economies of scale across its portfolio. It is anticipated that through adopting a different delivery model, significant savings can be achieved. Savings of 10% against current spend have been targeted as part of this review.

2.3 The following FM options are being considered as part of the review

- Do nothing and remain with a fragmented service – not considered viable
- Kent Facilities Management
- Other internal options within KCC (existing internal employees)
- Total Facilities Management
- Bundled soft services
- Bundled hard services
- Bundled hard and soft services
- Single service providers
- “Hybrid” combination of options

2.4 The current position suggests there is a strong case for a new sourcing strategy for FM that targets rationalisation and competitive market testing which will achieve savings and value-add benefits. The scope of services being considered as part of the review is:

Managed Services:-

- | | |
|---|--|
| <ul style="list-style-type: none"> - Health and Safety Management - Authorised Persons and Permits to Work - Special Needs Services - Risk Management - Environmental Management - Business Continuity Management | <ul style="list-style-type: none"> - Re-Lamping - Fire Detection Systems - Lifts, Hoists and Conveyance Systems - Security, Access and Intruder Systems and Safety Film - Standby Power Systems - AV Equipment Maintenance - Television Cabling - Hard Landscaping Maintenance - Soft Landscaping Maintenance - Control of Asbestos - Water Hygiene - Statutory Inspections - Portable Appliance Testing - Building Management Systems - Locksmith Services |
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Hard Services

- Planned Preventative and Reactive Maintenance
- Fabric Maintenance

- Clocks
- Furniture Management System
- Signage

Soft Services

- Catering
- Room Bookings
- Cleaning
- Pest Control
- Waste Management
- Reception Services

- Security Services
- Mail Services
- Reprographic Services

Additional Services

- Space Management
- Statutory/Compliance Surveys
- Change Management
- Best Practice Guidance
- Move Management

3 Current status

- 3.1 A FM services review is being undertaken by a Steering Group with a target of implementing a new approved FM strategy from August 2012 with completion by April 2013.
- 3.2 The review has been divided into two parts: Phase 1, which is to review the current situation and then develop a FM Strategy in line with best practice and value for money, and Phase 2 that involves the implementation of the final strategy.
- 3.3 To help support the review, KCC ran a small competition to source a suitably experienced FM consultant, and Mace Macro was selected. The consultant has been appointed to provide the below Phase 1 support works, and KCC has the option to employ the consultant for Phase 2 depending on the agreed FM Strategy and support requirements:

Phase 1 (Consultant's requirements)

1. A report that sets out the current baseline position, considers the options for future service delivery and recommends a strategy that will deliver against the Council's key objectives.
2. Produce a Project Definition Document for approval by the Steering Group.
3. Produce a report that includes intelligence on the current market for our requirement and benchmarking against other local authorities and private sector organisations.
4. Develop a target-operating model, implementation plan (with timeline), change strategy and procurement plan options (with savings targets) for approval by Steering Group.
5. Produce specifications for use in the procurement process.

Phase 2 (Strategy Implementation)

1. Support the procurement process.
2. Support supplier selection process.
3. Support mobilisation process.

Key project milestones:

Milestones	Finish
Phase 1, April 2012 – FM site Data collection	June/July 2012
Phase 1, April 2012 – Source and appoint FM consultant	May 2012
Phase 1, May 2012 – Consultant's review data, investigate opportunities for improvement, produce proposed FM Strategy.	July 2012
Presentation on option appraisal and key findings to the Steering Group	11th July 2012
Phase 1, July 2012 – Steering Group review FM Strategy and propose way forward with Senior Management.	August 2012
Recommendation to Cabinet Member for Business Strategy, Performance and Health Reform	Mid August 2012
Phase 2, August/Sept 2012 Commence and Implement FM Strategy.	March/April 2013

The Steering Group:

3.4 The Steering Group is led by Rebecca Spore, the Director of Property and Infrastructure Support and meets bi-weekly. The Steering Group supports the Director by progressing and managing the works under Phase 1. This includes reviewing the present services, and producing and agreeing a FM strategy with our FM consultant for implementation during Phase 2.

3.5 At this stage of the FM review, the principal members of the Group are:

Name	Organisation/Team	Role
Rebecca Spore	KCC	Director of Property and Infrastructure Support
Terry Whitlock	KCC	Head of Operational Services
Edward Baldwin	KCC	Procurement Manager
Anne Fido	KCC	FM Contracts Manager
Bev Palmer	KCC	FM Contracts Manager
Justin Hills	KCC	FM Contract Manager
Tom Micklewright	KCC	PFI and FM Contracts Team Manager
Vikram Bhatia	Mace Macro	FM Consultant

Please note – Vikram Bhatia is supporting KCC during this work, but is not a member of the Steering Group

4 Relevant priority outcomes

- 4.1 The key objective is to deliver high quality and cost effective FM services across the portfolio. There is an expectation that this will be delivered through rationalisation and the introduction of cost effective contracts and partnerships taking into consideration current delivery mechanisms through Commercial Services, external providers and in-house services. The objective will also respond to Bold Steps for Kent, environmental targets, operational risk management, diversity and ensuring any outcomes meet the needs of all Kent residents.

5 Consultation and Communication

- 5.1 At this stage of the FM review, limited consultation has been made, but once Phase 1 is complete and the consultant's proposed FM strategy is available. this will be shared with senior management and principle members and a full communication strategy implemented

6 Financial Implications

- 6.1 Delivery of a proportion of the £10 million savings is dependent on this review. It is likely that TUPE will apply to any option that is progressed other than maintaining the status quo.

7 Risk

- 7.1 The following risks have been identified.

Strategy Risks

1. Outsourcing undesirable functions versus the ones that provide the greatest competitive advantage.
2. Not clearly defining goals and objectives before starting the outsourcing process.
3. Not establishing an effective internal baseline against which providers are measured, including costs, service and value adds.
4. Inadequate business case development for the outsourcing decision.
5. Making the decision to outsource without complete information on internal costs and processes.
6. Not considering the impact of outsourcing on other functions and ignoring areas of risk such as environmental and regulatory factors.
7. Failure to understand human relations and employment law requirements for an outsourcing initiative.
8. Announcing outsourcing before sufficient detail has been finalised, creating morale issues.
9. Lack of risk analysis and risk assessment planning.

Implementation Risks

1. Initiating an agreement with a service provider that limits flexibility in the future.
2. Having an unrealistic timeline for any of the steps of implementation.
3. Not fully defining an employee transition plan.
4. Not getting the operational issues resolved in the service agreement before moving into the legal aspects of the agreement.
5. Inadequate planning concerning information systems and interfacing with the service provider.
6. Insufficient technology development.

8 Equality Impact Assessments

- 8.1 The Steering Group and potential future KCC Contracts Management Team will ensure the needs of stakeholders who use FM services across the estate are considered as and when future service providers implement a new policy, or when they make a change to a current policy or service. An equality impact assessment will be undertaken as part of the final decision report.

9 Sustainability Implications

- 9.1 The final FM Strategy will include a strong commitment to sustainability, in line with KCC's policies.

10 Conclusion

- 10.1 The Steering Group is moving towards the end of Phase 1, where the FM Consultant will present the proposed FM Strategy to the Group on the 11th July 2012.
- 10.2 Following the presentation and questions to the consultants, the Group will further review the Strategy to ensure it includes all the required elements and is workable. Once this is complete and the Group are satisfied that the FM Strategy offers the best way forward for KCC, the Strategy will be presented to Senior Management and Principle members. A decision report will be prepared for the Cabinet Member for Business Strategy, Performance and Health Reform to proceed into the implementation stage. The Director of Property & Infrastructure will provide further updates on progress to the committee

11 Direction Required: None

- 11.1 The P&R Committee are asked to endorse the principles of the FM review and that following the completion of Phase 1 a decision is taken by the Cabinet Member for Business Strategy, Performance and Health Reform to move forward into the implementation stage.

12 Background Documents

None.

Contact details –

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