

From: **Gary Cooke, Cabinet Member for Corporate and Democratic Services**

To: Policy and Resources Cabinet Committee – 10 July 2014

Subject: **Total Facilities Management**

Classification: **Unrestricted**

Past Pathway of Paper: Policy and Resources Committee 27th September 2012

Future Pathway of Paper:

Electoral Division: All

Summary: This report seeks to update the Policy and Resources Cabinet Committee on the implementation of a Total Facilities Management Solution.

Recommendation(s):

The Policy and Resources Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member as to the level of oversight that the committee wishes to have in the monitoring of performance of the Total Facilities Management Contracts and, in particular, whether the Policy and Resources Cabinet Committee wishes to delegate to the Property Sub Committee a biannual review of performance against key contract outcomes.

1. Introduction

1.1 On the 27th September 2012, the Policy and Resources Cabinet Committee considered a review which had been undertaken to consider how Facilities Management Services are delivered across the County. The report set out a range of options which had been considered to deliver services to the 600 buildings and it was proposed that we implement a Total Facilities Management solution across the council's estate. Following discussion, the Cabinet Member responsible for this portfolio took a decision on the 11th January 2013 (Decision No. 12/01838) to proceed with the implementation of a Total Facilities Management solution. A competitive procurement process has been undertaken and we intend to award the contract to the successful tenderers with a contract start date at the end of August 2014. This report is intended to update members and to consider the role that the Policy and Resources Cabinet Committee may wish to have in long term monitoring of contract outcomes.

2. Financial Implications

2.1 A proportion of the property services savings identified in the MTP was dependent on the consolidation of Facilities Management Support across the building stock. This is the equivalent of £1 million revenue savings.

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 As outlined in section 1.1, a service review was undertaken by Mace Macro to consider the way that Facilities Management Services are currently delivered and future delivery options. As part of this, a report which outlined the options was considered by the Policy and Resources Cabinet Committee on the 27th September 2012. This included consideration of:

- Do nothing and continue with fragmented service delivery
- In house service delivery
- Blended service delivery
- Managed Services Contracts
- Total Facilities Management solution

- 4.2 The scope of the service includes building support services to all council properties currently within the property corporate landlord portfolio. Building support services include the full range of soft and hard services. Following discussion at the Policy and Resources Cabinet Committee, a formal decision was taken and a competitive dialogue procurement process has been undertaken to select three total facilities management providers (mid, east and west). The Cabinet Member for Corporate and Democratic Services oversaw with the Director of Property the procurement process and the final evaluation of the tenders received to provide assurance to the executive. These contracts are in the process of being awarded and will be live from the end of August 2014.

- 4.3 The principles behind the contracts are:

- They are based on the delivery of outcomes. The authority's requirements are set out in the Output Specification. Bidders have then provided solutions which they intend to implement to deliver the outcomes required by the council. Bidders take the risk on how they deliver the required outcomes.
- Performance in the delivery of outcomes is measured against a set of key performance indicators. This is supported by a performance regime where deduction penalties are made for poor performance. The KPI's against which performance is monitored is included in Appendix 1.
- The contracts are for 5 years with an option to extend for 2 years and are designed to foster a partnering relationship.

- 4.4 As with all substantial contracts (approximately £10 million spend per annum) 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 have put in place a number of contract managers who will

monitor activity. This will be supported by monthly performance review meetings with the Director of Property and a quarterly review with the Cabinet Member for Corporate and Democratic Services.

- 4.5 In order to ensure that members have oversight as to the ongoing performance of this contract, it is recommended that a biannual performance review is considered by the Property Sub Committee on behalf of the Policy and Resources Cabinet Committee. 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 contract performance.

5. Conclusions

- 5.1 This is a substantial contract to provide facilities management services to the Council's property portfolio. Whilst robust contract management processes have been put in place within Property and Infrastructure Support with reporting and oversight feeding through to Cabinet, it is also appropriate that the Policy and Resources Cabinet Committee consider what role it and the Property Sub Committee wish to have in providing wider assurance as to the performance of these contracts against the key outcomes set.
- 5.2 It is recommended that in the first instance a briefing session is held for the Property Sub Committee members, with an overview of the three successful bidders' approach.

6. Recommendation(s)

Recommendation(s): (select relevant wording from below)

The Policy and Resources Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member as to level of oversight that the committee wishes to have in the monitoring of performance of the Total Facilities Management Contracts and in particular whether the Policy and Resources Cabinet Committee wishes to delegate to the Property Sub Committee a biannual review of performance against key contract outcomes.

7. Background Documents

- 7.1 Policy and Resources Cabinet Committee Report 27th September 2012
- 7.2 Record of Decision No: 12/01838

8. Contact details

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