

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

Rebecca Spore, Director of Infrastructure

To: Property Sub-Committee – 18 January 2018

Subject: **Total Facilities Management – Bi-annual Review**

Classification: Unrestricted

Electoral Division: All

Summary: This report sets out the performance of the Total Facilities Management (TFM) Contracts. Mid Kent – Amey; East Kent – East; and West Kent – Skanska from August 2017 to December 2017.

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 Property Sub-Committee is asked to note the current performance of the Total Facilities Management contractors

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 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 showing the TFM contractors' KPI performance, key trends in the performance data and current status against triggers 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 review of FM has been undertaken to understand key issues within FM delivery following reported issues with health & safety compliance. The FM review has led to the following:
 - a greater contract management regime in order to address all operational issues;

- full implementation of KPI's to ensure audit tests on performance are undertaken and addressed
- analysis and transparency of FM spend
- CAFM (Computer Aided Facilities Management) system review and compliance tracker implemented.
- Clearance of outstanding resultant works that were identified from health and safety compliance assessments to 90% was achieved in December, with 100% expected to be completed by the end of January 2018
- A compliance audit process is in place to ensure all resultant works are processed immediately as identified from assessments.
- Service user bi-monthly meetings to discuss issues and improve communications.
- Introduction of Gen2 Health & Safety Group to ensure management and information flow relating to all Health & Safety matters are discussed and shared with KCC
- Commencement of a new TFM audit to provide support to the FM team in regards to improvements and processes being implemented.
- Escalation process review to address long outstanding contractual issues, such as lack of functioning of the supplier CAFM systems and non-application of all KPI.
- Greater management of the asset enhancement programme, which includes works to enhance and replace assets within properties, improving health and safety and modernising facilities for users, to ensure full programme delivery for 17/18 and early commencement of the 18/19 programme to ensure works commence from April 2018.
- Client and service user engagement regarding the future of FM and potential procurement options.
- Change in Head of FM within Gen2.

6. Conclusions

- 6.1 During this six month period, a full independent review of FM has been undertaken to further understand health & safety issues and management processes. A joint approach has been established between Gen2 and KCC to support the escalation of issues. A Head of Facilities Management has been promoted from existing staff within the team with senior management support to ensure the in depth experience is shared across all areas of TFM management. This has included a proactive approach to service user engagement to improve communications and understand service user risk and concerns.
- 6.2 The contracts will run for a further 2 years until the end of the initial contract period, subject to approval of any re procurement process. Planning work is commencing now to ensure data is updated and systems populated to allow for any proposed process, whether extension or re-procurement is made on the right basis.
- 6.3 A further audit of TFM provision has commenced to provide assurances to the enhanced management processes in place.

6.4 The Property Sub-Committee is asked to note the current position and performance of the three contracts. The Sub-Committee is asked to note those areas where improvements have been made and the contract management arrangements that had been put in place to oversee these contracts.

7. Recommendation(s)

Recommendations:

The Property Sub-Committee is asked to note the current performance of the Total Facilities Management contractors

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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