

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

To: The Property Sub Committee

Decision No: N/A

Subject: **Total Facilities Management – 2nd Biannual Review**

Classification: **Unrestricted**

Past Pathway of Paper: none

Future Pathway of Paper: none

Electoral Division: All

Summary: This 2nd biannual report seeks to update the Property Sub Committee on the performance of the three Total Facilities Management (TFM) contractors since the 1st biannual review. The TFM contractors and their areas are - Mid Kent with Amey, West Kent with Skanska, and East Kent with Kier.

This report includes the Performance Deductions of the Mid, West and East Kent TFM contractors since the 1st biannual review, a summary of preference, the issues encountered by KCC services and management action taken.

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.

Recommendation(s): The Property Sub-Committee is asked to:

- (1) Note the performance of the Mid Kent, West Kent, and East Kent TFM contractors since the 1st biannual review.
- (2) Note the issues which have occurred and actions to resolve these items.
- (3) Note the existing KCC contract governance in place to manage and monitor the performance of the Total Facilities Management Contracts.

1. Introduction

- 1.1 On the 27 September 2012, the Policy and Resources Cabinet Committee considered a review of 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 KCC's Corporate Landlord buildings and it was proposed that KCC implement a Total Facilities Management solution across the council's estate. Following discussion, the Cabinet Member responsible for this portfolio took the decision on the 11 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 contracts have now been signed as follows –

Mid Kent

Contractor - Amey

Contract Signature - 29th August 2014

Contract Start Date – 31st October 2014

West Kent

Contractor – Skanska

Contract Signature – 1st September 2014

Contract Start Date – 31st October 2014

East Kent

Contractor – Kier

Contract Signature – 1st December 2014

Contract Start Date – 21st January 2015

This report is intended to update members on the performance of these contracts since the 1st biannual review, and to provide members with assurance that management and monitoring of the three TFM contracts is in place.

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, an independent service review was commissioned to consider the way that Facilities Management Services are currently delivered and future delivery options.
- 4.2 The scope of the Facilities Management 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 and Infrastructure Support the procurement process and the final evaluation of the tenders received to provide assurance to the executive. The Mid Kent and West Kent contracts were awarded and signed, and commenced on the 31st October 2014.

With respect to the East Kent contract, the preferred bidder Interserve, withdrew from the procurement process at short notice. KCC then appointed Kier as the new preferred bidder. The East Kent contract was signed on the 1st December 2014, and commenced on the 21st January 2015.

4.3 The principles behind the contracts are:

- 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 (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.

4.4 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 will be supported by monthly performance review meetings with the Director of Infrastructure and a quarterly review with the Cabinet Member for Corporate and Democratic Services.

4.5 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.

4.6 The 1st biannual performance review was undertaken on the 27th March 2015, following the submission of a briefing paper by the Interim Director of Property and Infrastructure Support (the Director's title at that time). It was also agreed that at the 2nd biannual review the three TFM contractors would attend the committee to provide a presentation and answer member's questions. Further briefing papers and reviews are then to be planned for every September and March.

4.7 Biannual reviews will form part of the following contract governance in place, managed by the contract management team within the Infrastructure directorate –

- Daily monitoring of contractors' performance through discussions with contractors and stakeholders
- Daily monitoring of Helpdesk performance through scrutiny of the contractors CAFM system (computer aided facilities management)
- Site visits and discussions with stakeholders
- Regular planned Stake holder meetings
- Weekly, monthly and ad hoc contractors meetings
- Monthly contract review meetings
- Review of contractors' monthly reports against KPIs
- Review of contractors' annual plans against KPIs
- Review of monthly invoices.
- Budget management

5. Performance Review

5.1 This is the 2nd biannual review and this has been undertaken now that the 3 TFM contractors are outside of their 3 month bedding in period. All contractors have continued to work hard since contract commencement and deliver facility management services to over 300 KCC premises, and continue to work successfully in partnership with KCC.

A summary of each contractors performance is included within the following exempt Appendix 1.

- Mid Kent Performance Dashboard
- West Kent Performance Dashboard
- East Kent Performance Dashboard

The level of financial performance deductions are shown for each contractor within the following exempt appendices (please note for East Kent, deduction have been applied from April 2015 following their bedding in period).

- Mid Kent Performance Deductions. February 2015 to July 2015 – Please see exempt appendix. 2
- West Kent Performance Deductions. February 2015 to July 2015 - Please see exempt appendix. 2
- East Kent Performance Deductions. April 2015 to July 2015 – Please see exempt appendix. 2

5.2 The exempt appendices show the areas where Performance Deductions have been identified and applied.

5.3 The contract management teams of both KCC Property and the TFM contractors have worked hard to actively manage the contracts. Actions have included –

- Meetings arranged and attended with area managers and stakeholders from the services that have raised concern with the new service. These meetings are also used to explain the TFM services and service matrix.

- The KCC Property team being the point of escalation for service users if a request has not been actioned or is unresolved.
- The use by the TFM contractors of KCC's Health and Safety, Incident, and complaints procedures for consistency across all three areas.
- Daily clarification to site users at meetings, by phone and email, on the scope of individual works.
- Daily contact between both teams to resolve items which require contractual clarification.
- As per item 4.7 weekly meetings with contractors to review issues and services and management and monitoring of the contracts. These include monthly contract review meetings and Monthly Performance/KPI meetings.
- Partnership meetings now in place.
- New TFM contractor management staff to help resolve and deliver improved performance.
- The right staff within the right job.
- Improvement plans agreed with the contractors.
- Software improvements on their CAFM systems.
- Quarterly meetings held with each TFM contractor by the Cabinet Member for Corporate and Democratic Services and the Director of Infrastructure.

6. Conclusions

- 6.1 During this 6 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.

Overall, these three TFM contracts are still reasonably new to KCC (especially the East Kent contract with Kier). Taking into account there are over 300 sites to be managed by the three contractors across the three areas of Kent, the transfer of a large number of staff (both KCC and third party) to their new companies, the short mobilisation timescale, new team structures required, and the cancellation of many small contracts which were in place before corporate landlord, it would be reasonable to expect that there would be a period where the service establishes itself. Generally the three TFM contractors have managed to provide a reasonable service to most of the Corporate Landlord estate. Firm management action has been taken where appropriate to address issues.

- 6.2 The three TFM contractors will be attending this Policy and Resources Property Subcommittee and will present to members an update on their performance, service delivery and future plans, and will answer any member's questions.

7. Recommendation(s)

Recommendation(s):

The Policy and Resources Property Sub Committee is asked to:

- (1) Note the performance and of the Mid Kent, West Kent, and East Kent TFM contractors since the 1st biannual review.

- | |
|--|
| <p>(2) Note the issues which have occurred and actions to resolve these items.</p> <p>(3) Note the existing KCC contract governance in place to manage and monitor the performance of the Total Facilities Management Contracts.</p> |
|--|

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 Appendices – Appendix 1 – Mid Kent Performance Dashboard, West Kent Performance Dashboard, and East Kent Performance Dashboard. Appendix 2 - Summary Sheets of Performance Deductions for Mid Kent and West Kent TFM contractors from February 2015 to July 2015, and East Kent from April 2015 to July 2015.

9. Contact details

- Rebecca Spore
- Director of Infrastructure
- 03000 416716