

Strategy & Partnerships Scrutiny Committee – 29 November 2012

**PROPERTY AND FACILITIES MANAGEMENT CONTRACT:
IMPLEMENTATION OVERVIEW**

Purpose

This report provides Members with an overview of the performance of the recently commenced Property and Facilities Management Contract. It seeks to reassure Members that mobilisation has been successful and that initial teething issues are being managed.

Background

1. On the 19th April 2012 Oxfordshire County Council signed a 10 year contract with Carillion supported by Capita Symonds (CCS) to take responsibility for all Property & Facilities (P&F) operational activities and some property strategy activities. The operating model required the Council's P&F Client Team to co-locate with CCS to fully realise the efficiencies offered. The contract operational start date was Sunday the 1st July 2012, providing a 10 week mobilisation period from contract signing.
2. During mobilisation an OCC/CCS Joint Steering Group met weekly to monitor and manage progress against the agreed change management plan and programme, and reported to Huw Jones Director for Environment & Economy.

Overall Position

3. Overall, the mobilisation of this large and complex contract has been in line with the Council's expectations. However, as with any major change, issues occur which need to be addressed; and where these come to light through customer complaints these are logged and tracked through the P&F Helpdesk. These are then dealt with by CCS service teams, and reported to the Deputy Director – Commercial to ensure the Council is made aware of any on-going or systemic issues.
4. The contract is monitored through a structured management approach with the most senior of which is the Partnership Board (attended by OCC Members and senior officers and directors from Carillion) the Property Service Operations Board (which is chaired by the Deputy Director – Commercial) and Service Stream specific meetings between CCS specialist staff and the OCC Client team.

Detailed Update - Operational

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5. **Operational office location.** Cuffas Lea House on the Oxford Business Park was agreed to meet the Council's co-location criteria for operations.
6. **Transfer of staff.** The main focus for HR was the successful transfer of circa 720 staff (635 direct from OCC) into the CCS operation, and the OCC/CCS joint HR team worked closely with Unison throughout.
7. **Operating structure.** A Transition phase from contract commencement until December 2012 was agreed, during which the normal operating structure is to be developed and instigated. The new operational structure will include ten area based Facilities Managers responsible for the delivery of Catering, Cleaning & Engineering within their specific geographic region.

Within the professional services teams for Design & Construction, Estates Management and Energy a competency based assessment has been carried out. A specific CCS service improvement plan for the team that transferred from Mouchel has been implemented.

8. **Service continuity.** A "lift and shift" approach of all operations was adopted at the start of the contract. This was particularly important for the front line services such as Food with Thought (FwT); for which positive feedback was received from the media and schools during the early part of autumn term. This approach also was applied to projects planned for completion over the summer. However it was recognised that this would not achieve the co-ordinated approach to service delivery and service improvement required from this long term contractual arrangement.

A significant challenge was the work transferred from the outgoing service provider, including approximately 600 reactive works orders at various stages of completion, the planned work required to be completed over the summer period, and numerous capital projects at various stages of design or construction. With a few exceptions this demand was met. Exceptions included some legacy schools and Fire and Rescue Service work. Lessons learnt from this initial phase will be used to inform the implementation of the target operating model. Additional legacy issues in facilities management, including cleaning provision and termination of local arrangements are being addressed as part of the early programme work.

9. **Communications.** There are a number of areas under the contract where communication needs to improve. This is partly due to legacy arrangements but is an important area that needs addressing. Having established and operated a Transition Communications Plan, CCS and the P&F Client team are currently reviewing communications requirements for various stakeholders and scenarios with the intention of introducing substantial improvements.

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10. **Information management and property assets.** CCS has developed a comprehensive suite of data storage and information management systems. These systems will support the activity and records required to effectively manage the Council's property assets and services under the contract. The systems and data will fully go live at the end of the Transition period in December 2012 and be accessible to the Council's P&F Client team as well as the CCS staff delivering the services.

As part of the mobilisation and implementation of the contract, CCS has undertaken an *asset verification* survey of the Council's Corporate and Schools estates to identify all 'fixed assets' (fixed mechanical and electrical building services within a building) within the buildings and to allot each asset a unique reference number. This new level of information will allow improved maintenance and service frequency task allocation, as well as more accurate cost data.

CCS has also undertaken *condition surveys* of the Corporate and Schools estates to provide up to date and comprehensive knowledge of the condition and maintenance liabilities of the estate. The surveys are updated by CCS as maintenance and project work is carried out. Having this quality of information will enable better informed decisions to be made about investment in the estate (this is programmed to be achieved by January 2013 and the updates will be on-going).

11. **Performance Management.** In accordance with the terms of the contract the KPIs and OPIs included within the tender documents are currently being reviewed. Amendments to these measures will be informed by CCS's experience from similar contracts elsewhere and with the experience gained from the first four months of the new operation. Change and revision will only be accepted if it improves contract control and quality and has no additional risk to the Council.
12. **Statutory Compliance.** CCS is reporting on the current status of statutory compliance at service transfer, and will develop a Management Plan and programme of activity to achieve consistent statutory compliance. Current compliance issues particularly around health and safety and the Equality Act are being managed by Carillion and monitored by the Property Service Operations Board through the service/contract risk register.
13. **Sustainable Communities.** CCS is committed to a number of actions and targets relating to Sustainable Communities, one of which is achieving at least 60% use of Oxfordshire based suppliers over the 10 year life of the contract. After the first 4 months of the contract 43% has already been achieved. Appendix 1 shows the draft Sustainable Communities programme.
14. **Strategic Asset Management Plan.** CCS is in the process of reviewing and developing a Strategic Asset Management Plan. The

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approach to be adopted was approved by the Capital and Asset Programme Board on the 9th October 2012; the approach will include a series of meetings with Deputy Directors across the Council to establish future business and service needs prior to a presentation to Cabinet.

Detailed Update - Finance

15. The asset rationalisation programme will deliver the MTFP savings on property costs through to the end of 2014/15. The Council is starting to implement 'agile working' (this will start with a review of office based staff and use of new technology) across the organisation, and this will inform the Council's office strategy and lead to additional opportunities for savings beyond the MTFP period through further rationalisation of the estate.
16. **General.** In a full year the contract will realise the MTFP forecast savings of £550k. However, due to the part year implementation from 1st July 2012, in 2012/13 the savings will be £410k.

Members of this Committee are asked to:

1. **note the report and the work being undertaken by officers and Carillion & Capita Symonds to ensure the on-going performance of the contract will be managed appropriately**

Mark Kemp
Deputy Director - Commercial
Environment & Economy

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Appendix 1 – Sustainable Communities draft programme

2012 Quarter 4	2013 Quarter 1	2013 Quarter 2	2013 Quarter 3	2013 Quarter 4
Appoint Community Engagement Co-ordinator Contact SMEs Preparation for Meet the Buyer Event	Meet the Buyer event			
	1 SME Development Workshop	1 SME Development Workshop	1 SME Development Workshop	1 SME Development Workshop
	1 Local Supply Chain Surgery	Guest speaker to SME & 3rd sector events		Guest speaker to SME & 3rd sector events
Contact schools with extension works planned to review opportunities for pupil presentations Contact BITC Contact Education Business Partnership	2 work experience placements	2 work experience placements	2 work experience placements	2 work experience placements
	Education Sessions (15 hrs)	Education Sessions (15 hrs)	Education Sessions (15 hrs)	Education Sessions (15 hrs)
	2 Primary School event (possibly ICE Bridge)	2 Careers events with heli-pad game	2 Secondary School Event “into Engineering” with construction games	2 Careers events with heli-pad game
	1 project site tour to be arranged	1 project site tour to be arranged	1 project site tour to be arranged	1 project site tour to be arranged
Catering and Cleaning managers to develop programme	4 back to work trials for catering and cleaning staff/engineers undertaking career breaks	6 back to work trials for catering and cleaning staff/engineers undertaking career breaks	4 back to work trials for catering and cleaning staff/engineers undertaking career breaks	4 back to work trials for catering and cleaning staff/engineers undertaking career breaks
	Staff Professional Development Database completed and mentors allocated across CCS	Review any mentoring with SMEs at the Local Supply Chain Surgery and Development Workshops		
				1 SME Dragon's Den