

PERFORMANCE SCRUTINY COMMITTEE

22 September 2016

Property & Facilities

Report by the Director for Environment & Economy and the Director of Transformation

1. Introduction

1.1 This paper is in two parts. The first section outlines changes to how the Property & Facilities service is to be led and delivered in response to some of the observations that emerged from the recent LGA Peer Review of Property

1.2 The second part covers Carillion's Annual Report which is attached in Annex 1.

2. Improving Property and Asset Management

2.1 Over the last 12 months Oxfordshire County Council recognized the need to do better in the way it manages its assets, get more out of its property and estate and to help support and facilitate the Transformation Agenda. To bring in an external perspective on performance, suggest ideas for improvements and share best practice, the LGA were invited to carry out a Peer Review on the way Oxfordshire County Council managed its property. The following section highlights their main observations, together with some of the key actions to drive improvements going forward.

2.2 The LGA team felt it was very important to note and record at the offset, that during their visit they recognized there was 'a strong degree of self-awareness amongst interviewees that the Council was already looking to make changes to its approach to asset management'. Some of these were already in place, others were more embryonic and that their observations supported this self-awareness

2.3 One of the key findings of the Review Team was that the profile of Property and Asset Management with both Members and Officers was far too low. As a strategic resource of the authority, Property & Facilities should be at the heart of the organization's strategy and decision-making.

- 2.4 In response to this challenge, 'a new team' has taken over the leadership of Property & Facilities and Estates led by the new Cabinet Member for Property – Cllr Lorraine Lindsay-Gale and the new Director for Environment & Economy, Bev Hindle supported by the Director of Transformation, Mark Stone and the Chief Finance Officer, Lorna Baxter. The team has brought a new mind-set to the service which, whilst recognising that things could have been done better in the past on the part of both Oxfordshire County Council and its partners, has placed a very clear focus on the future, where Oxfordshire County Council wants to get to and what needs to be done to achieve this ambition.
- 2.5 Another of the key observations of the review team was the need to improve the way Oxfordshire County Council's assets were being used to support the Corporate Strategy and Objectives of the Council. To address this challenge, the Director for Environment & Economy is leading a small team to redraft the Strategic Asset Management Plan (SAMP) to better reflect the future direction of the organisation and link into the Corporate Objectives and Transformation Agenda. It is anticipated that the new SAMP will be reported to Cabinet in December 2016.
- 2.6 The Review Team acknowledged that there is a considerable amount of work taking place within the Property & Facilities service on managing its assets but most of this was 'under the radar' with poor visibility and engagement, particularly with Members. The new team will significantly enhance the profile of the way assets are managed and communicated. In addition, the forthcoming Transformation Agenda focusing on places and localities will greatly raise both the awareness and engagement of members on the future use of assets across the county.
- 2.7 Given the extent to which Oxfordshire County Council has externalised the Property & Facilities service to its strategic partner Carillion, it was clear that the Review Team needed to look at how the current arrangement was working. Their recommendation was to take the opportunity with a new team leading the Service to revisit the Contract and redefine the objectives of what both parties want out of the partnership. In particular, how Carillion could become more of a strategic partner as opposed to the more contractual arrangement it had become in order to contribute to the strategic objectives of the Council and add real value.
- 2.8 Consequently, high level discussions have been taking place between Oxfordshire County Council, led by The Director for Environment & Economy and the Director of Transformation with Carillion to establish new ways of working. Amongst the areas which have been discussed include a different method of delivery for projects to improve delivery to cost and

programme, minimising risk to Oxfordshire County Council, bringing a more robust challenge on value for money using independent advisors, a re-assessment on where some services are best positioned and a much greater commitment from Carillion to take on risk and invest in helping develop Oxfordshire County Council's assets in a true partnership manner.

2.9 The Contract discussions to date have been very positive and constructive and it is anticipated that these negotiations will be concluded by the autumn, with an implementation date to follow shortly after

3. Carillion Annual Report

3.1 The second part of this document covers Carillion's report on their performance for the previous year as detailed in Annex 1.

4. Background to the appointment of Carillion

4.1 On the 6th October 2010, Oxfordshire County Council approved the Property & Facilities Business Case: Oxfordshire Property Driving Change. The Business Case proposed a fundamental change to the Council's role and how services were to be delivered during a period of unprecedented change within the public sector, including reduced funding, with an increased expectation of service improvement. The Business Case recommended integration and co-location with the private sector delivery partner to deliver (provide?) direct efficiencies and improved service outcomes managed by a lean client and with a substantial outsourced supply chain.

4.2 The Carillion Property and Facilities contract, commenced on 1st of July 2012. Based on the principles of collaborative partnership working, the Contract covers a wide range of property-related services including Capital Construction, Strategic Asset Management, Transactional Estates work, Energy, Facilities Management including Cleaning and Catering, Repairs & Maintenance of all buildings and Health & Safety in relation to staff and buildings.

4.3 The Carillion Partnering agreement requires an Annual Report to be produced each year summarising performance. Attached in Annex 1 is a detailed report by Carillion on progress made since the last Scrutiny Report, current service delivery together with work being undertaken to improve performance and proposed future actions / plans.

5. Exempt Information

5.1 Commercially sensitive information is contained within this report.

6. Performance

6.1 The Contract has now been in place for 4 years and whilst there is a recognition that a lot of changes and improvements have been made since the launch, concerns remain on performance in a number of areas. A lot of those improvements are being / will be captured in the work described in the first section of this report in the re-setting of the aims and objectives of the Contract. The report covers the following areas:-

Business Structure and People

6.2 This section describes in detail the changes Carillion and their professional consultants Capita have made to their management structure to improve performance and relations with the Council.

Strategic asset Management and Estates Management

6.3 Performance on disposals, rating appeals, asset valuations, preparation of business and asset plans, together with work on the Asset Utilisation Programme and the production of innovations are all reported in this section.

Design and Construction

6.4 This section covers details of service delivery on the Design and Construction operation including the delivery of capital projects and the repairs and maintenance for both schools and non-schools buildings. Also reported are details on project interaction with schools and the introduction of innovative modular construction techniques to help improve programme delivery and reduce costs.

Repair & Maintenance / Minor Works

6.5 This section reports on the performance on the repair and maintenance and minor works including both reactive and pre-planned maintenance. Changes to how the service has been delivered is also reported.

Health & Safety

6.6 This section sets out an assessment by Carillion of the risks associated with the Contract in light of schools leaving, covering Health & Safety,

compliance, asset condition, contract viability and potential reduced revenue for the Council.

Energy Services

6.7 This section reports on progress against the use of renewable / sustainable energy resources, supporting behaviour change and raising the profile of energy conservation. Also covered is performance of the Energy Bureau, installation of automated meter reading across the Estate, installation of LED lighting, photovoltaic panels and other energy savings measures.

Corporate Cleaning and Caretaking

6.8 This section covers the performance of the Corporate Cleaning and Caretaking operation and includes information on service delivery, results of customer satisfaction and engagement and contract compliance on cleaning. Also included in this section on cleaning and caretaking are details of staff training, employee engagement, and staff turnover.

School Catering

6.9 The performance of the 'Food & More' catering operation is covered in this section and includes information on service delivery for the last year, use of local produce and school menus together with improvements in communication and branding for Food & More. The section also reports on customer satisfaction, take-up of the service by schools, staff turnover and employment.

Corporate Social Responsibility and Community

6.10 The work Carillion is doing to meet its Corporate and Social Responsibility requirements are detailed in this section. Included are details of the Contract local spend and how it is supporting local employment and working with SME's. Also reported is the provision of apprenticeships and work experience, 'Back to Work' trials and homeless placement, working with MENCAP and the MoD together with the work being carried out engaging with schools and 'Volunteering in the Local Community'.

Risk and Resilience

6.11 Also covered by Carillion is an assessment of the commercial risk of market failure, mitigations and an overview of the profitability of the Contract.

Communication

6.12 Communication has been recognized as a major area that requires improvement. In response to this challenge, this section sets out Carillion's detailed proposed plans to improve both Member communications and communications with schools.

Future Improvements and Growth

6.13 This final section sets out Carillion's proposals for future improvements and growth including details of plans to improve communication with schools, increase information sharing, introduce innovation into capital schemes and future growth of the partnership. Also included are details for improvements to the Corporate Landlord Function.

7. Financial and staff implications

7.1 There are no specific financial or staff implications in this report other than those set out in the various performance reporting sections

8. Equalities Implications

8.1 There are no specific Equalities implications other those actions detailed in the report

9. RECOMMENDATION

The Committee is RECOMMENDED

- a) **to note the actions to improve the Management of the property and Facilities service**
- b) **to note the performance of Carillion on the Property & Facilities Contract; and**
- c) **to recognize both the successes and areas for improvement moving forward.**

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Sept 2016

Background papers

ANNEX 1 - Report by Carillion on Current Contract Delivery and Proposed Service Improvements