

PERFORMANCE SCRUTINY COMMITTEE – 26 MARCH 2015
THE PROPERTY & FACILITIES CONTRACT WITH CARILLION
Report by the Director for Environment & Economy

Introduction

1. The Carillion Property and Facilities contract commenced on 1 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 and maintenance of all buildings and health and safety in relation to staff and buildings.
2. A report to the Performance Scrutiny Committee on 26 September 2013 on the first 12 months of the Carillion contract identified a number of areas for improvement. The majority of those improvements/changes have been implemented throughout 2014 and have had a significant impact on improving the management of the contract.
3. The report also identified a number of improvements to the way the Council operates to continue to strive to achieve a number of the original objectives set out in the Driving Change Business Case. Again, a lot of those changes have been implemented. Further work is still required in rolling out the Corporate Landlord function and having a clearer understanding of the roles and responsibilities between the Council and Carillion.
4. There remains, however, a number of concerns on performance, some of which are legacy issues, others which require further actions.
5. Attached in Appendix 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. Also contained in the report is information in response to a number of specific issues and questions raised by Members.

Exempt Information

6. There is no commercially sensitive information contained within this report.

Background to the appointment of Carillion

7. Following an extensive procurement exercise to develop an integrated Property and Facilities management contractual arrangement, Carillion were appointed as the main contractor to deliver services for a 10-year period, with the potential for a further 10-year extension. The contract has an annual value of around £33 million which varies annually depending on the value of construction work undertaken.
8. In October 2010 approval was given to 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 set out the fundamental link between strategic asset planning and Council objectives, allowing the Council to develop capability in and focus on the strategic objectives, with an integrated service provider taking responsibility for project and operational activities.
9. The business case recommended integration and co-location with the private sector partner to deliver direct efficiencies and improved service outcomes, managed by a lean client and with a substantial outsourced supply chain.

Carillion's Performance Report

10. The following headings summarises the key points to be found in Carillion's report in Appendix 1.

Business Structure and People

11. 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.

Catering: - 'Food with Thought'

12. The performance of the 'Food with Thought' (FwT) catering operation is covered in this section and includes information on service delivery in 2014, use of local produce and school menus, together with improvements in communication and branding for FwT. The section also reports on customer satisfaction, take up of the service by schools, staff turnover and employment and apprenticeships.

Corporate Cleaning and Caretaking

13. This section covers the performance of the Corporate Cleaning and Caretaking operation and includes information on service delivery in 2014,

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.

Design and Construction

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

Corporate and Social Responsibility

15. 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, MOD mentoring and support together with the work being carried out engaging with schools and 'Volunteering in the Local Community'. Details are also provided on Carillion's strategy to maintain its Commitment to Sustainability Communities'.

Communication

16. 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.

Commercial Risks Resilience and profitability of the contract

17. This section sets out an assessment by Carillion of the risks associated with the contract in light of schools leaving covering Health and Safety, compliance, asset condition, contract viability and potential reduced revenue for the Council.

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

Future Improvements and Growth

18. 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.

Financial and Staff Implications

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

Equalities Implications

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

RECOMMENDATION

21. **The Performance Scrutiny Committee is recommended to:**
 - (a) **note the performance of Carillion on the Property and Facilities contract; and**
 - (b) **recognise both the successes achieved thus far and the areas for improvement identified.**

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Director for Environment & Economy

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Background papers:

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

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