
Decision Maker: Executive, Resources and Contracts PDS Committee

Date: 11 October 2018

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **TOTAL FACILITIES MANAGEMENT CONTRACT- CONTRACT PERFORMANCE REPORT**

Contact Officer: Michael Watkins, Head of Asset and Investment Management
Tel: 020 8313 4178 E-mail: michael.watkins@bromley.gov.uk

Chief Officer: Colin Brand, Director of Regeneration

Ward: All

1. Reason for report

1.1 This report provides information on the performance of the Total Facilities Management (TFM) Contract provided by Amey Community Limited for the period 1st August 2017 to 31st August 2018.

2. RECOMMENDATION(S)

The Executive, Resources and Contracts PDS is requested to note and comment on the information contained within this report.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: TFM Contract
 4. Total current budget for this head: £4.181m
 5. Source of funding: Existing revenue budget 2018/19
-

Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: No statutory requirement or Government guidance.
 2. Call-in: Call-in is not applicable.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

BACKGROUND

- 3.1 The July 2016 Executive agreed to award to Amey Community Limited the following areas of work as part of the Total Facilities Management Contract.

Planned: Statutory Compliance tests and inspections
Business Critical Systems maintenance
Planned Maintenance Programme (Corporate and Education)

Reactive: Breakdowns and faults
Mail services
Committee room support
Event support
Porters and attendants
Print management
Cleaning
Security

- 3.2 The contract went live in respect of Operational Property and Facilities on 1st October 2016 with Amey and with Cushman and Wakefield in respect of Strategic Property on 1st December 2016.

SERVICE PERFORMANCE

- 3.3 Services have been on the whole delivered as per specification and without impact to the efficient running of the Council's business. There have been a number of matters which have raised concern and these were reported to the Executive and Resources PDS on 21 March 2018 and related to:
- 3.4 Cleaning: Concerns relating to the provision of cleaning services at the Civic Centre were raised to the Amey Account Management team. This was added to the Agenda of the Sept 2017 Dep Rep committee meeting where Amey gave assurances that a plan was being developed to address the concerns. Amey were subsequently invited to attend the December 2017 Dep Rep Committee meeting to obtain feedback following the implementation of the improvements. This proved successful in terms of managing expectations and outcomes and resulted in an overall acceptance that the service had improved as expected. This service line still requires close management to ensure standards are maintained.
- 3.5 Helpdesk Reporting Concerns: Amey have been transitioning to a new structure at its Kensington based Service desk. The Service desk has taken a new shape and increased the number of operatives to deal with the volumes of planned and reactive tasks raised from across its London Client base. The transition has caused problems with the on-site team receiving work orders in a timely manner which has impacted in service delivery in January and February. Prior to this the overall performance of reactive maintenance was deemed acceptable.
- 3.6 The lack of a Pro-active approach: Amey's performance in managing some aspects of the service was considered poor in that Amey had taken a purely reactive approach to fault resolution rather than a pro-active one. In order to rectify this a Service Delivery Action Plan was initiated at the end of March 2018 which has seen performance return to acceptable standards.
- 3.7 Officers have identified this failure and requested that Amey put in place a process to ensure that the Helpdesk function for the Bromley Account actually supports the Bromley Amey team. In addition a Service Improvement Plan was produced by Amey which has placed an emphasis on seeking out faults prior to them being raised by staff. This work has taken place and Amey

now provide a weekly review to outstanding reactive maintenance issues. This has seen an increase in the number of faults reported by Amey and an improvement in service delivery.

- 3.8 The contract specifies a number of Service Level Agreement (SLA) Timescales for attendance to reactive fault reports. The various SLA's are detailed on Page 3 of Appendix 1. Whilst the KPI's are being met concern has previously been raised as to why there are sometimes obvious faults which have not been reported – usually in common areas – which Amey operatives would have observed if they were taking a pro-active/ownership approach to the estate. The Service Delivery Action Plan referred to at 3.6 has addressed this in that Amey now have placed an emphasis on seeking out faults prior to them being raised by staff.
- 3.9 Attached at Appendix 2 is a Flow Diagram which details how a fault is progressed by Amey once reported to resolution. The Council has access to Amey's Computer Assisted Facilities Management System and can also track fault progress if required.
- 3.10 The contractual relationships are in a satisfactory state – the contractual governance in place supports this and the relationship has been one of collaboration and seeking solutions to issues as they arise.
- 3.11 Since the letting of this contract the needs of the business have not changed.

RISK

- 3.12 Since their appointment, Amey has been carrying out a major review of our maintenance budgets and compliance. They have reviewed the Council's obligations and the previous cyclical, asbestos and water hygiene (legionella) schedules. They have identified two major concerns with the Council's regimes for water hygiene and cyclical maintenance and have recommended an increase in the budget costs against these two budget heads. A report was considered at the 22 March 2017 Executive and appropriate measures and budget increases were approved for the 2018/19 Financial Year. It should be noted that this action was as a direct consequence of Amey reviewing the Council's portfolio and bringing in professional commercial expertise.
- 3.13 Following the tragedy at Grenfell Tower, Amey were asked to rapidly undertake Fire Risk Assessments (FRA's) to 171 Operational Properties across the estate to ensure that the Council was fully compliant.
- 3.14 The Council now has a fully compliant tested portfolio. The ongoing risk for non-compliance failure is reviewed monthly. The Planned Maintenance Programme and associated inspections provide for a robust mitigation process in this regard.

BENEFITS

- 3.15 The TFM Contract identified full year revenue savings of £210k for TFM services effective from the date of transfer.
- 3.16 The contract has also delivered a number of improvements which are detailed below:
- 3.17 Fire Risk Assessments (FRA's): Amey were commissioned to undertake the Fire Risk Assessments across the Operational Estate (see 3.13). A plan was devised capturing all buildings by risk categorisation depending on occupancy levels and public use. All FRA's were then undertaken and the actual risk rating captured of all buildings and individual remedial actions. Amey are now working closely with LBB H&S as well as the Client team to improve building occupant's fire safety awareness, competencies, roles and responsibilities.

- 3.18 Tenant Compliance Workshops: In December 2017 Amey created and delivered a series of Tenant Compliance Workshops. The intention of the sessions was to enhance the Tenants understanding of their Statutory Compliance obligations. The sessions were well attended and a further workshop is currently being planned for later in 2018.
- 3.19 Emergency Planning: A relationship with the LBB Emergency Planning team has developed over the last 6 months and as a result Amey currently play an active part in assisting in revising the Emergency procedures.
- 3.20 Direct Delivery of Services: Amey have now transitioned to a direct delivery solution for mechanical, electrical and building fabric maintenance. This provides greater control of resource and allocation of workload, less reliance on supply chain along with financial efficiencies.

MANAGEMENT

- 3.23 The key personnel involved in contract management/'intelligent customer' roles are all staff in post and the team is not incurring additional third party support or carrying any vacancies. The teams focus is that of managing the TFM Contract and ensuring that performance is monitored and managed to its conclusion. This is being achieved through strict adherence to the governance process set out within in the contract and by building collaborative relationships with the key Amey team.
- 3.24 The client side team has the necessary resources to manage the contract successfully.

CONTRACT GOVERNANCE

- 3.25 Monthly minuted Service Operations Board meetings are held jointly with the Amey Accountant Managers to review performance measures and identify issues and review remedies. In addition progresses on major projects are also monitored and issues arising investigated. These meetings also review the Amey Invoice for the preceding month and deal with any cost variations.
- 3.26 A monthly Works in Progress meeting is also held with the Amey Projects team which links into the above Service Operations Board cycle.
- 3.27 A six monthly Strategic Partnership Board is scheduled with senior representation from Amey together with the Directors of Regeneration and Commissioning, the Resources Portfolio Holder and the contract management/"intelligent- client" lead. This Board reviews progress of the contract and reviews measures to ensure that contractual obligations are met and if required variance orders or additional scope requests are considered and authorised. The Service Operations Board also can escalate matters to the Strategic Operations Board.

REVIEW OF CONTRACT PURPOSE

- 3.28 The Council continues to occupy property for its own purposes and hold various interests in other property assets. Consequently there is an ongoing requirement to ensure that the management of the Councils property assets is undertaken in a professional, compliant and value for money driven approach. The TFM Contract allows for this approach to be delivered.

4.0 IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 It is not considered that this contract has a direct impact on Vulnerable Adults and Children.

5. SERVICE PROFILE / DATA ANALYSIS

- 5.1 Attached at Appendix 1 is a Report from Amey detailing the service offering from 1st August 2017 to 31st August 2018.
- 5.2 During the reporting period Amey undertook over 9,500 reactive and planned tasks. A detailed breakdown of these is attached at Appendix 1.
- 5.3 The service operating to defined parameters. There are financial penalties which can be applied to incentivise the supplier to improve performance and these have been implemented against poor performance in January 2018 to the sum of £1,042. An Action Plan was put in place by Amey to ensure this was not repeated and this is monitored on a weekly basis.

6 PLANS FOR ONGOING IMPROVEMENTS IN PERFORMANCE

- 6.1 Amey has undertaken a series of reviews into Service Areas in conjunction with Officers to ensure that processes and business needs are fully understood. These reviews have led to the delivery of a number of Service Delivery Plans which have enabled the Council to operate under an agreed set of operating procedures. This allows for resilience in business and contract continuity.
- 6.2 The Service Delivery Action Plan which has been in operation since April 2018 has seen an improvement in service particularly in relation to Amey taking ownership of the state and consequently that methodology will be continued as part of the standard offering on a business as usual basis.

7 PLANS FOR ONGOING IMPROVEMENTS IN VALUE FOR MONEY

- 7.1 The TFM Contract identified full year revenue savings of £210k for TFM services effective from the date of transfer.

8. USER/STAKEHOLDER SATISFACTION

- 8.1 The Amey Management team hold scheduled monthly stakeholder meetings with the key Departments and Service Providers including MyTime, Libraries, Housing, Environment and Social Care. This enables Amey to seek to prioritise key concerns and plan workloads.
- 8.2 Amey has attended the Council's Dep Rep Forum on a number of occasions to discuss performance matters such as cleaning and fault response. The concerns raised have been addressed and have subsequently been acknowledged by the Forum. Amey have offered to attend the Dep Rep Forum to provide future updates and build on relationships.
- 8.3 Amey also undertakes a number of feedback calls to staff as to how faults were handled on a monthly basis and these are discussed at the monthly Service Operations Board meeting.

9. SUSTAINABILITY/IMPACT ASSESSMENTS

- 9.1 The Amey Supply Chain ensures that wherever possible local suppliers will be utilised – currently three out of the seven prime sub-contractors are Bromley based with the other four being national suppliers with regional (SE London) bases.
- 9.2 Amey also provides services to the London Borough of Bexley and as such there are synergies which are currently being investigated to ensure operational optimization linked to local contractors.

10. POLICY CONSIDERATIONS

10.1 Moving to a Commissioning Authority is in line with the Council's Corporate Operating Principles and is key to achieving the Building a Better Bromley 2020 Vision in ensuring that services continue to be provided as efficiently and effectively as possible, in light of the financial pressures facing the Council over the next few years.

11. COMMISSIONING & PROCUREMENT CONSIDERATIONS

11.1 The TFM Contract commenced on 1st October 2016 for a term of five years with an option to extend for a further 3 years.

11.2 The contract contains provisions for the transfer of services at such time as a new provider is identified, however at this stage these are not being pursued due to the early stage of life of this contract.

12. FINANCIAL CONSIDERATIONS

12.1 At this moment in time, no variation is projected for the 2018/19 revenue budget for the TFM contract of £4.181m.

13. LEGAL CONSIDERATIONS

14.1 This report is a contract performance report for the Total Facilities Management Contract.

14.2 Rule 23 of the Contract Procedure Rules requires an annual update to be submitted to the Council when the value of the contract is in excess of £1 million. This is part of the monitoring arrangements.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	Appendix 1 – Amey Report Sept 2018 Appendix 2 – Amey Reactive Task Flow Diagram
	Version CP@5/16