

Open Report on behalf of the Executive Director of Finance and Public Protection

Report to:	Value for Money Scrutiny Committee
Date:	22 February 2016
Subject:	Property Services Contract Update

Summary:

This report updates the Committee on the performance of the Property Services Contract with VINCI mouchel.

Actions Required:

The Committee is asked to note this report.

1. Background

On 21st September 2015, Scrutiny committee considered a report that provided an update on the contract governance, mobilisation, transition, assurance and improvement framework of the Council's property services contract with VINCI mouchel. The committee requested that corporate property return and brief on contract performance.

2. Contract Performance

2.1 Service Manager's Assessment

The contract manager in the NEC form of contract is termed the 'Service manager', and the named person is Kevin Kendall.

The Property Services contract is now 11 months old and Council officers and VINCI mouchel staff have worked hard to bring the contract to life. The transition to the contract on 1st April maintained business as usual with no service interruptions.

The systems that support the service are in place: property service centre; property database - Concerto and the NEC3 contract processes. Contractual processes encourage staff from both parties to engage on service matters, improving communication and risk management.

One of the more visible changes of the new contract has been improvements to the Quad restaurant in County Offices.

2.2 Health and Safety

The vision for the contract and property estate was for it to be 'Safe, Efficient and Sustainable' and providing a safe property estate and service was a key driver in the procurement and selection of the new supplier. Progress to date includes:

- No significant H&S incidents, accidents or near misses
- A health and safety audit has been conducted by LCC, resulting in a pass.
- LCC and VINCI mouchel staff briefed on positive intervention approach to H&S

2.3 Finance

- **Run Rate.** The cumulative contract spend is known as the run rate and as of the end of January 2016 this is currently showing a modest element of gain share at £7,544, this is against profiled target cost for this stage in the contract of £4,056,689. The target for year 1 was break even and this is on target.
- **Pain/ Gain Assessment.** Pain gain is calculated on a 6 monthly basis and applied at the end of the financial year, gain share is 50/50 and pain is on a sliding scale with LCC's pain share capped, the current run rate gain if maintained would provide LCC with a gain share of £3772. Gain share is only applied if VINCI mouchel achieve above 75% performance
- **Low Service Damages (LSD).** Another key incentive for performance in the contract is LSD, where damages are applied if specified performance is not achieved. So far, a total of 48 tasks have attracted the application of a charge for low service. This is a very low number based on the volume of transactions, which currently stands at 2040. Subcontractors deliver a number of services for VINCI mouchel and some of these failures have been by subcontractors. There is a fully auditable trail of events in Concerto from the placing of an order through to completion of the task and these are used to enable lessons to be learned. The LSD figure applied to date is £6,900.

2.4 Workload Planning and Governance

- **Task Order Process.** The contractual process for placing orders with VINCI mouchel for non-core services is via a task order. There having been some teething issues in processing task orders which have resulted in delays in the turnaround of proposals from VINCI mouchel however this has not impacted on LCC frontline service delivery. This issue was identified by the contract Early Warning process enabling matters to be highlighted and dealt with
- **Joint Programme Board.** A board has been established to enable the effective resource planning of projects and programmes of work and to minimise waste. There is a very significant programme activity including the procurement of school projects, and capital repairs and maintenance. The Concerto system is used as the central resource to record and monitor progress on projects.

2.5 Service Performance

- **Key Performance Indicators (KPI's).** The contract performance is measured through 80 performance indicators summarised in 6 KPI's. Most of the PI assessment is data driven directly from Concerto. Others require an assessment to be made by the *Service Manager* or delegated LCC officers. There are a number of PIs where the measure has not yet occurred (for example on larger projects which have long timescales). The current overall performance stands at 89.3% against a Year 1 overall target of 90%. The percentage threshold that the contract must achieve overall to gain access to gainshare is set at 75%.

QUARTER 3		
Code	SERVICE STREAM	Score
PS	Project Services	82%
MS	Managed Services	87%
HFM	Hard FM Services	88%
SFM	Soft FM Services	96%
OPS	Other Property Services	100%
GEN	General	83%
	Total	89.3%
	Target Year 1	90.0%

Project Services

This service theme includes the delivery of capital projects and has 17 performance measures, 12 are on or above target with 5 currently below target, the overall performance for is 82%. The areas currently below target relate to the task order process referred to earlier in this report and there are now action plans in place to address delays in the task order process, and educating the team on timely and accurate update of Concerto in relation to completed projects.

Managed Services

This service theme includes the property service centre (PSC), management of asbestos and legionella, and management of the office estate and includes 19 performance measures, with 4 currently below target; however the overall performance for this theme is 87%. This area has some very challenging 100% targets; these include no 'dropped calls' in the PSC and planned inspections for H&S and site risk assessment. Whilst this particular KPI is currently 87%, there is a detailed plan in place to achieve 100% completion by 31/3/16.

Hard Facilities Management Services

This service theme includes reactive building maintenance, schools buyback programme, condition survey programme, and includes 12 performance measures; 4 are currently below target, however the overall performance for this theme currently is 88%.

The KPI data output does not take account of mitigating factors such as lead times in the ordering of replacement components that may not be immediately available for a building repair, thus affecting the ability to complete the repair within the contract time scales. This explains some of the underperformance. There is ongoing training within the team to ensure correct categorisation/prioritisation of calls. This is important as incorrect prioritisation can impact the ability to meet performance times.

Soft Facilities Management Services

This service theme includes cleaning, grounds maintenance and pest control, and includes 16 performance measures, 12 are on or above target with 4 currently below target, however the overall performance for this theme is above the overall target at 96%.

Other Property Services

This service theme includes estates, energy and travellers services and includes 13 performance measures, all of these are on target, however 5 of these are annual measures. No action has been identified as necessary at this time.

General

This theme includes an annual overall client satisfaction assessment and waste to land fill and includes 2 performance measures and the waste to landfill is on target

- **Review of performance indicators**

As part of continuous improvement ethos and Contractual review mechanisms of this contract, there will be a formal review of the KPIs to be implemented in Year 2 of the contract. This will ensure that the KPIs remain fit for purpose, focussed and output driven. It has already been identified that a number of KPIs are duplicated, or not required, or need amending.

Reducing the overall number of the KPIs, but increasing the weighting of the remaining KPIs will be beneficial in that:

- 1) It holds the Contractor more to account
- 2) It helps with clarity for the service delivery teams

- **Performance Figures.** The table below highlights some key contract statistics:

CONTRACT STATISTICS	
Reactive calls logged	6,000
Planned Preventative Maintenance tasks completed	6,500
Reactive calls completed by in house team (MRT)	750
Total cleaning hours completed	78,000
Customer Satisfaction with PSC Service (MSO01)	95%
Customer satisfaction of feasibility stage (PSO06)	8.5 / 10
Project task orders issued	191
Value of project task orders issued	2,212,459

2.6 Continuous Improvement

As well as safety, a key driver for the new contract is efficiency and this is supported by a Continuous improvement programme. This programme collects all data on performance from a wide range of sources. This data is analysed and prioritised to advise the continuous improvement projects. In addition to KPI data, other data sources include:

- **Staff Survey.** From the outset a staff survey and independent review were planned after the first 6-9 months, and the results are currently being processed but have already proved to be invaluable in highlighting some areas for development that will create efficiencies in service delivery.
- **Ideas and Suggestions.** There have been 83 ideas and suggestions submitted by staff to date. Many are line management level items and have been dealt with accordingly. Others will be rolled into items identified in the review and survey and incorporated in continuous improvement projects, one of these areas will be the property service centre

To support the continuous improvement programme, core improvement training is being put in place. Representatives from VINCI, Kier (Mouchel) and LCC, will be trained in February to facilitate continuous improvement initiatives, staff are being trained in LEAN 6 Sigma to Green Belt standard. These staff will be assigned to support key improvement projects. These projects include cross-organisation reviews of 'end-to-end' processes, meaning that all aspects of a particular process are included in the review, whether the activity occurs within LCC or VINCI/mouchel. This is aimed at widening the understanding of activities across the organisations, identifying where improvements/efficiencies can be achieved and thereby gaining greater buy-in to changes.

The Continuous improvement approach for catering in the Quad has resulted in the doubling of customer numbers and turnover since April 2015. Customer feedback has demonstrated that key areas of improvement have been better choice of food and refreshments and the introduction of a (contactless) card machine with up to 2000 transactions per month now taken by card payments

3. Conclusion

Contract performance is on target and the Committee is asked to note performance progress to date.

4. Consultation

a) Policy Proofing Actions Required

N/A

5. Appendices

These are listed below and attached at the back of the report	
Report	Value for Money Scrutiny Committee – Property Services Contract Update – 21 September 2015
Annex A	Qtr 3 KPI Data

6. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Please direct any questions raised by this report to Brian Goodwin, Contract Manager, who can be contacted on 01522 553 503 or by email at brian.goodwin@lincolnshire.gov.uk