

Policy and Scrutiny

**Open Report on behalf of Pete Moore,
Executive Director of Finance and Public Protection**

Report to:	Value for Money Scrutiny Committee
Date:	26 July 2016
Subject:	Property Services Contract update

Summary:

This report updates the Committee on the performance of the Property Services Contract with VINCI mouchel at the end of year one.

Actions Required:

The Committee is asked to consider and comment the contents of this report.

1. Background

On 22nd February 2016, Scrutiny committee considered a report that provided an update on contract performance. This report informs the committee on the performance of year one.

2. Contract Performance

2.1 Service Manager's Assessment

The Property Services contract has completed a challenging and successful first year. Council officers and VINCI mouchel staff are learning the lessons of year one and are embarking on an ambitious continuous improvement programme.

Objectives, strategies and tactics for the next 12-18 months have been agreed. Experience from year one has enabled Corporate Property to review the governance arrangements and key performance indicators for the future. This will ensure that work is conducted and risk is managed at the appropriate level in order to achieve a safe, efficient and sustainable service.

2.2 Health and Safety

Health and safety continues to be at the forefront of all activity undertaken within the contract. The new KPIs emphasise the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) incidents. Health and Safety is top of the agenda in all meetings and an initiative, encouraging staff to intervene when dangerous practices are identified, is being written into all staff objectives.

2.3 Finance

- **Pain / Gain Result.** As outlined in previous committee reports, the contract includes an incentive to beat target costs for: projects, planned maintenance and other property services. The goal for year-one was to break even or achieve a modest gain. At the end of year one the contract is in gain in the sum of £60,193.33. VINCI mouchel's share is calculated by multiplying their year one KPI performance percentage result of 92% (details later in the report). The breakdown of the gain share for year-one is as follows:

Projects Target Costs	£ 5,578.13
Contract Target Costs	£ 54,615.20
Total gain	£ 60,193.33
LCC/ VINCI mouchel split	£ 30,096.67
xKPI Score (92%)	£ 27,668.93 to VINCI mouchel

- **Low Service Damages (LSD).** VINCI mouchel continue to develop their supply chain and directly employed staff to reduce the number of missed deadlines for task response or completion. The table below details: the number of tasks that have attracted a LSD; the amount that have been mitigated (mostly due to Concerto programming refinements) and the sum applied. It also includes the total value of work undertaken and the total value of all LSDs applied. The LSD sum is very low in comparison to the volume of work undertaken, however, VINCI mouchel have the following plans to further reduce them:
 - increasing directly employed trade operatives to enable greater self-delivery,
 - supply chain reviews aiming to minimise low service, and
 - reviewing the number and location of suppliers for improved geographic coverage.

LOW SERVICE DAMAGES SUMMARY TO DATE		
Description	Number of Tasks	Value of work/ penalties
Total Task Orders in Scope	42,469	£6.4m of work
Total No Attracting LSD Penalty	4,146	
Mitigated	3,887	
Applied Deductions	259	£40,750.00 penalties (0.6% of total work)

2.4 Governance

In year one, the Joint Management Board (JMB) met on a monthly basis and addressed all service activity, both strategic and operational. In order to address the key issues and risks, in line with the continuous improvement approach to the contract, the governance has been refined to enable more efficient management of the contract, the key meetings are as follows:

- **Joint Programme Board (JPB).** The JPB has been introduced to manage programmes and projects risk at a senior level, by exception. It also reviews the pipeline of work to allow managers to identify likely future resource requirements.
- **Service Managers' Meeting (SMM).** The SMM has been introduced to ensure service risks and issues are managed at the appropriate level and will track the progress of Corporate Property tactics. It will produce the reports for the JMB.
- **Governance Amendment.** The introduction of JPB and SMM is part of a review that also sees the Joint Management Board moving to a quarterly frequency, in line with the Joint Executive Board and Council Performance reporting.

2.5 Key Performance Indicators (KPIs).

- **Year One Results.** The end of year result for KPIs is 92%. The target for year-one was 90%. Figure 1 below shows:
 - The maximum score by service area (weighting) (dotted blue line)
 - The actual score (red line)
 - The target score (90%) (green line)
 - The gain threshold (75% required to have access to gain share) (dotted purple line)

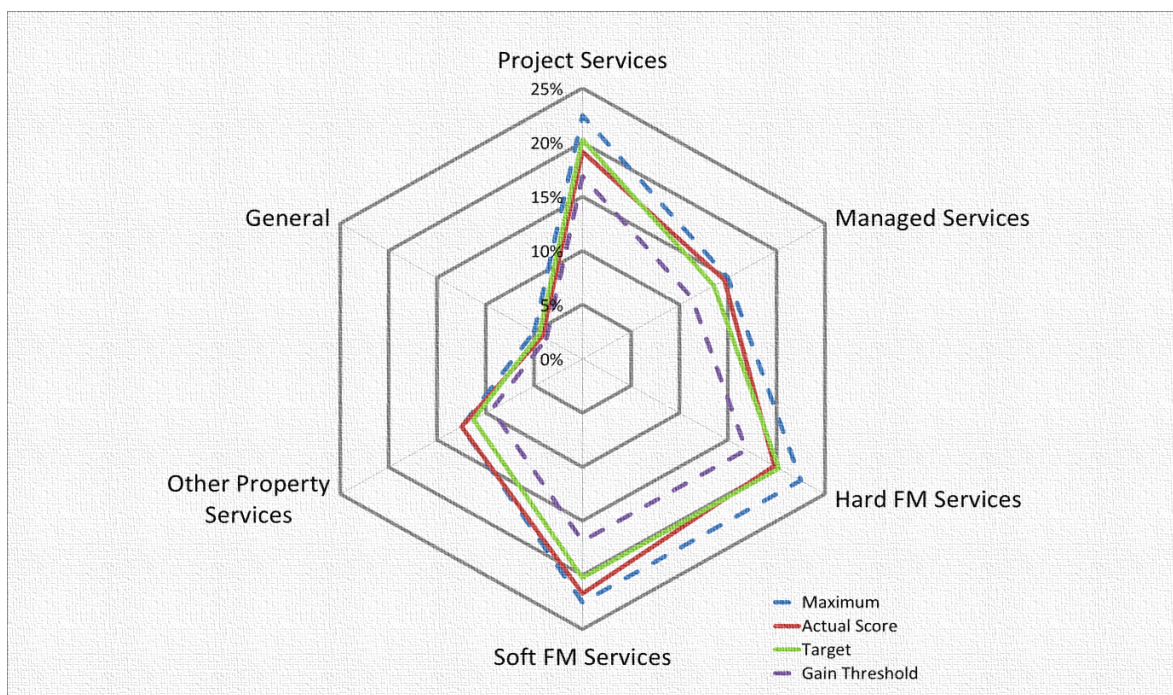


Fig 1

Figure 2 below details the score by service area. For clarity, this table is attached to this report.

Performance Measures Summary -END QUARTER 4							
S. Ref	Section (SERVICE CATEGORY)	Overall % Total	Service (Area)	Service Area Weighting %	Service Area Score %	Overall Score %	Section Score
1.0	Project Services	22.5%	Strategic Definition / Preparation and Brief (RIBA Stages 0 and 1)	60.0%	49.2%	11.1%	19.2%
			Design, Construction, Handover, Close Out and In Use (RIBA Stages 2 to 7)	40.0%	35.9%	8.1%	
2.0	Managed Services	15.0%	Property Service Centre	40.0%	38.1%	5.7%	14.6%
			Asbestos Management	20.0%	20.0%	3.0%	
			Legionella Control	20.0%	19.3%	2.9%	
			Management of Office Accommodation	20.0%	20.0%	3.0%	
3.0	Hard FM Services	22.5%	General Hard FM	25.0%	25.0%	5.6%	19.8%
			Planned Preventative Maintenance	40.0%	33.4%	7.5%	
			Reactive Maintenance	25.0%	21.8%	4.9%	
			Minor Works	10.0%	7.9%	1.8%	
4.0	Soft FM Services	22.5%	General Soft FM	30.0%	26.5%	6.0%	21.7%
			Cleaning	20.0%	20.0%	4.5%	
			Waste Management	20.0%	20.0%	4.5%	
			Grounds Maintenance	10.0%	10.0%	2.3%	
			Pest Control	10.0%	10.0%	2.3%	
			Catering	10.0%	10.0%	2.3%	
5.0	Other Property Services	12.5%	Property Records Management	20.0%	20.0%	2.5%	12.5%
			Estates Management and Valuation	30.0%	30.0%	3.8%	
			Energy & Environmental Management	25.0%	25.0%	3.1%	
			Management of Traveller Sites	15.0%	15.0%	1.9%	
			School Advice Scheme	10.0%	10.0%	1.3%	
6.0	General	5.0%	Customer Satisfaction	70.0%	63.0%	3.2%	4.2%
			Waste and Resources Action Programme (WRAP)	30.0%	20.6%	1.0%	
TOTAL		100.0%					92.0%

Fig 2

- Review of performance indicators.** The contract, under clause 12.3, allows for a change process that must be agreed by the Parties. As part of the continuous improvement strategy, a review has been conducted and the Performance Indicators (PIs) have been rationalised. The benefits of the changes are that all elements of the Service Information are now in scope and there is a higher penalty for under-performance in the key areas of the service, namely health and safety and budgetary control. In outline, PIs have been reduced in number from 80 to 12 with greater focus on significant events, including health, safety and statutory compliance; and quality performance, which covers all aspects of the Service Information..
- New KPIs Status.** The new KPIs were signed off on 30 June 16 and staff training is ongoing. Meanwhile, all the data available from last year is still relevant and available this year so an accurate quarter-1 assessment is achievable. The new KPIs will be used for quarter-2.

2.6 Performance Figures

The table below highlights a selection of performance figures for year one:

Key Performance Figures – Year 1	
Reactive calls logged	10,632
Planned Maintenance tasks completed (Hard FM)	9,213
Planned Maintenance tasks completed (Soft FM)	22,656
Reactive calls completed by in house team	1,406
Total cleaning hours completed	100,020
Customer Satisfaction with PSC Service (KPI-MSO01)	94.1%
Customer Satisfaction of feasibility stage (KPI-PSO06)	8/10 avg
Project task orders issued	236
Value of project tasks orders issued	£2,483,879.88
Capital receipts over £2m target	£752,375

2.7 Continuous Improvement

The service holds at its core, a continuous improvement programme that encourages ideas and suggestions, some of which are developed and implemented. Corporate Property and VINCImouchel have invested in staff through the completion of the LEAN 6 Sigma Practitioners course. The training gives the practitioners the tools that enable them to facilitate workshops and manage continuous improvement projects, with a focus on customer satisfaction and reducing waste.

The Continuous Improvement Programme is managed by the County Property Officer and a number of projects have been initiated. The first 3 projects, facilitated by the practitioners, are reviewing the following areas:

- **The Capital Repair and Maintenance Programme.** This review aims to solidify the processes and procedures that will lead to improved management and efficiency of the programme.
- **Concerto Roles and checklists.** This will improve the understanding of roles and responsibilities within projects and match the Concerto checklists to the scale and complexity of the task. Project managers will be able to select the appropriate checklist for their project. The checklists contain a number of hints and suggestions that will assist the project manager to prepare the brief for a given task.
- **Property Service Centre.** A full review of the PSC to assess year one and an opportunity to identify the scope of the centre and areas for improvement or extension.

2.8 Contract Highlights

There have been numerous examples of good service in year one of the contract, these include:

- **Concerto (Computer Aided Facilities Management System).** Concerto delivered all of the Day-1 requirements, ensuring business continuity during transformation. It has been subsequently developed into a bespoke, Lincolnshire, property database and management tool. During the recent malware attack on LCC, Concerto was critical for business continuity, as it sits outside of the Council IT systems and was unaffected.
- **Capital Repair and Maintenance Programme.** The annual repair and maintenance programme received additional funding late in year one. The property services contract enabled VINCImouchel and Council staff to exercise great flexibility and team work to deliver the planned programme within time and cost constraints.

3. Conclusion

The Committee is asked to note performance of year-one. Corporate Property are continuing to deliver and identify further opportunities for efficiencies and savings.

4. Consultation

a) Policy Proofing Actions Required

N/A

5. Appendices

These are listed below and attached at the back of the report	
Appendix A	Performance Measures Summary – End Quarter 4

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 553503 or by email at brian.goodwin@lincolnshire.gov.uk.