



## Open Report on behalf of James Drury, Executive Director - Commercial

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>17 March 2021</b>
Subject:	<b>Property Services Contract Year Five Report</b>

### Summary:

This report updates the Board on the performance of the Property Services Contract with VINCI Facilities Partnership Limited (VFPL) at the end of the fifth year of the contract with an interim update on year six.

### Actions Required:

The Overview and Scrutiny Management Board is asked to

1. seek assurance on the performance of the Property Services Contract.
2. provide feedback and challenge as required.

## 1. Background

In February 2020, the Overview and Scrutiny Management Board considered the performance of the VFPL contract for year four. This report informs the Board about the performance of the contract in year five (2019-2020) and furthermore, provides an interim report on year six (2020-2021).

## 2. Contract Performance

### 2.1 Service Manager's Assessment

The contract is performing well. VFPL has achieved an overall 93.5% on key performance indicators for year five overall; see section 2.4 within this report.

In 2020/21, Covid-19 has not been without its challenges for Corporate Property and the One Team on most of the services provided through the contract, for example, providing more deep cleaning services to sites, and ensuring there is enough stock of hand cleaning facilities such as alcohol gel dispensers. Furthermore, VFPL has been able to continue working during the pandemic performing vital services with over 85% of statutory compliance activities completed despite the number of site closures or limited access.

Additional cleaning provision has been provided to other partner organisations through the contractual relationship with VFPL to assist with management of Covid-19. 33 trucks, additional office space, kitchen facilities, and toilet and communal areas were all made Covid safe within a four-day window.

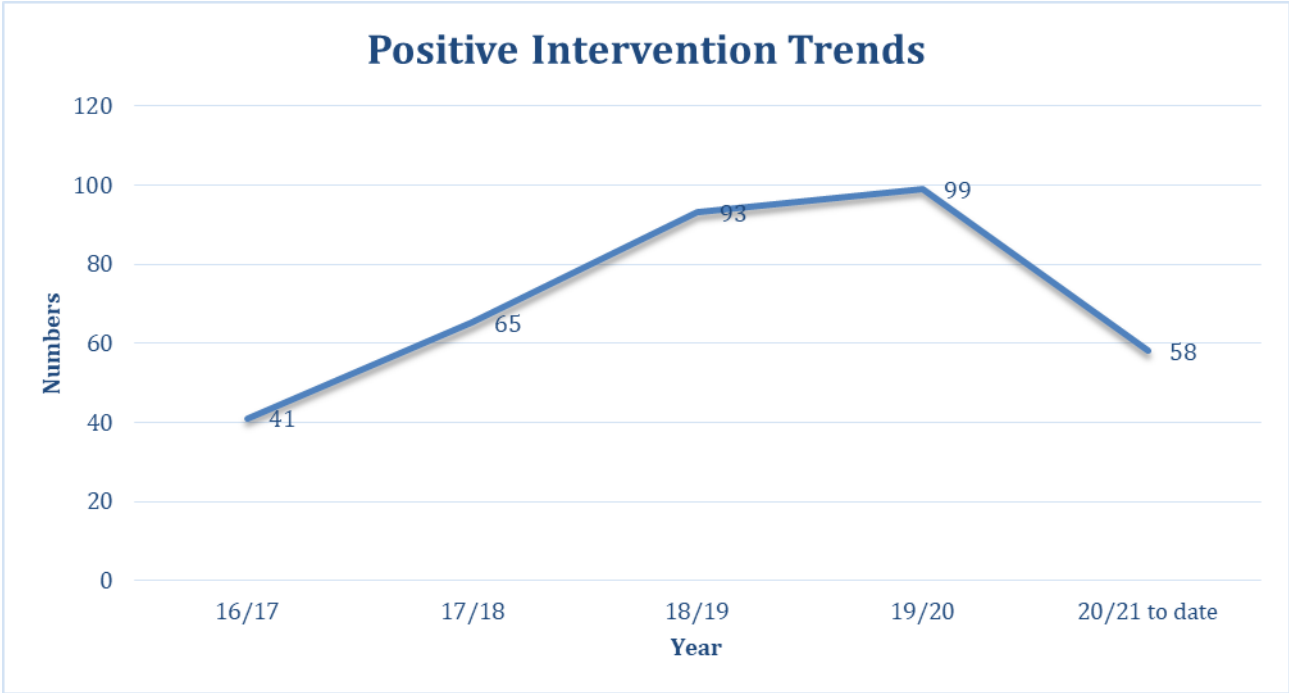
Some services have been greatly affected by Covid-19 going into 2020/21 notably the Quad restaurant and the Collection café with the latter unfortunately having to close indefinitely.

As documented in the previous report to the Board, there was a significant impact of the insourcing of the legionnaire’s bacteria water monitoring from a subcontractor to VFPL in respect to ensuring remedial works and recommendations from risk assessments were adhered to. Since June 2019, over 3000 remedial works were undertaken and this is now being monitored as business as usual. VFPL has also introduced a water module in October 2020 to the One Team computerised system, Concerto, which is greatly assisting with management of this key area of the contract.

**2.2 Health and Safety**

Analysing the period from April 2019 to March 2020 in respect to health and safety matters, there has been a steady improvement of positive interventions, where employees are encouraged to address unsafe acts or situations, thereby preventing potential incidents.

An example of a positive intervention during the year is when a technician carrying out routine maintenance discovered a faulty external light switch. The blanks on the waterproof switch were missing, allowing access to touch the live terminals. The technician made safe the switch and a replacement switch was installed.



We can see by the above line graph that positive interventions have been increasing year-on-year; the 99 during 2019/20 is the highest recorded since the start of the contract. 58 positive interventions have been recorded so far during 2020/21.

There were 10 close calls during the 2019/20 financial year, some examples of these include non-adherence to site rules within the car park. One person neglected to engage their handbrake and their car hit a barrier; another was spotted driving the incorrect way out of the car park.

The bi-annual Health and Safety Committee continues to meet to discuss improvements in sub-contractor health and safety practice. This committee feeds into the corporate health and safety groups within Lincolnshire County Council (LCC) to ensure best practice and learning remains high.

**2.3 Finance**

- **Pain / Gain Result for 2019/20.** A significant proportion of the contract operates on a target cost basis, the costs of which were competitively tendered. The collaborative principle of shared risk against target costs has incentivised the identification of inefficiencies.

As there are other more effective Key Performance Indicators (KPIs) that incentivise time, cost and quality management for Capital projects, and due to the low levels of gain and the time required to manage it, the pain / gain incentive was removed from the Capital projects element of the contract. The gain-share for year four and year five is broken down for comparison in the table below:

Item	Year Four	Year Five
Contract Target Costs	£253,403.05	£257,544.44
Gain		
LCC/VFPL split	£126,701.53	£128,772.22
LCC share	£131,769.58	£137,090.91
KPI % deduction applied	£121,633.47 to VFPL	£120,453.53 to VFPL

The marginal improvement in gain-share can be attributed to efficiencies on the cleaning, soft services and management of legionella bacteria in water. Conversely however, due to VFPL's slight reduction in KPI performance in year five, they received a slightly reduced amount of gain-share on year four despite achieving a greater reduction against the Target Cost.

- **Low Service Damages (LSDs).** One of the performance levers within the contract is the application of Low Service Damages for reactive and planned maintenance tasks. Each task is time-bounded and failure to meet the time constraints without adequate justification will lead to a LSD per job. Sanctions for delayed response and completion range from £150 to £250 per occurrence depending on the type of job.

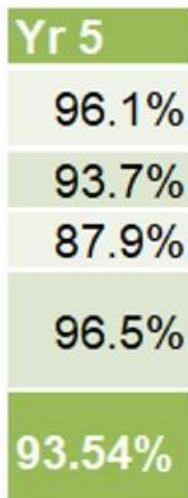
The following shows the value of (credits) generated from LSDs:

Year	Sum of LSDs
2016/17 (Year 2)	£37,950
2017/18 (Year 3)	£10,250
2018/19 (Year 4)	£53,000
2019/20 (Year 5)	£38,650
2020/21 (Year 6 to date)	£6,300

Year five is showing a return to normal in respect to LSD charges. October and November 2019 managed to bring in 49% of the total of LSD credits for the year; this is due to more robust management of the contract which VFPL has improved upon. Furthermore, an additional £31,779.20 was recouped from poor subcontractor performance.

During 2020/21, the LSD recharges are lower than anticipated; this is mainly due to the impact of Covid-19 on businesses and relaxing the implications of a LSD during the months of April – July 2020 inclusive. The total charges to subcontractors that has been recouped due to poor performance year to date is £17,422.56.

#### 2.4 Key Performance Indicators (KPIs) – Year Five

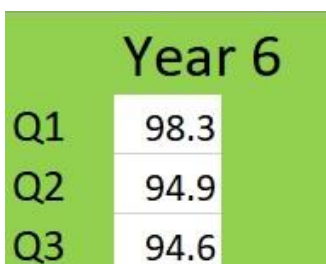


Year five outturn was 93.5% which is lower than the 96% outturn for year four. The annual 'stretch' target is 90%; the baseline (contract) target is 75%. The table to the left shows the annual results by quarter.

On the whole, VFPL performed well in year five. All quarters had a slight drop on overall performance, but this was expected due to lower performance on legionella monitoring.

There was also a dip in performance during the third quarter; this is mainly due to targets in undertaking statutory testing and inspections by required contractual timescales which takes the score down by 25 points per failure for that indicator.

#### Year Six to date



Year six outturn is expected to exceed year five. VFPL has improved upon their performance in respect to management of legionella monitoring. Some areas of performance saw a dip, notably targets in undertaking statutory testing and inspections within contractual timescales and key stakeholder satisfaction scores.

## **2.5 Dame Judith Hackitt Report following Grenfell Tower**

As previously reported to the Board following the Grenfell Fire tragedy, LCC undertook a whole scale review of 923 buildings. Thankfully there were no buildings identified to contain ACM (Aluminium Composite Material) cladding.

The Government committed to take forward all of Dame Judith Hackitt's recommendations and published a consultation of its reforms in June 2019 called 'Building a Safer Future.'

Following the consultation, in March and April 2020 the Government published its final recommendations. The following is the Corporate Property response to the report:

A new post for a Property Compliance Officer has been created and formally appointed to in January 2021. This post will monitor changes in legislation (including the regulator) and also to ensure that responsible persons/dutyholders are complying with necessary compliance issues and ensuring things such as fire risk assessments, legionella risk assessments, radon risk assessments are accurate and kept up to date. Furthermore, the proposals above could have an impact on Corporate Property to ensure that the dutyholder is complying with the proposed regulator.

Additionally, Corporate Property has increased the frequency of fire risk assessment reviews and fire door inspections on buildings in consultation with Lincolnshire Fire and Rescue. Following the inspections of fire doors, the outcomes could lead to repair and/or replacement of fire doors that would require an additional investment of £340k per year for the next five years.

## **2.6 South Park Campus Mobilisation**

The £21m South Park blue light campus fully opened at the end of 2019 and facilities management mobilised. This was not without its challenges; however generally the stakeholders have provided some very positive feedback on the level and quality of service provided by the VFPL team.

The stakeholders have praised the level of cleaning that is provided by VFPL and that this is far higher quality than the service they have received from other suppliers. Furthermore, the site Facilities Manager has received praise from the stakeholders; he now chairs the quarterly South Park campus user group meetings which helps facilitate feedback from other building users and promotes good working relationships between the diverse range of stakeholders.

## **2.7 Smarter Working**

The County Council's Transformation Programme includes a move towards Smarter Working; this will change how LCC uses office accommodation with a focus on using the office for collaborative activities. It is anticipated that staff will typically work in the office two days per week. This reduction in office use will mean

that LCC will be able to reduce the number of buildings it uses as offices; the details of this will be finalised over the coming months. The remaining office estate will be a mixture of bookable managed workspace and service hubs. The hybrid way of working has been significantly enabled by advances in technology such as the use of Microsoft Teams.

## 2.8 VMOST

VMOST (**V**ision, **M**ission, **O**bjectives, **S**trategies and **T**actics) is a business planning model that VINCI introduced to the contract from the outset and is used to shape the 12-18 month business plan. A key development this year is that, to improve staff engagement, each step of the process has been delegated to the staff level where the work takes place.

The existing VMOST has been reviewed and with recommendations that was considered by the Joint Management Board. A new VMOST has been developed to link closely to Lincolnshire County Council's Corporate Plan. The four new strategies in the VMOST are as follows:

- Reducing the carbon footprint of the estate
- Increase the efficiency and effectiveness of the estate
- Grow, inspire and motivate our One Team
- Deliver the Corporate Landlord model

## 2.9 Continuous Improvement

Corporate Property and VFPL have continued to drive improvements and efficiencies through the use of improved reporting.

- **PowerBI Reporting.** As previously reported to the Board in February 2020, VFPL had further developed their reporting tools through PowerBI and key work such as statutory and reactive maintenance is now being monitored more effectively by both VFPL and also Corporate Property.
- Corporate Property is also developing reports through PowerBI use by greatly assisting with contract and financial management.
- **Insourcing of Commissionaire Service.** As another continuous improvement item VFPL has successfully insourced the commissionaire service from a subcontractor. This will provide a more efficient, reliable and professional service to the Council.

## 3. Conclusion

The Board is asked to review performance of year five and the interim report for year six. Corporate Property is continuing to work hard to deliver and identify further opportunities for efficiencies, savings and to work more effectively within the One Team.

#### **4. Consultation**

##### **a) Risks and Impact Analysis**

Not Applicable

#### **5. Appendices**

These are listed below and attached at the back of the report	
Appendix A	Property Services Contract Annual Review 2020

#### **6. Background Papers**

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

This report was written by Stuart Wright, Contract Manager, who can be contacted on 01522 553503 or by email at [stuart.wright@lincolnshire.gov.uk](mailto:stuart.wright@lincolnshire.gov.uk) and Andy Fenn, Head of Facilities Management, who can be contacted by email at [andy.fenn@lincolnshire.gov.uk](mailto:andy.fenn@lincolnshire.gov.uk)

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