

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

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>24 March 2022</b>
Subject:	<b>Property Services Contract Year Six Report and Interim for Year Seven</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 sixth year of the contract with an interim report for year seven.

**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 March 2021, the Overview and Scrutiny Management Board considered the performance of the VFPL contract for year five. This report informs the Board about the performance of the contract in year six (2020-2021) and furthermore, provides an interim report on year seven (2021-2022).

## **2. Contractors Performance**

### **2.1 Service Manager's Assessment**

The contract is performing well. VFPL has achieved an overall 96.2% on key performance indicators for year six; see section 2.4 within this report.

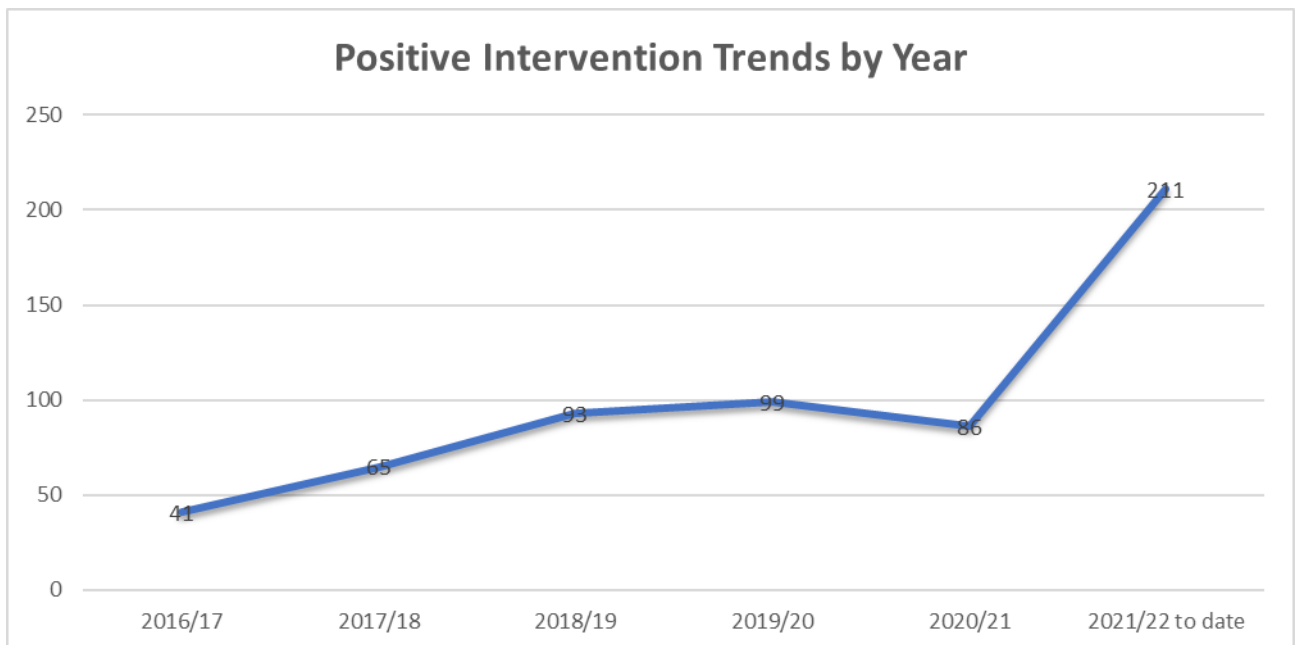
2021/22 has seen the One Team come to terms with the impact of Covid-19 and, whilst working within Government guidelines, the team is able to meet the challenges head on. The One Team has been effective in managing the service requirements and new project construction contractors with rigour.

Covid-19 presented some considerable challenges during 2020/21, notably the loss of services to The Quad and The Café at the Collection with the latter having to close indefinitely. There are however plans to be able to initiate a restaurant/café service at The Quad back up and running but these are currently at early stages.

Furthermore, there has been (from May 2021) 105 business continuity meetings held with 390 actions logged of which 385 (99%) have been closed and completed. 152 Covid-19 building compliance audits were also completed during the year.

During this time, the One Team has continued to improve the service in several key areas, some of these will be picked up in more detail later within this report. One notable area is through more robust control and management of legionella in water systems, with VFPL adding a water module to Concerto (the CAFM ICT system) which allows for auditing of water temperature levels at Council sites.

## 2.2 Health and Safety



We can see by the above line graph that positive interventions have steadily increased year-on-year until 2019/20. It is acknowledged that the numbers of Positive Interventions have decreased during 2020/21. The reason behind this drop is mainly due to the Covid-19 pandemic when the country was put into a series of lockdowns during 2020/21 financial year, and there were fewer VFPL employees being out and about to spot the close calls and positive interventions.

Further analysis of the chart above shows a marked increase of positive interventions so far during 2021/22 to the highest level since the start of the contract. The mobile resource technicians are encouraged to undertake a positive intervention where possible and receive frequent training to spot potential risks and threats.

An example of a positive intervention during the year is 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.

There were several close calls during 2020/21. Some notable ones include threatening behaviour displayed at a traveller site to a member of staff posing risk of physical injury. Furthermore, a waste collection vehicle collided with a training tower creating a potential structural weakness, however a structural survey was completed, and it was found to be safe.

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.

A key priority for the contract is operating safely and a key component of that is positive interventions to offset accidents before they happen.

### 2.3 Finance

- **Pain/Gain Result for 2020/21.** 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.

The pain/gain element to the contract are calculated as follows:

Share	LCC	VFPL
Gain i.e. under target	50%	50%
Pain from 101% to 110%	50%	50%
Pain from 111% to 120%	25%	75%
Pain over 120%	0%	100%

The gain-share for year five and year six is broken down for comparison in the table below:

Item	Year Five	Year Six
Contract Target Costs	£257,544.44	£310,100.56
Gain		
LCC/VFPL split	£128,772.22	£160,942.19
LCC share	£137,090.91	£149,158.37
KPI % deduction applied	£120,453.53 to VFPL	£149,158.37 to VFPL

The improvement in gain-share can be attributed to a staff vacancy within the Energy management team for a period and reduced soft facilities management services during lockdown periods. VFPL managed to achieve greater margins against the target cost in year six and their performance has also increased over year five which led to a greater share of the contractually agreed gain.

- **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 an LSD per job. Sanctions for delayed response and completion range from £150 to £250 per occurrence depending on the type of job.

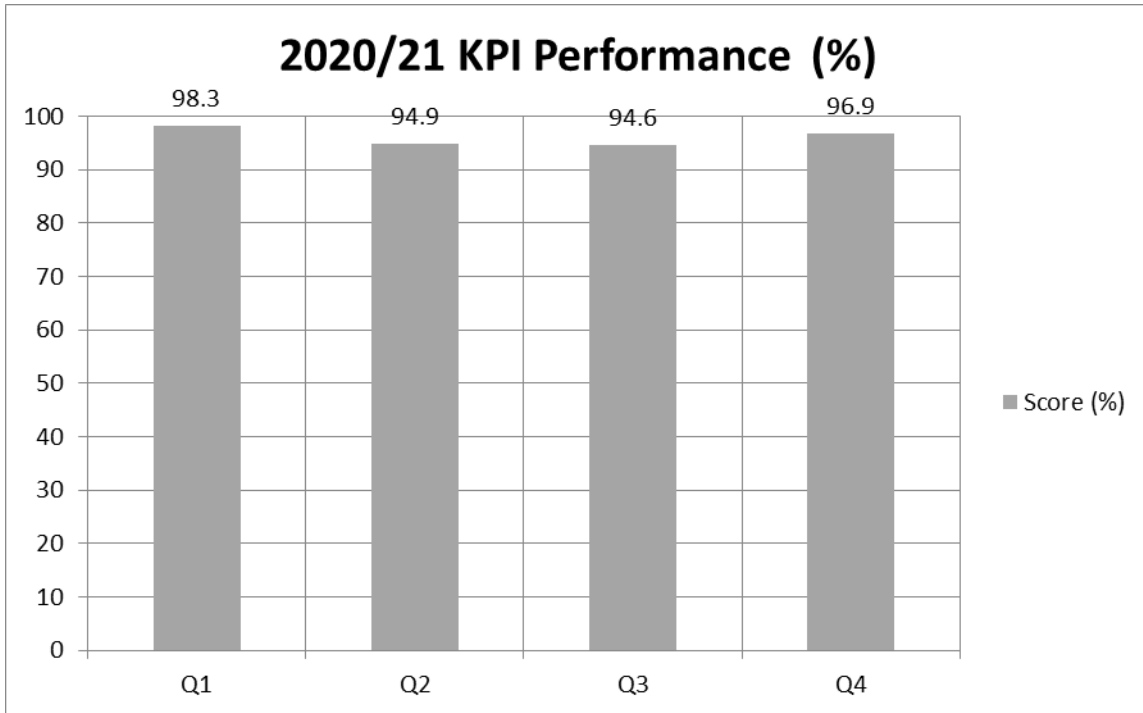
The following shows the value of (credits) generated from LSDs:

<b>Year</b>	<b>Sum of LSDs</b>
<b>2016/17 (Year 2)</b>	<b>£37,950</b>
<b>2017/18 (Year 3)</b>	<b>£10,250</b>
<b>2018/19 (Year 4)</b>	<b>£53,000</b>
<b>2019/20 (Year 5)</b>	<b>£38,650</b>
<b>2020/21 (Year 6)</b>	<b>£8,350</b>
<b>2021/22 (Year 7) to Jan 22</b>	<b>£1,400</b>

Year six and year seven to date is showing a reduction in respect to LSD charges, as VFPL is working more closely on educating their supply chain on ensuring that work is completed within timescales, closer working and implementing routine quality audits. Furthermore, an additional £24,057.72 was recouped from poor subcontractor performance.

#### **2.4 Key Performance Indicators (KPIs) – Year Six**

Year six outturn was 96.2% which is a rise from 94% outturn for year five. The annual 'stretch' target is 90%, the baseline (contract) target is 75%. The chart below shows the annual results by quarter.

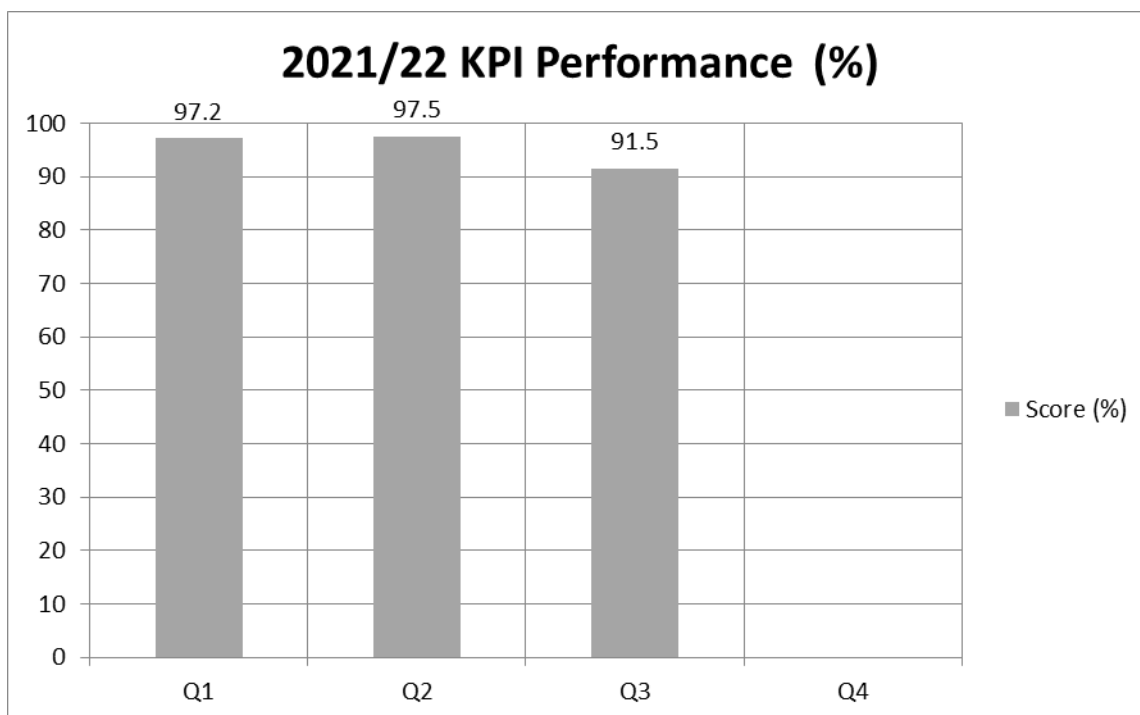


Generally, VFPL performed well in year six. During year five of the contract, there were an increase in issues in respect to legionella monitoring where VFPL insourced that aspect of the service from a subcontractor. This decision led to teething problems, specifically a backlog of critical remedial work that required completion. During year six, VFPL was able to complete the backlog and operated the service more efficiently and effectively as business as usual.

There was also a dip in performance during the second and third quarters respectively. This is mainly due to targets in undertaking statutory testing and inspections not completed within contractual timescales and lower key stakeholder satisfaction scores.

#### **Year Seven to date**

Performance has improved during quarters one and two on the previous year however, quarter three is showing a reduction to 91.5%. This lower score is attributable to eight failures in VFPL completing reactive work within timescales set in the contract and two failures of completing statutory work within timescales. This should be set in context as there are many thousands of work tasks delivered by VFPL, but as failure is set per item rather than as a percentage of tasks, it is therefore a very strict KPI measure.



## 2.5 Special Educational Needs and Disability (SEND) Projects

VFPL's principal subcontractor property professional services is Kier, and Kier has provided project management, cost advisory and clerks of works services in the delivery of the SEND programme.

The first new school to be built was a 140 place all through, all needs school in Boston. This project was opened to pupils in September 2021 as the new Boston Endeavour Academy. Shortly after in December 2021, Bourne Willoughby school's expansion to 148 pupils was also completed.

Projects currently underway are the expansions of Spilsby Eresby School, anticipated to complete in April 2022; Louth St Bernard's, anticipated to complete in September 2022; Spalding the Priory, anticipated to be completed in October 2022; and the new 150 place Lincoln St Christopher's Primary School due for completion in May 2023.

Pre-construction activities continue with the new 150 place all-through school in Horncastle which is currently being submitted for planning permission with construction planned to commence in July. A feasibility study has been completed on the expansion of Grantham Ambergate/Sandon and feasibility studies are also being commenced for the expansion of both Lincoln St Francis School and Gosberton House Academy.

## 2.6 Capital Receipts

The Kier Estates team manage the capital receipts service on behalf of the Council. The three year disposal programme (ending 2021/22) has a target capital receipt total of £14m. The current forecasted three year total is £12,621,887 (net of S77

contributions), £13,031,437 gross. Since April 2019, the total capital receipt secured is £10,801,087 (net of S77), £11,210,637 gross. The receipts are slightly under target. This is predominately due to the movement of the receipt for Morton Estate 212B to 2022/23 due to increased interest in the site. This income will now move into 2022/23.

The expectation is to see an increase in capital receipts in year eight, with a budget figure of £13m gross.

## 2.7 Covid Safety

Covid safety has been at the forefront of day-to-day business over both year six and year seven of the Property contract including working closely with Public Health and Health and Safety teams to manage the situation effectively.

Hand sanitiser stations and surface cleaning wipes have been provided at all open sites for Council staff and visitors to use. Moreover, attendance registers were implemented to ensure occupancy levels and social distancing rules were adhered to.

Achievements include:

- 12-15 HSE (Health and Safety Executive) inspections with no concerns raised
- Implementation and completion of risk assessments of sites prior to re-opening

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

## 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 were 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.

- **Improved Water Monitoring.** VFPL has implemented a water module to Concerto which now shows temperature tests at outlets across all relevant sites.
- **Implementation of V-Forms.** VFPL has also implemented V-Forms; this is a digital toolkit to help Mobile Resource Technicians to capture data in the field (such as statutory compliance documentation). It will help with providing a more efficient service to the Council.
- **Improved induction and refresher training for staff.** This is reflected in the VMOST strategy “Grow, inspire and motivate our One Team”; collaboratively, we are holding more training workshops and toolbox talks, an example of which includes improved processes around Early Warnings and Risk Reduction Meetings.
- **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.

## 2.10 Awards

In November 2021, the One Team won the prestigious PFM (Premises & Facilities Management) award for Partners in Corporate – Public Sector. It was acknowledged that effective collaboration and partnership working between all departments played a significant role with the One Team achieving this award.





### **3. Conclusion**

The Board is asked to review performance of year six and the interim report for year seven. 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. 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, who can be contacted on 07872 675264 or by email at [stuart.wright@lincolnshire.gov.uk](mailto:stuart.wright@lincolnshire.gov.uk).

This page is intentionally left blank