

CORPORATE AND COMMUNITIES OVERVIEW AND SCRUTINY PANEL

2 FEBRUARY 2021

CORPORATE LANDLORD AND FACILITIES MANAGEMENT DELIVERY MODEL

Summary

1. The Cabinet Member with Responsibility for Transformation and Commissioning and the Strategic Director Commercial and Change have been invited to the meeting to update the Panel on developments relating to the Corporate Landlord and Facilities Management Delivery Model, specifically in relation to the proposed structure and delivery model of the new service from 1 April 2021.

Background

2. Place Partnership Ltd (PPL) was established in March 2015 to provide full spectrum property management services to the six partners (Worcestershire County Council, Worcester City Council, Hereford and Worcester Fire and Rescue, West Mercia Police, Warwickshire Police and Redditch Borough Council). Shortly thereafter, Police and Crime Commissioners were introduced into PPL for West Mercia and Warwickshire forces respectively.

3. In March 2018, Worcester City Council and Redditch Borough Council gave notice to exit the agreement. The two entities represented approximately 10% of the overall turnover of PPL.

4. Following the report to Cabinet relating to Corporate Landlord and Facilities Management on 26 March 2020 and related decisions, Worcestershire County Council also served notice to terminate the contract with PPL from 31 March 2021.

5. In June 2020, all partners (including Worcestershire County Council) met to discuss and agree the future of PPL. With three partners now either having left, or proposing to leave the arrangements, the remaining partners wished to consider the sustainability of the model moving forward, and following those discussions, it was agreed in principle to bring the PPL company to a close from 31 March 2021.

6. Subsequent to the agreement in principle, the partners have formally committed to pursue a Members Voluntary Liquidation (MVL) which would take effect to the end of the third quarter of 2021.

7. It should be noted that an MVL requires the company to be solvent at the point of winding up, and that all obligations (contractual and otherwise) be fully satisfied. All service provision by PPL will cease to either partners or third parties (including schools) from 31 March 2021.

8. Subject to formalising a supplemental shareholder agreement, the Council will no longer exit from PPL or as a consequence, dispose of its shareholding as stated in the previous report but will work with the other shareholders to support the company closing down process as a collective endeavour.

9. The Council is establishing a new delivery model for how it manages property on a Corporate Landlord model with the supporting Facilities Management arrangements. This paper provides further details on that model and the indicative associated costs.

Issues for the Panel to Consider

10. The following delivery model options were outlined in the Cabinet report in March 2020:

- i) Externalise the contract
- ii) Fully in-house service
- iii) Hybrid model of i) and ii)
- iv) Establish a new shared service model with partners

11. The scope of the PPL contract includes a wide range of works and services and to determine the overall best option an analysis of each element has been undertaken against the following:

- In-house
- Council only procurement
- Joint procurement with partners
- Council provide on behalf of partners either with in-house staff or contracted
- Contract with another partner for this service
- No longer provide
- Absorb activities within existing functions

12. The following principles were considered in determining the best option:

- The Council retains the decision-making responsibility for allocating resources, i.e. budget allocation, works prioritisation and project funding
- The best utilisation of resources is achieved, e.g. specialist services are only paid for when needed
- The provider market is competitive and does not result in an unbalanced dependency being created that would be detrimental to the Council
- Mitigating any risk of disruption to service delivery

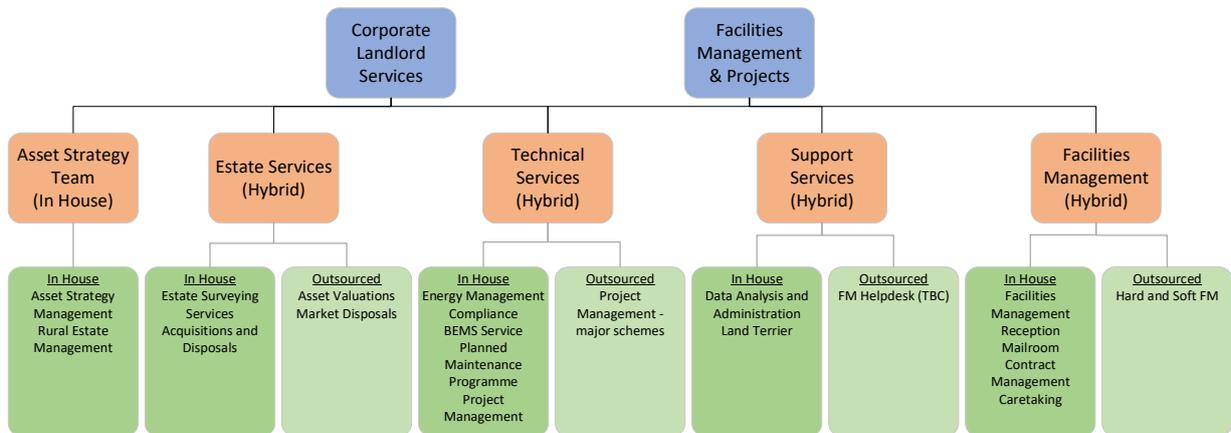
Preferred Option to be Implemented

13. Following the review and appraisal of the potential service options a hybrid model is recommended with some services delivered in-house and others through external providers, based on how closely they meet the Council's service design principles and requirements.

14. This model will give the best value approach and is deliverable within the timescales.

15. The hybrid model proposed is set out in the diagram below.

Proposed Service Structure



16. This model has been developed based on the information available and will continue to be reviewed as more detailed management information is received from PPL. This may result in changes to the detailed staff structure ahead of final implementation.

17. The proposed structure is based on in-house teams where responsiveness is a priority, and external suppliers where the service can be delivered more cost effectively, with specialist advice and services brought in when required.

18. A review will be undertaken of the entire property service during the first 12 months to identify potential efficiencies and opportunities to enhance operational performance. This service structure is therefore subject to change.

19. Building Energy Management System (BEMS) and Energy Management are revenue generating.

Asset Strategy: In-house

20. The Asset Strategy team are responsible for determining the Council's approach to property utilisation and accommodation strategy. This team determines which buildings the Council occupies, improves, acquires or disposes. As this is decision making on the allocation of resources it is recommended that this is an in-house team. This activity is currently undertaken by a PPL in-house team therefore the relevant members of the team will transfer in accordance with TUPE regulations.

Estates Services: Hybrid

21. The Estates team are responsible for managing and administering the Council's property portfolio. There is an ongoing workload to ensure that the Council complies with relevant legislation e.g. where the Council is the landlord and leases buildings to third parties, putting in place lease and licence agreements and reviewing at relevant

periods, collecting rent, advertising and marketing void properties. The disposal of buildings which are longer required is also a key activity of this team.

22. It is recommended that the ongoing workload will be undertaken by an in-house team with specialist consultancy support engaged when required for peaks in workload or individual projects where additional knowledge of specific markets is required.

Facilities Management: Hybrid

23. The Facilities Management activities can be divided into two parts. Firstly, the day to day operation of buildings and secondly, the inspection, compliance testing, maintenance and repairs.

- a) It is recommended that the day to day operation of the buildings e.g. building managers, reception staff, mail room are provided by an in-house team. Employment of these staff will ensure that the Council has direct control of the 'front of house' interaction with public and visitors and how rooms within the buildings are used each day. The mail room is currently operated by PPL employees and a specific review of this service will be undertaken post transfer.
- b) It is recommended that the delivery of the inspection, testing, maintenance and repair works required to support building operation are provided by external contractors. These works are specialist and required specific technical training and 'trade' experience. Employment of direct labour would be uneconomical as a significant proportion are reactive in response to faults being reported.
- c) The cleaning service is currently mainly delivered by a single outsourced service provider with some local arrangements for a small number of buildings. It is recommended that the current outsourced arrangement remains, and a review is undertaken post transfer.
- d) The catering arrangements that the Council currently has in place for County Hall and Wildwood buildings have been reviewed and a new agreement is being negotiated with the provider as a result of suspension/reduction in service due to the Covid-19 pandemic.

Technical Services: Hybrid

24. The Technical Services team have three responsibilities:

- a) Provide specialist engineering, construction and energy management advice.
It is recommended that this is delivered as a hybrid model. There is a need for prompt and timely advice day to day, particularly in relation to compliance, and this will be provided by an in-house team. Where there are peaks in work e.g. for projects or where specialist advice is required, this will be provided by external consultancies.
- b) Determine and manage the work programmes to support delivery of the Asset Management Strategy.
The Council has annual programmes of capital renewal works for buildings (windows, roofing, decoration etc), mechanical (heating, boilers etc), electrical (re-wiring, switchgear etc) and external works (paving, fencing, landscaping

etc). It is recommended that the management of these will be undertaken by the respective member of the in-house team.

c) Project management of new build, renewal and refurbishment projects.

The Council will use the principle of an 'intelligent client' when undertaking projects. The Council will develop the programme and retain the decision making of which projects are progressed including the prioritisation of delivery. It is recommended that an in-house team of Project Managers will undertake the 'intelligent client' role and manage the delivery of smaller and simpler projects. Where projects are large and/or complex the need for dedicated and specialist project management resource will be included within the project budget and procured from external consultancies.

Building Energy Management System (BEMS)

25. The Council have a number of buildings that use Building Energy Management Systems, these services are currently managed by PPL from an office at the Police Headquarters at Hindlip.

26. Following a review undertaken in collaboration with partners, the preferred model for the delivery of the BEMS Service has been agreed. Worcestershire County Council will take on the service and deliver on behalf of Partners. Service Level agreements will be developed to ensure that there is no detriment (financial) to the Council for taking this on. The BEMS and Energy contracts will be assigned from PPL to Worcestershire County Council.

27. The BEMS equipment and team will move from Hindlip to County Hall in due course (timeline to be agreed, not necessarily required at point of transfer on 1 April 2021).

28. There is an opportunity for further revenue generation once services are insourced, with a number of other public sector entities expressing an interest in the service.

29. Maintaining a BEMS service is critical in supporting the Council's carbon reduction agenda and allows the Council to deliver significant energy savings year on year across its estate.

Support Services: Hybrid

30. The Support Services comprises two elements:

a) Data management

It is recommended that this service is delivered in-house as accurate consistent data is fundamental to the efficient and effective operation of the service overall.

b) Helpdesk

Helpdesk support will be provided by Solihull Metropolitan Borough Council (MBC) as an add on to the Graham Facilities Management and Dodds access agreements. They will log all calls, and manage them through a standard triage process, ensuring they are assigned to Facilities Management and appropriate contractor. This service is provided on an open book, not for

profit basis. By adopting this service for the first 12-month period, the Council would gain access to a pre-configured system tailored to the service requirements, as well as benefiting from the extensive scripts developed by Solihull MBC over the past 8 years. The Council will review the position over the next 12 months to determine if there was a benefit to bringing these services, in part or in whole, into Worcestershire County Council.

Corporate Services: In-house

31. It is recommended that any Corporate Services e.g. Human Resources, Finance, Procurement, IT Systems Support etc. are incorporated into existing Council teams. A support model that enhances the capacity and capability of in-house teams with PPL roles is being developed where required. This will ensure a consistency of approach and the organisational design principle of centralisation of similar services.

Support for Schools

32. PPL currently offer an annual service level agreement (SLA) to schools to purchase building energy management services. There are currently 150 schools who use this service across both Council maintained and academy schools.

33. PPL have issued an initial communication to schools to let them know that the PPL service will no longer be available to them from 1 April 2021. An alternative arrangement for the provision of services to schools is in the process of being agreed. It is anticipated that the Core SLA contracts will be assigned to a third party, subject to satisfactory conclusion of due diligence at the end of January 2021. The Council issued a communication to schools following the Schools Forum on 21 January confirming the Council's position and offering support with future arrangements.

34. BEMS and Energy Management Services will be separated from the existing service provision and provided directly by the Council.

35. Schools will be contacted early in 2021 with details of the new arrangements. No schools will be left without services.

36. Other services that are required by schools will be provided in accordance the recommended model. Further work is ongoing with Worcestershire Children First to engage them in the process and develop a shared future strategy.

Implementation progress

Service Design and Staff Transfers

37. A detailed analysis of the Council's property estate and facilities management activities is being undertaken to baseline the current position. In parallel work is ongoing to review the Covid-19 Secure arrangements that have been put in place and any impact this may have on ongoing maintenance and management of buildings.

38. Process mapping has commenced, and a review of the scheme of delegations will begin shortly.

39. The proposed service delivery model represents the best solution for the Council's requirements from the 1 April. During the first 12 months of operation, work will be done to re-engineer and redesign the service where appropriate, streamlining services as they begin to settle into business as usual practices.

40. The current proposals are forecast to achieve a saving of £419k when compared to the current PPL costs against a savings target of £300k. This includes provisional posts for both IT and Finance. Inflationary pressures next year (which are not budgeted) are estimated to create a further pressure of £155k and work will be done to mitigate this throughout the year. It should be noted that the PPL costs would have increased by significantly more than £155k had the contract continued, representing further cost avoidance.

Human Resources

41. TUPE consultation concluded on 6 January 2021, with a number of roles proposed to transfer to the Council from 1 April 2021. With the exception of 4 roles, all other roles have been mapped into the new structure.

42. Redundancy consultations for staff that have not transferred will commence in January 2021. In an effort to minimise potential redundancies, partners have agreed to open up all internal vacancies (organisation wide) for those staff at risk to apply.

Purpose of the Meeting

43. The Panel is asked to:

- Consider and comment on the proposed Corporate Landlord and Facilities Management delivery model; and
- determine whether any further information is required

Supporting Information

None

Contact Points

Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Assistant Director for Legal and Governance) the following are the background papers relating to the subject matter of this report:

- Minutes of the Cabinet, 26 March 2020 [Minutes of Cabinet 26 March 2020](#)