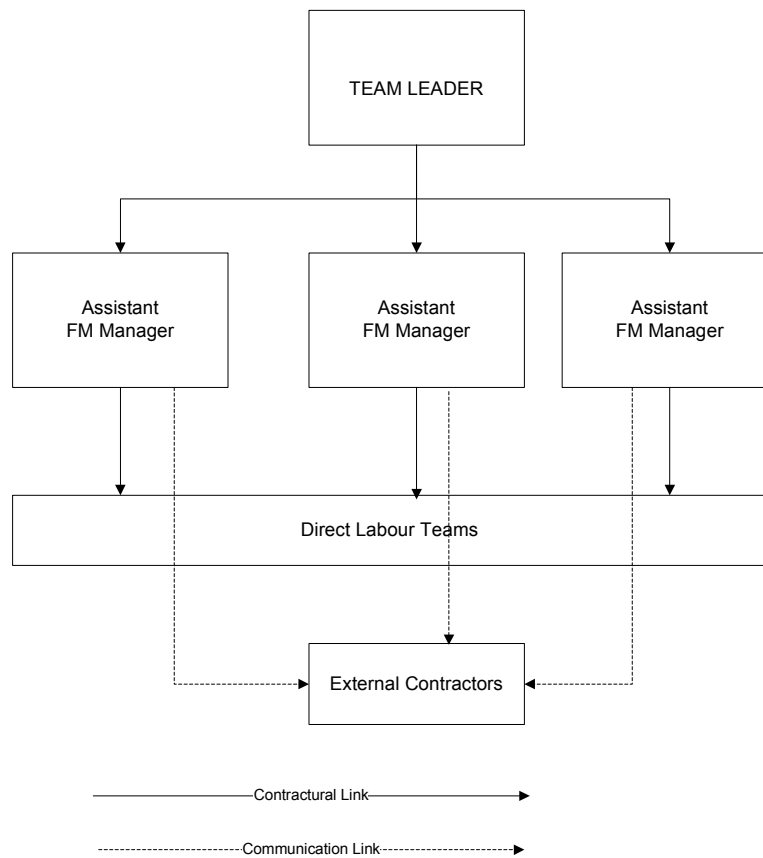


Appendix 1: Review of Options

1. Internal Management Model (Not recommended)

Corporate Landlord within Corporate Property Services



A defined in-house team within Corporate Property Services operate as an independent unit, with the objectives of providing the delivery of building services across a building portfolio.

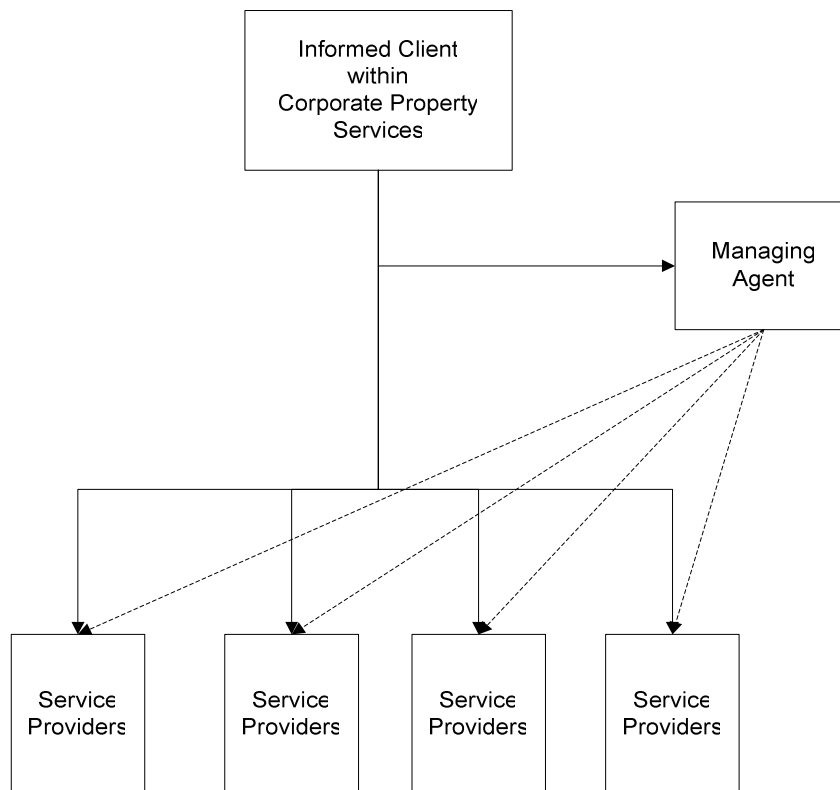
Advantages

- The advantages of this type of system are:-
 - Better skills tailored towards building services
 - Accountability and reliability with the service suppliers
 - More transparent costs
 - Better management information
 - Better standardisation and demonstration of building compliance

Disadvantages

- The disadvantages to this type of system are:-
 - Large overhead (transparent)
 - Large direct labour workforce.
 - Remote management of the problems (i.e. second guess the local problems)
 - Difficult to make processes seamless and there can be an element of complacency at the interfaces.

2. Managing Agent (Recommended Option)



A specialist is appointed to act as the client's representative for the provision of building services. This organisation is then responsible for arranging the appointment of the service providers. (i.e. work is outsourced)

Advantages

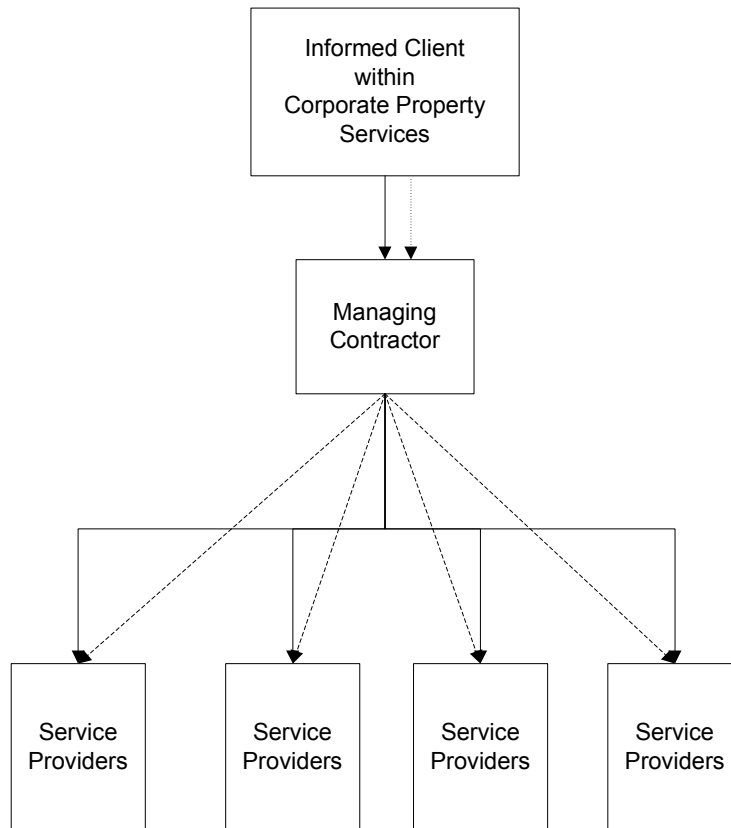
- The advantages of this type of system are:-
 - We keep control of the facilities
 - Better economies of scale due to other companies/contractors being serviced.
 - Provides the specialist skills required.
 - Dissatisfaction with one contract would not put the whole process at risk.
 - Provides considerable flexibility.
 - Reduction in paperwork and fewer orders/payments required though the in-house procurement systems
 - Will perform better if performance criteria laid down in specification
 - Selected through competitive tendering process
 - Would be able to contribute with their expertise

Disadvantages

- The disadvantages to this type of system are:-
 - Gaps may occur between various packages, however we can make it the MA's responsibility to address these
 - Sound relationships are needed with the service provider and may take time to develop if not already established
 - Adequate resource required to plan and implement this route.
 - Strong service specification required

3. Managing Contractor (Not recommended)

Managing Contractor



A contractor is appointed to manage all or part of a budget as though part of one large contracting organisation. The contractor would be paid a fee for providing these services, usually based on a percentage of the value of the expenditure managed. The managing contractor may provide some of the services and sub-contracting others.

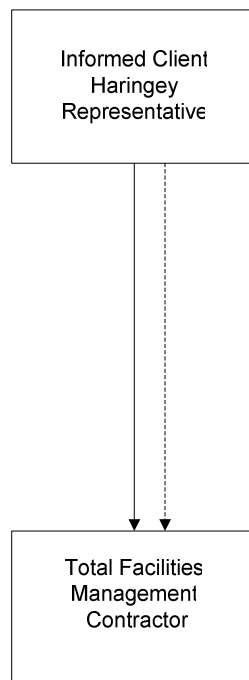
Advantages

- The advantages of this type of system are:-
 - Simple contract management
 - Single point of contact
 - Management of specialist sub-contractors
 - Less gaps in the service
 - Reduction in paperwork and fewer orders/payments required though the in-house procurement systems

Disadvantages

- The disadvantages to this type of system are:-
 - Needs a clear service specification
 - Ideally needs handover of “made good” buildings.
 - Transitional changes difficult to manage
 - Could be disruptive until the new contract has fully bedded into operation.
 - Sound relationships needed between the Informed Client and Managing Contractor.

4. Total Facilities Management (Not recommended)



The responsibility for the provision of building services and for the general management is placed in the hand of a single organisation.

Advantages

- The advantages of this type of system are:-
 - Concentrates on building management as a core activity.
 - Potential cost reductions and efficiency improvements through people savings (TUPE)
 - Fewer transactions to be processed (i.e. one bill per month)

Disadvantages

- The disadvantages of this type of system are:-
 - Must be right first time (process is difficult to reverse)
 - High risk if you get it wrong
 - Difficult to mitigate the risk of a contractor going into liquidation and ceasing to trading.
 - All "eggs are in one basket"
 - Contractor unlikely to be based in Haringey which may have impact on the local employment.
 - Existing information and service specifications makes this proposal difficult to implement at this stage.

5. Performance Measurement Assessment

The following criteria were considered using the scoring system as follows:

- 1-2 Poor
- 3-4 Mediocre
- 5-6 Adequate
- 7-8 Good
- 9-10 Excellent

	Performance Criteria	Internal Management Model	Managing Contractor	Total FM	Managing Agent
1	Easy of Implementation	4	7	6	8
2	Familiarity of Structure & Contractual Responsibilities	8	8	7	8
3	Collaborative Management of Risk	6	7	4	7
4	Move to 70:30 split	6	7	9	8
5	Improved Customer Satisfaction	4	8	7	8
6	Improved Quality of Service	5	8	7	8
7	Flexibility	6	6	6	9
8	Integrated Team	6	6	6	7
9	Partnership Working	6	7	6	7
10	Best Practice	4	5	6	7
11	Achieve Target Cost Savings	5	8	6	8
12	Continuous Improvement	5	8	8	8
13	Potential for Added Value	6	8	6	8
14	Innovation	4	6	9	8
15	Ability to achieve overall efficiency	5	8	8	9
	TOTALS	80	107	101	118