

Report for: Cabinet 9th July 2019

Title: Building And Property Management

Report authorised by : Stephen McDonnell, Director of Environment and Neighbourhoods

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Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key

1. Describe the issue under consideration

This paper reports on work to recommission Facilities Management (FM) services and seeks approval for a proposed recommissioning strategy.

2. Cabinet Member Introduction

The way we run our buildings is extremely important – without clean, safe, well-maintained buildings, public services in Haringey will not be able to meet the needs of residents. This proposal represents the determination to improve facilities management in Haringey, for the good of all our residents.

How we run buildings has wider significance. It affects the productivity of staff, the wellbeing of service users and it represents the civic pride we have in the borough. As climate change becomes a deepening concern, having greener, more energy efficient buildings is becoming ever more important. Having direct control of this vital service allows to deliver on these objectives.

In our Manifesto we said we would consider bringing services back in-house where it was prudent to do so. I am delighted that we can achieve this with Facilities Management, improving the conditions of employment of around 100 staff and providing a better service at a lower cost.

3. Recommendations

This report recommends that Cabinet approves the following strategy for recommissioning the Council's FM services:

- (i) That the Council should work with Homes for Haringey and internal services to create a Hybrid in-house model for FM services;
- (ii) That a phased approach is taken to transitioning to this model;
- (iii) That the Council immediately initiates works to secure a Computer Aided Facilities Management (CAFM) system as the key technical underpinning to the service;

- (iv) Cabinet note that a transformation fund of £627k is made to facilitate the successful adoption of this strategy; and
- (v) That the Council takes up the further option set out in paragraph 1 of the exempt report.

4. Reasons for decision

4.1.1 For the reason set out in paragraph 2 of the Exempt report, a commissioning review was undertaken by officers to identify the Council's future needs in relation to facilities management and to consider what supply arrangements would be most appropriate.

4.1.2 The overarching finding of the review is that there is a strong case for change, to meet the evolving needs of the Council to develop and improve the management of its facilities, within a constrained cost envelope and to deliver wider social benefits. See further findings set out in paragraph 2 of the Exempt report including further details on the preferred option, the Hybrid Model with Homes for Haringey.

4.2. Computer Aided Facilities Management (CAFM) system

4.2.1 A CAFM system is the key technical underpinning to the service. It enables the management of the Council's property data in one place, and supports key aspects of the service, such as the Helpdesk and scheduling of tasks.

4.3. Transition Funding

4.3.1 The cost of the transition team and other enablers for the proposed recommissioning strategy is set out in paragraph 2 of the exempt report. This will support the project management, IT costs and purchase of equipment and delivery of training to ensure the preferred option is successfully introduced.

5. Alternative options considered

5.1.1 Seven other options were considered in the Commissioning Study

- Extending the Council's existing Total Facilities Management (TFM) contract with Amey Community Ltd ("Amey") for a further 2 years was rejected as the contract is not delivering the desired outcomes.
- Bringing the service fully back in house was discounted as it cannot be safely delivered in the required timescale.
- The option to commission Homes for Haringey (HFH) to fully provide the service was discounted as HFH lack capability in key areas.
- Entering into a shared service agreement with another authority was rejected as shared service arrangements do not provide the control necessary to guarantee performance.
- Creating a joint venture with another body was discounted as this arrangement could not be mobilised in a timely way.
- The option of letting a new TFM contract was explored but proved not to be in the Council's overall interest. This option was demonstrated to be

likely to lead to higher costs, while being unlikely to deliver the Council's desired outcomes for the service.

- Letting a series of contracts for separate parts of the service was discounted due to the length and complexity of the procurement process.

5.1.2 A further consideration is set out in paragraph 2.4.2 of the exempt report.

6. Background information

6.1. Purpose and scope

6.1.1 Facilities Management (FM) is “the organisational function which integrates people, place and process within the built environment with the purpose of improving the quality of life of people and the productivity of the core business” (ISO).

6.1.2 It encompasses:

- Repairs, planned maintenance, statutory testing, improvements and minor project works
- Security services, cleansing, mailroom, and other building support services.

6.1.3 In Haringey, the coverage of these services varies according to need, site by site, across the following portfolios of buildings:

- Corporate buildings, including offices and civic buildings
- Operational estates, including depots, mortuary, coroners court
- Schools and children's centres and other educational/youth provision
- Adult services buildings such as day centres and care homes
- Commercial property, including industrial estates, shops and offices.

6.1.4 The purpose of this report is to set out a strategy for how Haringey will commission FM services, to ensure that this critical function provides best value for the Council and supports the delivery of the Borough Plan.

6.2. What is commissioning?

6.2.1 Commissioning is the process by which public service organisations plan, procure, deliver and evaluate services for local residents. A central means of ensuring services improve, and stay relevant to the needs of residents, it focuses on understanding the outcomes required by a service, before deciding how it should be delivered.

6.3. Context

6.3.1 The Council adopted a new Borough Plan covering the years 2019 to 2023 in February 2019. Our priorities will be:

- Housing Haringey's people
- Building and retaining wealth in our community
- Tackling serious violent crime

- Reducing inequality and making Haringey a fairer place.

6.3.2 The Borough Plan reflect the commitment of the Council and partners to improving the lives of residents in the borough. The way in which the Council uses its property assets will play a critical enabling role to allow Council services and others to deliver these commitments. FM is crucial to ensuring buildings are in a suitable condition to deliver the high quality public services that residents and others deserve – safe, compliant with standards, well managed, and appropriate for the intended use.

6.4. Current Service Provision

6.4.1 In November 2015 the Council let its existing TFM contract to Amey by way of a call-off from a framework contract set up by the “Tri-boroughs” which included the Royal Borough of Kensington and Chelsea. The Council’s contract is for a period of 5 years, with the option to extend for a further two years.

6.4.2 The contract is due to expire at the end of October 2020.

6.4.3 See the further description of the current service provision set out in paragraph 3 of the exempt report.

6.5. Service Requirements

6.5.1 Facilities Management is an enabling service, supporting the delivery of every other service. It is fundamental to the experience of all building users – customers and service users, staff, Members and visitors. It also is a significant cost to the authority with an annualised budget of over £5 million (both revenue and capital).

6.5.2 Overall, there is a substantial opportunity to improve the service, and to use technology and investment to improve the estate. Significant capital investment in the Council’s buildings provides opportunities in the following areas:

- Modernising buildings can reduce the carbon footprint of the Council, and reduce its energy bills.
- More modern infrastructure should be more reliable, and easier to manage. This in turn should lead to reduced life-cycle costs, and an improved building user experience.
- The use of modern digital systems to monitor infrastructure and systems should provide early warning of problems and therefore an ability to improve preventative maintenance regimes.
- Moving to non-proprietary systems, such as an open-protocol door access system can reduce dependence on individual suppliers, improving the Council’s ability to manage its costs.

6.5.3 Realising these benefits requires a strategic approach to facilities management. It also requires a strong client function with the skills and knowledge to take advantage of modern technology, and a relentless focus on service quality. It means moving on from a transactional relationship between client and provider, to a strategic partnership approach where FM makes a broad contribution to the goals of the Council.

6.5.4 The table below sets out a consolidated set of service objectives, based on an analysis of current needs and Borough Plan objectives.

Objective	What	How
Medium Term Financial Strategy	Support the delivery of the Council's financial objectives	Deliver savings within the service Deliver savings on utilities through improvements to M&E infrastructure and the building fabric Support the consolidation of the Council's operational estate Support income growth by improving the commercial portfolio and supporting room hires etc
Jobs and Growth	Deliver local jobs and business opportunities	Provide good jobs for local people Procure locally where possible
Workforce Plan - Wellbeing	Commit to high standards, and ensure they are met. Reduce faults through improved Planned Preventative Maintenance and estate modernisation	Strong performance monitoring for cleaning and repairs Adopt digital reporting of faults/defect Modernisation of M&E services including digital monitoring Programme of periodic redecoration throughout Council buildings Computer Aided Facilities Management (CAFM) system to enable task management
Carbon reduction and sustainability	Reduce the carbon footprint of Council buildings Reduce the overall environmental impact	Build the skills and knowledge to build these wider objectives into its asset management and forward maintenance planning Be seen as trusted and authoritative by staff in order to drive behaviour change.

Objective	What	How
Accommodation Strategy and New Ways of Working	Support the consolidation of the Council's operational estate Deliver a modern working environment for staff	Implement modern technology for room bookings and other soft services. Deliver an improved service offer for building users

6.6. Current Market Supply Capacity and Capability

6.6.1 See paragraph 4 of the exempt report on the findings of the Council's review of the market for FM provision.

6.7. Options Appraisal Methodology, Findings and Transition Plan

6.7.1 See paragraph 6 of the exempt report on the Options Appraisal approach, findings and proposed plan.

7. Contribution to strategic outcomes

7.1.1 The Borough Plan sets out overarching priorities, and the FM Service needs to operate successfully in order to enable all of them to succeed. As such, it aligns most closely to the 'Your Council' theme.

7.1.2 The proposal supports the Council's Medium-Term Financial Strategy (MTFS), with indicative revenue savings of £150,000 per annum.

7.1.3 The proposal also :

- Supports the delivery of Jobs and Growth by prioritising local employment and local procurement.
- Supports the workforce plan by promoting the wellbeing of staff by enabling better working environments for employees.
- Enables the delivery of the Council's carbon reduction and sustainability objectives.
- Supports the Accomodation Strategy.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities

8.1 Finance

Corporate Finance notes the contents of this report and supports the recommendations in paragraph 3 of the report. The recommended new arrangements (hybrid model) are expected to achieve savings through remodelling, and management efficiencies.

See further Finance comments in paragraph 6.1 of the exempt report.

8.2 Procurement (Barry Phelps, Head of Strategic Procurement)

Strategic Procurement notes the contents of this report and supports the recommendations in paragraph 3 of the report.

See further Procurement comments in paragraph 7.2 of the exempt report.

8.3 Legal

8.3.1 This report is seeking approval for a strategy for recommissioning the Council's FM services including a proposal to bring Facilities Management services that have been outsourced under a contract with Amey Community Ltd ("Amey") back in-house.

8.3.2 The Assistant Director of Corporate Governance has been consulted in the preparation of this report. A significant legal implication of the Facilities Management Service being brought back in-house to the Council and Homes for Haringey is that this would constitute a Service Provision Change under the Transfer of Undertakings (Protection of Employment) Regulation 2006 (as amended in 2014), the effect of which would be that staff that are assigned to the Council's existing Facilities Management Service contract with Amey will automatically transfer to the employment of Haringey Council and/or Homes for Haringey and all rights, responsibilities and liabilities will also be transferred with the staff. As set out in this report some of the staff are already on Council terms and conditions as they originally transferred out in 2015 when the contract commenced.

8.3.3 The legal implication of the Hybrid model of the FM Service being split between the Council and Homes for Haringey is that Homes for Haringey is a separate legal entity and therefore the service will be split over two new employers after the transfer and both new employers have duties under the TUPE Regulations. The Council is within its right to decide whether it brings the whole service in-house or splits the service between more than one provider. The Council and Homes for Haringey along with the current employers have a duty to inform and consult with the representatives of the staff affected about what will happen when the service transfers, the reasons for the transfer and any changes that will occur.

8.3.4 Legal Services should continue to be consulted on the termination procedure and exit arrangements to ensure that these are carried out consistently with the terms of the Amey contract. As part of this, detailed legal advice will be required in advance of initiating the termination on the TUPE implications of the process and in implementing the whole TUPE transfer process.

8.4 Equality

8.4.1 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act

- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

8.4.2 We intend that the recommendations in this report will have an overall positive impact on affected staff. A full equalities impact assessment will be carried out as part of any transition to a new service.

8.4.3 See further Equality comments in paragraph 7.4 of the exempt report.

9. Appendices

- Exempt Appendix B

10. Local Government (Access to Information) Act 1985

10.1 Background documents

- None

10.2 This report contains exempt and non exempt information. Exempt information is contained in the exempt report and is not for publication. The exempt information is under the following categories (identified in amended schedule 12 A of the Local Government Act 1972 (3)):

(3) Information in relation to financial or the business affairs of any particular person (including the authority holding that information).