

Report for: Overview and Scrutiny Committee, 14th January 2020

Title: Facilities Management Transition Update

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Lead Officer: Joe McBride, Transition Manager

Ward(s) affected: All

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

1. Insourcing Policy – Background:

The publication of the council's Insourcing Policy at Cabinet in October 2019 built on previous commitments in the Haringey Labour Group Manifesto and Council's Borough Plan 2019-2023 to change the way we procure and commission services. The policy places a greater emphasis on how services are delivered and specifically on further developing in-house delivery as the default preferred option.

The Insourcing Policy also supports a range of other manifesto and Borough Plan commitments including our Community Wealth Building approach to economic development. It enhances our ability to keep wealth in the local community, keep public assets in public ownership, offer quality employment opportunities that are accessible to local residents, and create social wealth and enhance community activity.

The Insourcing Policy also has strong links to the following strands of work:

- Procurement Strategy
- Asset Management Plan
- Housing Strategy
- Community Buildings Strategy
- Workforce Strategy
- Economic Development Strategy

Our commitment to insourcing is grounded in the belief that it will allow us to significantly change the shape and size of the organisation. These changes will inevitably help the council to adapt its current infrastructure and organisational capacity over the medium to long term.

2. Facilities Management:

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. It encompasses:

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

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.

3. Amey Contract:

In November 2015 the Council let a contract to Amey Community Ltd, for Total Facilities Management (TFM) services. The contract was for a period of five years, with the option to extend for a further two years. Although the contract was due to expire at the end of October 2020, it included an option for the Council to terminate the contract, in whole or in part, by giving six months' notice to Amey.

The current model of provision is not delivering the required level of performance and the originally intended savings have not been delivered. Building User satisfaction with the service is low, and the Client team experience considerable problem driving performance through the contractual levers available. Key concerns included:

- Quality and timeliness of repairs and maintenance.
- Inaction when significant defects are identified in reports.
- Excessive costs for works, or unnecessarily expensive options being proposed for works.
- Works that are commissioned without due attention to quality or basic need.
- Undermanaged sub-contractors.
- Poor performance in relation to cleaning, with end-user complaints that cleaning standards are not enforced.
- Failure to deliver key deliverables required under the contract.

With a clear need for improvement it was concluded that bringing the service back in-house was in the overall interest of the council. Cabinet agreed in July 2019 that

the council would bring the facilities management function back in house to be delivered by a combination of the council and Homes for Haringey (HfH). Formal notice was subsequently provided to Amey in August 2019 to end the contract on 31st March 2020.

4. FM Transition Update:

As the transfer of FM services is the council's first insource programme it is clear that the transition needs to be done well and that the experience for staff is positive and as seamless as possible. Delivering a high-quality in-house service from 1st April 2020 will ensure consistency for staff and build confidence that insourcing can work for Haringey.

The FM transition programme consists of a number of workstreams across a range of services that are essential to the functioning of both the council and HfH. An overview of the services is included below:

Soft FM (Haringey Council)	Hard FM (Homes for Haringey)
<ul style="list-style-type: none">• Room bookings / Staff ID• Concierge / handyman portering services• Mail services• Stationery provision• Cleansing services• Security• Building Support Officers (BSO's)	<ul style="list-style-type: none">• Routine building inspection• Minor repairs and maintenance• Statutory compliance testing and remedial works• Planned preventative maintenance• Building condition-related works

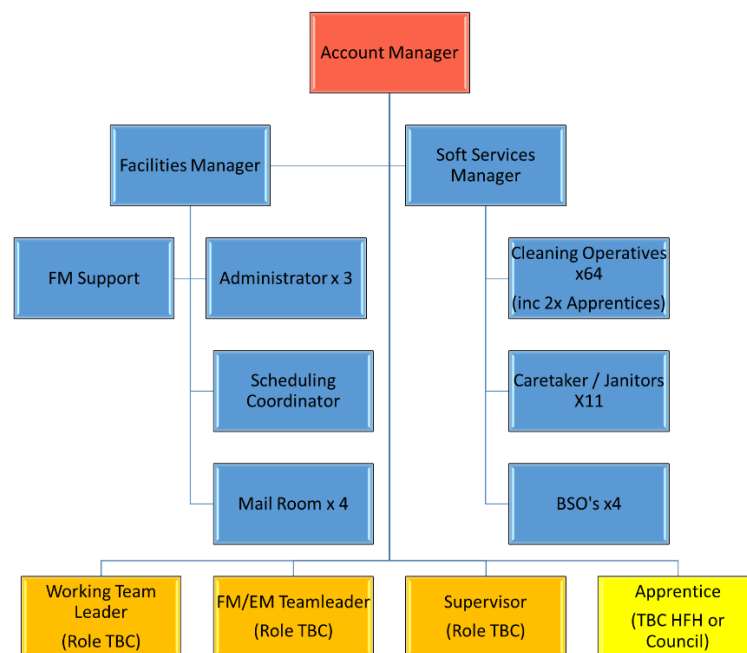
The coverage of these services varies according to need, site by site, across the estate but the functions above incorporate the broader FM service delivery that will be brought in-house next year.

5. HR / TUPE:

Formal TUPE notification was issued to Amey staff on 4th November in a letter co-signed by the council and HfH. Amey has subsequently held consultation sessions with affected staff on 7th November with council consultation taking place with current Amey staff on December 18th ahead in advance of receiving fully Employee Liability Information (ELI) from Amey. Individual consultation meetings will take place with all transferring staff early in the new year.

A total of 106 Amey staff are entitled to TUPE transfer. Of the staff affected, 92 are currently scheduled to transfer to the council and 14 are scheduled to transfer to HfH. These numbers could be subject to minor changes following receipt of the full TUPE information in early January and after detailed consultation with both staff and trade unions. The transition team and relevant senior managers within the incoming services meet with the unions on a monthly basis to update on the project and to address any concerns.

Incoming council staff from 'Soft FM' services are listed below within the current Amey structure:



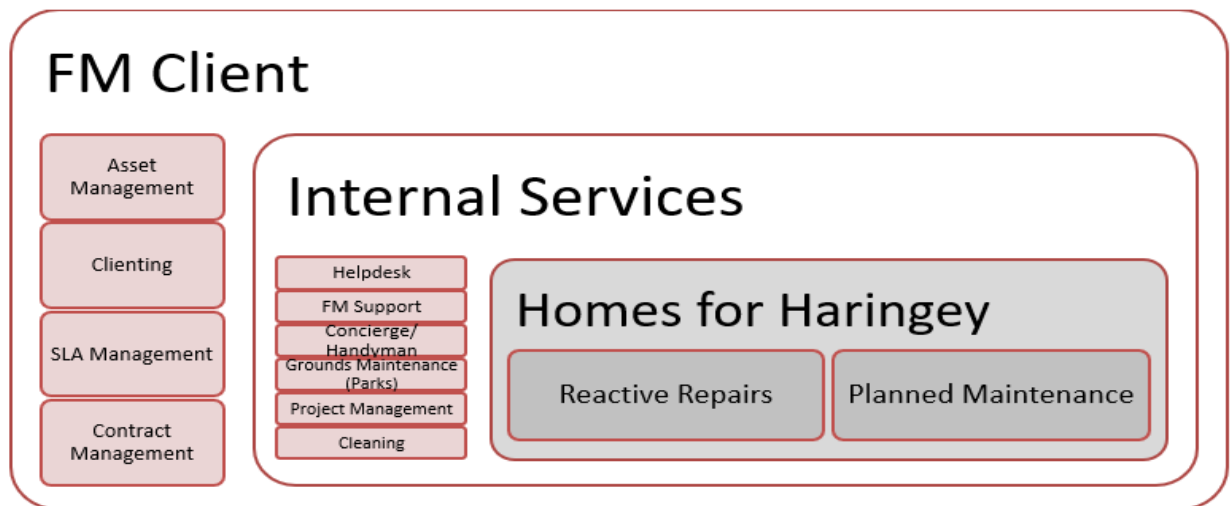
This structure will be amended to ensure best fit and cohesive integration with existing council services.

6. Service Design:

Cabinet decided in July 2019 that the Council should work with HfH and internal services to create a hybrid in-house model for facilities management services. The design of the future insourced FM is crucial to ensuring that the service runs effectively across both organisations.

A key element of the hybrid model selected however is the maintenance of a strong client function for managing and improving performance with internal and external providers. The client function, currently performed by the Corporate Landlord (CL) team, is critical to ensure effective monitoring of the overall FM service.

The diagram below shows the high-level operating model demonstrating where each service will be allocated within the council and HfH:



A further update on the final structure of each function within both organisations will be provided upon receipt of full Employee Liability Information (ELI), consultation has been completed, and transferring staff have been informed of their individual and team reporting lines.

7. Client Function:

The FM Commissioning Strategy identified the need for a strong client function with the skills and knowledge to take advantage of modern technology, and a relentless focus on service quality. This requires the transition 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.

When FM was transferred to Amey in 2015 the CL function included management oversight of the service as well as day to day liaison and management of Amey. However, a range of factors have contributed to the CL team spending a disproportionate amount of their time on dealing with reactive and operational matters, notably:

- Difficulties with Amey, which have included a general need to “micro-manage” the provider. This has been hugely time consuming and the CL team have demonstrated great resilience and tenacity to make the best of a difficult commercial relationship
- Challenges associated with dealing with an ageing building estate
- A legacy over many years of limited investment in FM due to austerity
- Limited capacity within the CL team

The CL team has been instrumental in ensuring a functioning FM service during a difficult period. However, given the above drain on their time and limited flexibility from the supplier they have been limited in their ability to focus on the Strategic elements of the FM service.

Looking ahead, the bringing back of the service in-house and Homes for Haringey presents an opportunity for CL to redress the balance between day-to-day operational oversight and strategic management.

An ambitious Clienting function within a newly in-housed service would see the CL team playing a critical role in the strategic oversight and performance management of the wider FM service. A list of key future client functions, in liaison with service providers, could include:

1. Budgeting & Investment:
 - a) Identification of investment requirements (capital and operating)
 - b) Prioritisation of the investment based on relevant drivers
 - c) Alignment and negotiation with providers
2. Continuous Improvement:
 - a) Definition of policies and standards
 - b) Drive for Business continuity / readiness
 - c) Identification of potential areas for improvement and plans implementation
3. Performance monitoring and reporting to Senior Management:
 - a) Definition of performance drivers and KPIs
 - b) Liaising with service providers to ensure monitoring / control mechanisms are put in place to enable data collection
 - c) Regular meetings with service providers to discuss performance and identify areas of improvement / follow-up on improvement plans
 - d) Service analytics
 - e) Regular and ad-hoc reporting to relevant Boards
4. Auditing & Compliance:
 - a) Auditing methods and processes to ensure compliance
 - b) Master data re certificates and compliance documentation
5. Integration of the service:
 - a) Governance to gather individual views on parts of the service and compile into a one-service standpoint
 - b) Drive the service's vision and promote it to the service providers
6. Engagement with building related projects:
 - a) Provide support (requirements review to ensure that the project delivers according to the defined policies and standards)
8. **Computer Aided Facilities Management (CAFM) system:**

The implementation of a new property and CAFM system is a critical element of the overall FM insource. It is a key technical system that will underpin the service to allow us to better manage our property and compliance data.

The preferred software identified is the 'Technology Forge (TF), TF Cloud' software system and we aim to procure this software via the government run 'G Cloud Framework'. All estate management information – leases, licences, disposals, valuations and acquisitions etc. – will be managed via this new system resulting in the improvement of key business processes and staff roles and responsibilities that are clearly defined.

Teams from both Haringey and HfH are working together with a specialist consultant to develop a high-level set of requirements, procure the appropriate modules and user licenses, and to develop an appropriate implementation plan to be active and user-ready by 1st April 2020.

9. Service Improvement and Operational Readiness:

Overall, there is a substantial opportunity to improve the FM 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.

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 provide, to a strategic partnership approach where FM makes a broad contribution to the goals of the Council.

While the future and ongoing effectiveness of the FM service is essential to the overall insourcing agenda, the operational readiness of the service for 'day 1' is being planned for as a key priority to aid the smooth transition of the FM service.

A number of workstreams are in place to ensure that the service is both robust and effective as we transition to the hybrid model identified above on 1st April 2020:

- **HfH** – A project manager has been recruited to ensure the transition of hard FM services.
- **Health and Safety (H&S)** – Recruitment of a H&S specialist to ensure highest standards of safety within the transitioning services.
- **Cleaning** – Recruitment of a cleaning management specialist to provide technical assistance in defining the scope of the in-house cleaning service and to map out our needs in terms of equipment and consumables.
- **Procurement** – Review of all existing Amey sub-contracts to determine potential novation, absorption of current council and HfH contracts. An examination of existing frameworks will determine where new contracts can be established without the need for formal procurement. Where procurement is required it will be identified and tendered in sufficient time.
- **Stock Condition survey** – A review of all stock within the existing estate will be undertaken to ensure that we have an accurate inventory of assets and that we meet all compliance standards as appropriate.
- **Communications** – A communications plan is in place to ensure that all staff are notified of the incoming transfer, any existing Amey signage and key information is amended, and that uniforms and equipment are issued to Haringey / HfH design.

Light touch comms to staff pre-transition with more emphasis via Harinet and other channels mid-March.

- Updates via Team Brief (Manager's Cascade): 19th February / 18th March 2020
- In Haringey Staff Newsletter: 23rd January / 27th February. More detailed update and welcome to incoming staff on 26th March
- Focus on Insourcing and FM services in CE Weekly Update Monday 30th March.
- Key messaging to feature prominently on Harinet ahead of the transition.

External communications and corporate messaging will be considered in advance of the transition.

10. Key Milestones:

Milestone	Timescale
Notice to Amey	16/8/19
Service Design, Planning & Staff Engagement	Ongoing
Final TUPE list / details	30/11/19
Consultation with Amey staff	9/12/19
Payroll ready for service take-on	29/2/20
System tested and ready	29/2/20
FM Services go-live	31/3/20
Exit contract	31/3/20