

CABINET

Reorganisation of the Facilities Management function 19 January 2010

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT				
To seek approval from cabinet for a new corporate approach to Facilities Management across the Council.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan	January 2010			
This report is public, however the appendix is exempt from publication by virtue of paragraphs 1 and 2, of Schedule 12A of the Local Government Act 1972				

RECOMMENDATIONS OF COUNCILLOR THOMAS

- (1) That approval be given to the principles of a reorganisation of the facilities management function as set out in option 2, and that if such approval is agreed, a further report be presented to cabinet on the full implications of the proposals following discussions with the County Council regarding shared services.

1.0 Introduction

- 1.1 At the meeting of cabinet on 23 June 2009, it was resolved:

(1) That officers are instructed to prepare a draft specification for the provision of facilities management functions on behalf of the City Council.

(2) That energy management is given a high priority in order to facilitate the council's response to climate change and to reduce costs to the council.

- 1.2 Since the meeting, independent consultants, Cyril Sweett, have been appointed to consider the way forward and have reviewed the council's data, whilst interviewing staff and considering potential service providers.

2.0 Proposal Details

- 2.1 Attached at Appendix A is the report completed by Cyril Sweett. Part of their instruction was to make a presentation to cabinet of their findings and proposals for

the way forward, and arrangements have been made for Hugh Mulcahey to present these details to cabinet.

2.2 The report concludes:

- The internal team has a thorough working knowledge of the assets and is well placed to manage the provision of day-to-day repairs and maintenance and the provision of soft services. **Gap:** The efficiency of the provision of these services could be improved if there was clearer separation of hard and soft facilities management (FM) activities.
- Specialist activities such as Health and Safety and environmental performance management are conducted in-house, but staff do not have all the skills required to do this. This deflects team members from their core duties and poses risks to the Council. **Gap:** these services are best outsourced to third parties who have sufficient depth of resources and technical expertise.
- The capital works programme, including backlog maintenance and delivering more efficient accommodation have stalled. This is costing money and creating additional work for the in-house management team. **Gap:** Third party providers can deliver specialist real estate strategies for implementation. Other providers can deliver major programmes to fulfil in-house objectives.
- The Council's Technology Forge system is not being used to full extent. **Gap:** The Council needs to make data collection and inputting a higher priority and consider ways that better use of this system could produce savings to pay for ensuring that the system is populated with a wider range data and is kept up-to-date.

2.3 The main recommendations include:

- Implement the hard FM structure, including:
 - a. Restructure of internal property services team to separate hard and soft FM
 - b. Consideration of externalising other property services that were outside the scope of this review
- Develop a business case to evaluate the procurement of the bundles referred to in the report which includes:
 - a. Detailed costs and risks
 - b. Partnership structures
 - c. Procurement routes
- Enlist critical friend(s) to advise on the approach to strategic asset management
- Establish a dialogue with potential public sector partners to understand skills, overlaps and gaps so the potential for sharing services can be evaluated.

3.0 The Way Forward

- ### 3.1
- In respect of the wider issues of property management, the report comments about the potential to consider how to approach strategic asset management and to consider externalising other property services that were outside the scope of this review.

- 3.2 This approach is not considered to be appropriate for the city council as it results in segregation of the asset management function. Local authority good practice has resulted in the centralisation of the asset management function rather than to consider a silo approach. The council has gradually moved towards this position over a number of years and the recently approved Medium Term Corporate Property Strategy supports this. In addition the recent decision of the LSP to create a public sector assets group for Lancaster adds further support to retaining this approach so that all public sector bodies in the district can be fully advised on strategic property issues. It is therefore considered that the council retains a joined-up approach to its property services as a general principle.
- 3.3 The detail of a service structure would need further detailed consideration, as the proposals do result in the removal of the administrative support from within the service with the proposal to re-designate estates assistants to a more hands-on maintenance role. Whilst it is acknowledged that the maintenance function does need much greater resource, preferably at no additional cost, administrative support will still be necessary for all areas of the service.
- 3.4 To enable this to take place, it is suggested that there would need to be a greater integration of the sections of the service to utilise the skills of staff in different sections, and that a wider review of the structure of the service is therefore appropriate.
- 3.5 In considering how to procure the services as indicated in 2.3 above, the council could either consider outsourcing the work to a private sector partner or consider the shared service agenda which the government currently prefers.
- 3.6 As part of this agenda, the emphasis is on “place” where the move is towards all partners sharing services. This is supported by the recent LSP decision as referred to in 3.2 above. To promote this agenda, it is understood that there could be funding available from the government for which the partners could apply.
- 3.7 As part of the report, Cyril Sweett spoke to a number of service providers. This included the County Council who indicated that they could undertake all of the works that are included within the city council’s list of requirements.
- 3.8 The county council have also shown a willingness to promote the shared services agenda in Lancaster with the potential for the relocation of staff into the district. This would have an accommodation requirement and bearing in mind the city council’s approved policy of rationalising its property portfolio, government funding could be available to assist this process. In addition such funding could potentially also be used to contribute towards putting the shared service together.

4.0 Details of Consultation

- 4.1 Selected staff were interviewed as outlined in the report, whilst there have been discussions with potential service providers as outlined in the Cyril Sweett report to determine their ability to provide the service and their interest in doing so.

5.0 Options and Options Analysis (including risk assessment)

- 5.1 Option 1 – do nothing. This would result in the existing level of service provision being maintained. This will leave the Council at risk of failing to provide the most effective and efficient maintenance service and not achieving any progress in

implementing its carbon management policies. A full risk analysis of risks is provided on page 37 of the Cyril Sweett report.

5.2 Option 2 – to retain the hard (reactive maintenance) facilities management function in an efficient way would require some clarification of roles and reporting lines within the existing service and would allow the council to concentrate on those areas of work that it does best. This includes retaining the strategic/“client” function, soft (caretaking) facilities management functions, reactive maintenance and data management whilst it would also benefit from a wider review of the service to ensure that the most efficient use is made of available resources. All major works and planned maintenance would be outsourced as would any specialist and statutory roles including energy management, health and safety roles etc. It is suggested that the outsourcing arrangements should be in the form of a partnering arrangement with the County Council and that discussions should be held with the County Council to this effect and a further report be brought back to cabinet on the outcome of these discussions. A full risk analysis of risks is provided on page 37 of the Cyril Sweett report.

5.3 Option 3 – to outsource a fully managed service with the transfer of staff into an external managed service. This would result in retaining the strategy function and the soft facilities management services only. All major works, planned and reactive maintenance, data management and specialist and statutory roles would be outsourced. A full risk analysis of risks is provided on page 37 of the Cyril Sweett report.

6.0 Officer Preferred Option (and comments)

6.1 The officer preferred option is option 2.

RELATIONSHIP TO POLICY FRAMEWORK

There are no direct links to the Corporate Plan, but the provision of efficient and effective facilities management services underpin the provision of many services of the Council.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The provision of facilities management services affect the operation of all the Council’s buildings and therefore any future provider of these services will need to be conscious of the need to reflect sustainable practices in their work

FINANCIAL IMPLICATIONS

There are no immediate financial implications arising from this report. If Members resolve to go with Option 2, Property Services will need to undertake further analysis/work in conjunction with Financial Services to determine the full financial and operational implications. The outcome of this will need to be included within the proposed arrangements and will be reported back to Cabinet before any formal contractual/partnership commitment is entered into with the County Council or a third party.

The report acknowledges also that there will be a need to consider the matter further in accordance with the Council's financial regulations and procurement rules.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Previous cabinet reports and minutes

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