

Committee(s):	Date(s):
Corporate Asset Sub Committee	27 September 2012
Subject: Corporate Property Facilities Management Progress Report	Public
Report of: The City Surveyor CS No. 320/12	For Information

Summary

The purpose of this report is to inform members of the progress in establishing the new Corporate Property Facilities Management (CPFM) Team within the City Surveyor's Department (CSD) following the recent consolidation of our external supply chain and new facilities management operating model.

The Chief Officer Group agreed, 31 January 2012, that CPFM will be the service responsibility of CSD. This has required an interim restructure of the CSD and will require some structural changes to affected service departments.

Identification and "ring-fencing" of the budgets to be spent on building repairs and maintenance, security and cleaning FM activity is now complete, as is the interim restructure of the CSD.

My officers have consulted with, and continue to consult with, all Chief Officers of the affected service departments on how the new operating model and CPFM can best work with their department. However due to the geographical spread, size, complexity and differing Property Facility Management (PFM) arrangements of each department, these consultations are taking more time than first envisaged. Nevertheless with the continued cooperation of Chief Officer's I anticipate finalising the FM operating model by the end of the year.

In order to achieve the planned level of savings a decision was made to shorten the new contractors (MITIE and Apex Lifts) mobilisation period, which has been challenging in advance of the Olympic period.

Recommendation

Members note the contents of this report.

Main Report

Background

1. Members are aware of the Procure to Pay (PP2P) Corporate initiative with a year one objective to deliver building repairs and maintenance savings. It also aimed to consolidate the existing supplier base from over 300 “hard” FM suppliers (those suppliers involved in works of a construction nature) and give greater visibility and assurance of statutory compliance, using Computer Aided Facilities Management (CAFM) software to programme and record building works/ repairs and maintenance activities.
2. As part of the City’s efficiency programme the City identified PP2P savings as a key objective to enable the City to continue to protect its frontline services.
3. An innovation being introduced is Category Management, a technique used by the private sector for some time. Category Management is simply a way of the City managing its buying activity by grouping together related products and services, for example building works/repairs and maintenance.
4. My department led the Building Repairs & Maintenance PP2P Category Board and in July 2012 contracts were placed with two contractors, MITIE and Apex Lifts, for Building Repairs & Maintenance and Lift Maintenance. These contracts are initially for 5 years with the opportunity to extend up to 10 years providing the contractors demonstrate suitable performance. The Chamberlain led the consolidation of the cleaning and security contracts in 2011 which have now transferred to CSD to manage these corporate contracts.
5. It became clear that in order for the new Category Management technique to be truly effective, existing working practices and structures both within the CSD and in some other service departments needed to change and adapt to the position of corporate led contract services.
6. Chief Officers agreed that Corporate Property Facilities Management (Building Repairs and Maintenance, Cleaning and security) will be the service responsibility of the City Surveyor.
7. The Corporate Property Facilities Management team reports directly into the Corporate Property Director. The CPFM Team work alongside their colleagues in the Corporate Asset Management & Property Advisory Team who provide strategic advice regarding property assets. The CPFM are the interface between the client department, contractors and operations and contract management team (supported by the technical team, both of which

remain centrally located in my department) who undertake the day-to-day management of the FM contractors and performance measurement, using KPI's measured against agreed Service Levels. See Appendix 1.

8. The consolidated corporate contracts provide for a consistent standard of maintenance and service (for mechanical and electrical equipment this will be to Standard Maintenance Specification for Building Services SFG20) across all corporate property. In addition the BRM contracts also allow for a new consolidated physical asset register to record location and condition of managed property assets. This is extremely helpful in deciding whether to replace managed assets and will assist informing the on-going evolution of both the Additional Works Programme (AWP) and our 20-year plans.
9. The new FM operating model will allow the organisation to run Property Facilities Management Services and Contracts more effectively improving service delivery, customer service and operational efficiency and the opportunity to realise savings.
10. The model will also have positive implications for client service departments who will:
 - i. Be provided with a single point of contact for all Property Facilities Management requests.
 - ii. Have access to contractors via a 24-hour Property Service Desk.
 - iii. Be able to choose the required response time at interval between 30 minutes and 30 days
 - iv. Receive consistent and regular performance measurement of the services provided.
 - v. Have increased visibility of the Property Facilities Management service provided.
 - vi. Have less contract administration and remove duplication
 - vii. Be able to prioritise and concentrate services in those areas which have most benefit for them.
 - viii. Retain access to technical advice from City Surveyor in-house teams.
 - ix. Have the ability to set improvement targets for the provision of the facilities services and identify further efficiencies and savings in the delivery of the FM services.
11. One of the aims of the new Corporate Property Facilities Management model is to free service departments from the day to day delivery of building repairs and maintenance, security and cleaning service provision to enable the departments to re-focus their resources on their core services. The aim is being achieved in conjunction with service departments.
12. Property Facilities Managers will:
 - i. Liaise regularly with the relevant service Chief Officers and their nominated representatives

- ii. Be responsible for the property facilities management budgets
- iii. Order and monitor works via the Property Service Desk
- iv. Receive technical advice and support from the CSD technical advisory team
- v. Manage Health & Safety issues, with advice from the compliance team in the CSD.
- vi. Review the efficiency and effectiveness of the overall service provision and identify further efficiencies.

Current Position

- 13. I have now restructured my department by implementing an interim structure to respond to the immediate demands of the new BRM corporate contracts and assigned a number of my officers to the new Corporate Property Facility Management roles.
- 14. The first round of consultations with each Chief Officer on how to establish the new Corporate Property Facilities Management team can best work in their departments to suit their circumstances is now complete.
- 15. In addition, Chief Officers have identified officers within their departments who spend over 30% of their time on Property Facility Management activity.
- 16. I have written to those service department officers identified in the new FM model, who will now have an additional reporting line for the BRM, Cleaning and Security FM activities to the City Surveyors Departmental Property Facilities Manager and explained that for the interim structure they will also continue reporting to their existing Chief Officer.
- 17. I have explained that we are now working toward the final CPFPM structure and that any final change in their roles will be subject to consultation with both the individual and unions and subject to Member approval.
- 18. However due to the geographical spread, size and complexity of the operational estate it is not possible to have a 'one size' fits all CPFPM model.
- 19. In order to achieve the objectives of the PP2P project the CPFPM model needs to be sufficiently flexible and adaptable to accommodate the operational requirements of each department and the process of discussion with each department is continuing. Nevertheless I am confident, in consultation with Chief Officers in achieving the final CPFPM operating model.

20. In parallel with this activity, it is necessary, in collaboration with Corporate HR, to draft suitable final job descriptions for the roles of Property Facilities, Complex and Building Managers and have these jobs evaluated to ascertain the salary grading.
21. I have liaised with the Chamberlain's department to identify the budgets for the three Corporate Property Facilities Management services:-, Building Works/Repairs and Maintenance, Cleaning and Security, and these budgets have now been ring-fenced within Chief Officers Local Risk Budgets for a period yet to be determined, so that expenditure for these corporate contracts can be managed successfully to achieve savings.
22. The main objective of the project is to deliver substantial savings, but within the constraints of delivering to required quality. The effect of this project has been transformational and complex to establish, but provides a more efficient and consistent service that has benefitted from using modern procurement techniques and is able to project an organised professional approach to both suppliers and clients.
23. Contract mobilisation is continuing with MITIE and Apex Lifts using a mixture of their own operatives, staff from previous suppliers who have been transferred to them via the TUPE process, suppliers from their own supply chain and a number of previous suppliers who are identified by City departments as "critical suppliers" as their sub-contractors.
24. My new Property Service Desk has already received over 4,000 enquiries via email and telephone calls during the first month of the contract, which for the first time has given the City centralised visibility of all the activities that used to be performed by 300 plus suppliers.
25. It has been a huge task for my officers, MITIE and Apex Lifts to consolidate the previous supply base with the added complication of travel restrictions imposed by the Olympic Games. In order to achieve the required level of savings a decision was made to shorten the mobilisation period which has been an added challenge for staff and the new contractors. However MITIE and Apex Lifts are now becoming more familiar with the City's property and the contracts continuing to settle in.

Consultation

26. The Chamberlain has been consulted in the production of this report.

Conclusion

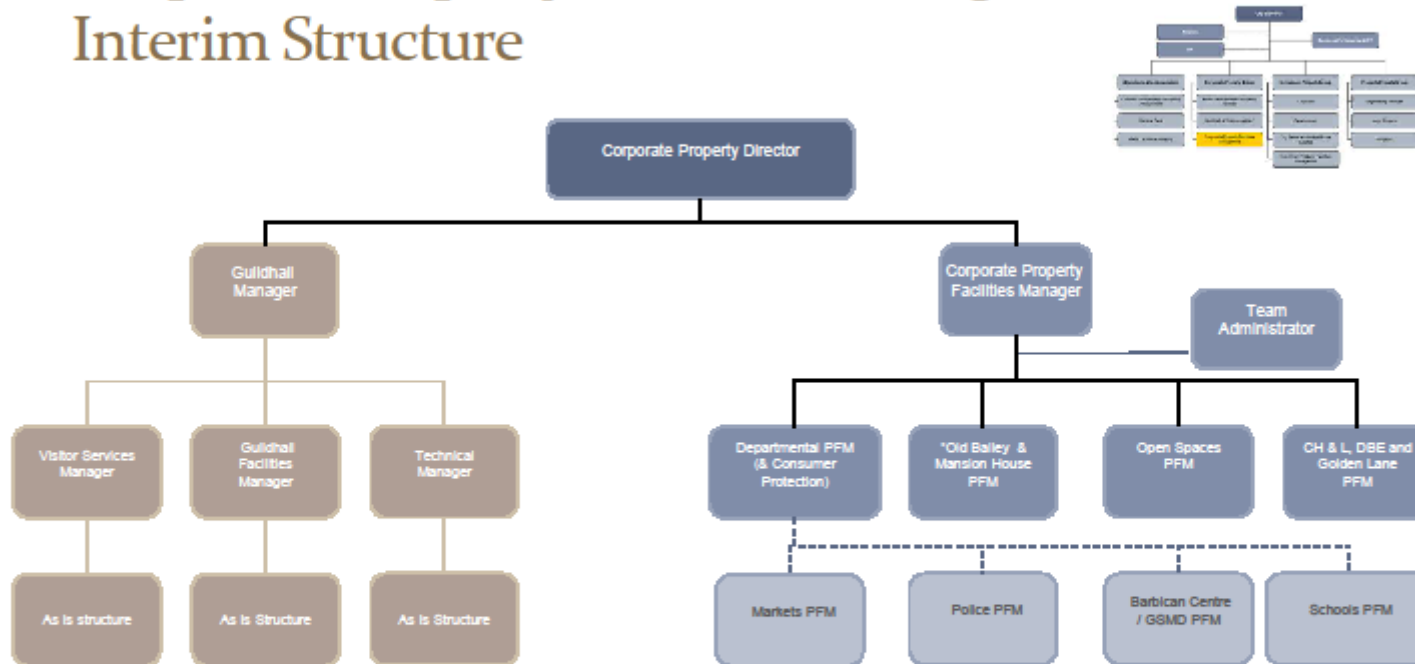
The work of the PP2P Building Repairs and Maintenance Category Board, led by my officers was successful in reducing over 300 suppliers to two main suppliers and generating anticipated savings of £6.8m for planned and reactive maintenance, across Operational and Investment Properties, Barbican Centre and Lifts (excluding Schedule of Rates work) over the 5 years of the contract.

27. The interim restructure of my department has progressed well and the appropriate budget identification is now complete. However due to the geographical spread, size, complexity and current bespoke PFM arrangements of the operational estate the final operating model is being carefully developed to ensure it is sustainable and able to deliver improved services and savings.
28. More changes will be required as more Property Facilities Management contracts are centralised and managed corporately by my department.

Contact:

George Stilgoe | george.stilgoe@cityoflondon.gov.uk | 020 7332 1459

Corporate Property Facilities Management (PFM) Interim Structure



- No change to existing reporting lines or organisation structure
- CSD roles reporting through to the Corporate Property Director
- Nominated individuals performing the PFM requirement along side current role requirements

