

LINK & FCS Joint Paper on behalf of the Tri-boroughs

PLAN FOR PROPERTY MANAGEMENT FOR TRI-BOROUGH SCHOOLS

1. FORUM

This paper will be presented to the following October 2013 forums for discussion and endorsement of the proposed strategy:

- Strategic Partnership Board - 27th Sept 2013
- Schools Forums
 - RBKC – 3rd October 2013
 - WCC – 7th October 2013
 - H&F – 14th October 2013
- Business Managers Forums – 8th October 2013

2. EXECUTIVE SUMMARY

This paper sets out proposals for property management for schools within the Tri-Boroughs and all schools within the London Boroughs to call off services under the Project and Framework Agreements with effect from April 2014.

The Tri-boroughs have undertaken considerable work to understand their current and continuing property related responsibilities for Schools in a dynamic and changing schools and local authority environment.

The award of the Tri-borough Total Facilities Management contract to Amey Community Limited (Amey), following an extensive procurement and due diligence process, has provided a driver to rationalise these arrangements and create significant financial and non financial benefits for schools.

The financial benefits of the proposals, set out in Section 5, include between 10% and 20% price reduction in Soft Services (primarily cleaning) and Hard Services (primarily the maintenance and repair of plant and machinery and building fabric), depending on the scale of services taken , contract duration and school size.

Further benefits to schools, set out in Section 4, can be generated from the release of leadership and governors time from property related activities, clarity on compliance responsibilities and management and implementation of industry best practice for asset management. Amey will also bring added value to the schools by supporting the schools social agenda and in developing ideas for additional revenue.

A 'Stakeholder Group' of Head teachers and empowered business managers gathered from across the Tri-boroughs will be established and exist for the duration of the contract. The purpose of this group will be to review proposed solutions for the management of the property portfolio in relation to schools. Solutions being considered will be both in relation to

the delivery of services by Amey and also the management and monitoring of these services via LINK¹ in its role as intelligent client for Tri-Borough.

3. BACKGROUND & PURPOSE

This paper has been written to outline proposals for property management for schools with effect from April 2014.

The period to April 2014 has been subject to earlier agreement whereby the Tri-boroughs have retained Amey to fulfil existing facilities contract arrangements between October 2013 and April 2014 at existing service and pricing levels.

School property management responsibilities

The Tri-boroughs have undertaken considerable work to understand their current and continuing responsibilities for Schools in a dynamic and changing schools and local authority environment. Some are managed well and others less so with responsibilities having been interpreted differently over recent years. As a result, the letting of the Tri-borough TFM contract has provided an opportunity to align these arrangements.

To facilitate this a number of recommendations were made with input from senior FCS officers including Dave McNamara and Andrew Tagg to and accepted by the Tri-borough Asset and Property Management Board on 16th April 2013

The following recommendations were:

- Implementation of the industry recognised best practice model for asset management (see Appendix B).
- Identification and clarity of school and Council responsibilities respectively.

Health & Safety Compliance

Schools are predominantly involved in the 'delivery' stage of facilities management which includes maintenance, cleaning, security, certain aspects of compliance and minor revenue projects.

Compliance has been highlighted as an area of particular importance. Ultimate accountability lies with the Councils for community schools. In practice the responsibility for delivering compliance is shared between the Council and School Governors (see Appendix C for breakdown of responsibilities). The Councils are responsible for performing Health and Safety audits and monitoring delivery of compliance to meet the legislation, however the research has provided anecdotal evidence that the process is not functioning correctly. This implies that the Councils and Schools have been reactive rather than proactive and thereby forgone opportunities to deliver additional savings through the effective planning and management of compliance obligations.

¹ LINK is the client team, hosted by RBKC, whose responsibility is to manage the TFM provision on behalf of the Tri-Boroughs.

4. TOTAL FACILITIES MANAGEMENT (TFM)

FM covers a full range of support services to the Borough corporate estate, including, but not limited to, maintenance and cleaning, manned security and reception. These are sometimes referred to as Hard and Soft services. This proposal discusses a TFM model which encompasses an aggregated, coordinated and extended range of these services.

The target operating model for this project is to use common processes and share access to multi-user, fully managed business services, used in the same way, to deliver a facilities management across the Tri-boroughs.

This is a fully outsourced solution including the delivery and management of services to agreed specifications and service levels monitored by Tri-Borough through LINK. The Tri-boroughs have procured an end-to-end managed service rather than a simple contracted labour force for delivery and a Framework that allows Partnering Authorities to take advantage of the negotiated terms and prices for FM services by means of a separate agreement with Amey.

TFM Benefits

Contracting with an outsourced shared services provider offers many financial and non-financial corporate benefits (detailed in Appendix D) and breaks the silo approach to property management across the Tri-boroughs. Through the use of innovative and pro-active management information (MI) and a simplified supply chain the Tri-boroughs property management of schools is leaner, more robust and thereby fit-for-purpose.

In addition to these there are specific benefits in relation to Schools and Nurseries as outlined below:

- Releases senior leadership time from non-teaching activities (i.e. procurement and building management)
- Enables governing body to focus more on the needs of the student population rather than the fabric of the building
- Additional benefit of Amey's focus on community and social engagement
- Additional revenues through third party usage of Schools facilities
- Using Amey's expertise coupled with clear lines of responsibility with special regard to health and safety compliance using:
 - Centralised electronic storage of data that is easily accessible to all in addition to on-site arrangements (e.g. log-books and folders)
 - A one-stop helpdesk service
 - Innovative web-enabled technology
 - Amey's extensive experience of managing health and safety across various schools environments
 - Clarity on building compliance and support in its management

The procurement process

The TFM contract was awarded following a robust and lengthy procurement process via Competitive Dialogue (CD) delivering value for money through extensive competition across the facilities market place. In addition to various provisions of the contract the Councils will ensure value for money through continued market testing throughout the length of the contract. See Appendix E for details of the process undertaken.

5. TFM PROPOSITION FOR SCHOOLS

Contracting arrangements for schools are separated into two categories:

- a) schools which fall under the Project Agreement (PA) which applies to the majority of Tri-Borough schools
- b) schools under the Framework Agreement (FA) which applies to a number of Tri-Borough schools and all schools in the remaining London Boroughs.

This division is created through the nature of the contracting relationship. Maintained schools (i.e. those who have a financial relationship with the Local Authority) should be contracted through the PA whilst non-maintained schools in their various forms contract directly with Amey via the FA. See Appendix F for details.

Financial Arrangements

Amey are an experienced provider of facilities management services in the school environment in England, Scotland and Northern Ireland. Amey has developed a financial model which is competitive with existing market rates. Where possible, a specific rate has been provided (e.g. cleaning in £/m², see Table 1.0) which will allow schools to directly compare against existing rates to determine possible savings. In some instances, such as mechanical services where a site inspection would be required, Amey have given a range of potential savings (see table 2.0).

Tri-Borough – School Cleaning				
m ²	0 to 500	500 to 1000	1000 to 3000	3000+
School Buildings (£/m ²)	£ 24.44	£ 15.11	£ 14.05	£ 13.06
Estimated percentage reduction against existing rates	10-12%	10-14%	12-15%	15-20%

Table 1.0 – Cleaning rates for schools

Tri-Borough – Hard Services				
m ²	0 to 500	500 to 1000	1000 to 3000	3000+
Estimated percentage reduction against existing rates	10-12%	11-13%	13-16%	15-20%

Table 2.0 – Hard Services estimated percentage reduction compared with existing rates

An Amey site visit will be required to complete and verify schools assets to make a firm commercial offer to the school. Further discounts will be applied to the financial model

shown above based on 'bundled' services and longer contract durations, as discussed in Appendix H.

6. CLIENTING ARRANGEMENTS

Implementation of this strategy will impact those functions that currently provide 'client side' facilities management for Schools. The TFM is a move away from traditional forms of contract management to one closer to contractor self management and reporting thereby reducing the length of the supply chain and delivering savings. The objective of the client in this form of operation is to become more strategic concentrating on future trends and requirements rather than day-to-day matters that will be managed by the contractor via their 24 hour helpdesk facility (i.e. a single point of contact for the customer).

From current FCS responsibilities

- first point of contact
- transactional invoice processing
- Dispute escalation and resolution
- Customer liaison through escalation
- Monitor contractor performance
- Iterative re-procurement exercises

To future LINK responsibilities

- Collating data to recommend future strategies
- Monitoring contractor performance & sampling
- Benchmarking market rates to ensure continual value for money
- Invoicing:
 - Option 1: coordinating payment to Amey and coordinating payment from the Schools
 - Option 2: 'up front' payment with release of savings for non performance
- Dispute escalation and resolution
- Identify areas for future savings and added value from the TFM
- Compliance monitoring (if selected by the School)
- Driving the rolling and capital programmes

Recent discussions with schools representatives and partner boroughs, who will both be contracting via the FA, have indicated a desire to procure professional clienting services as part of the TFM offer. However, there are various forms of client model that could be adopted therefore decisions on the structure and role of the model will be taken once the need is proven and will be the subject of a later paper.

7. REPORTING REQUIREMENTS

As identified at the outset of this paper the cyclical process of property and asset management requires all property and asset data to be maintained and updated in order that future requirements can be understood and fulfilled. This process is best facilitated for Schools by their buying into the TFM package of services because all data will be gathered through integrated systems.

However, gaps in data may appear when any School should choose not to purchase a TFM solution from Amey (i.e. a single service provision) or choose to procure alternative facilities

providers. In these scenarios there still remains a requirement on the School and its Governors to provide all health and safety data as set out by auditing regimes and/or leases.

8. GOVERNANCE PROCESS

Approvals to date

In order to create and agree this paper there has been extensive consultation including:

- Agreement with Tri-borough Asset Management and Property Board on strategy (see background)
- Agreement with Tri-borough FCS Director (April 2013)
- TFM Contracts Working Group including FCS contracts Managers and ICF team

Future Approvals include

- Strategic Partnership Board
- Schools Forums
- Business Managers Forum

9. STAKEHOLDER GROUP

The purpose of this group is to provide and review proposed solutions for the management of the property portfolio in relation to schools from LINK and Tri-boroughs. The group will exist for the duration of the contract. It will be composed of three representatives from each of the Tri-boroughs plus an additional representative for 'Special Schools'.

Terms of Reference

- 1) To review the proposed solution to ensure that the views/ requirements of schools are accurately reflected.
- 2) To develop an effective communication strategy.
- 3) To develop further reports to go to the individual schools forums.
- 4) To develop models for delivery and monitoring of schools property management responsibilities

Attendees

The required representatives from each borough to be determined by each individual schools forum.

10. COMMUNICATIONS & ENGAGEMENT WITH SCHOOLS

Supplementing the main communications programme for the mobilisation phase of the TFM contract a communication plan specifically for Schools has been compiled, agreed and will be executed jointly between both the Amey and Tri-borough communications leads (see Appendix G for details of the Schools Communication Plan). The objective being to ensure that schools are suitably briefed about TFM and those existing facilities services will be delivered by Amey going forward.

Following contract signature in June 2013 there has been extensive communication with Schools regarding TFM informing them about the change in service provider and working alongside Amey to oversee their direct communications to schools as part of the service mobilisation phase, ready for them to take over services from 1st October 2013. These initial meetings are to reassure Schools representatives that Amey are on target to deliver current services and develop relations in order to expand the service offering to these schools post April 2014.

There are two key aspects to this approach:

1. The channels/networks to be utilised:
 - Engaging with schools on an individual basis within the Tri-Boroughs (of which an extensive customer relationship management (CRM) database has been compiled and is being maintained up-to-date by Amey)
 - Schools Forums
 - Business Managers Forums
 - Approaching Academy and School clusters
2. The tools used to support the service offering:
 - Social Engagement Roadmap – the initial intention is to develop this specifically to a geographical region
 - Additional Revenue Roadmap
 - Generic offering to all schools offering support to creating additional revenue by utilising facilities outside of term dates and normal hours of operation
 - Maximising the school budget through social engagement (activities to drive increased pupil attendance which in turn will maximise school budgets)

11. RECOMMENDATIONS

Each of the Forums to which this paper is being presented as listed in section 1. above are asked to:

- Note the contents of the paper and the implications for the relationship between Schools and the Tri-Boroughs Councils in implementing the agreed target operating model.
- To endorse Amey and actively promote the TFM as a service offering both across Tri-Borough Schools and Nurseries and across the London region as laid out in the OJEU notice (See Appendix F).
- Endorse the establishment of a 'Stakeholder Group' of Head teachers (or other empowered nominated representatives) gathered from across the Tri-boroughs who will review proposed solutions for the management of the property portfolio in relation to schools from LINK and Tri-boroughs. The group will exist for the duration of the contract.

- The existing 'client side' functions for facilities management for Schools will be impacted by the above and recent discussions with schools representatives and partner boroughs have indicated a determination to procure professional clienting services as part of the TFM offer. Further direction will be sought in relation to the opportunities posed for LINK and will be subject of a later paper.

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Appendix A

Information about Amey

Founded in 1921 and part of the Ferrovial Group since 2003 Amey is one of the UK's leading public service providers employing 21,000 people with a turnover of £2.3billion and are facilities management experts that manage buildings on behalf of The Home Office, Ministry of Justice, the NHS, Ministry of Defence as well as schools and airports around the country.

Amey is the only company in their sector to hold both the Investors in People Gold Award and Champion Status and also hold the Gold Standards across the entire business by the Royal Society for Prevention of Accidents.

For more information visit www.amey.co.uk. For more information on Total Facilities Management services, please visit the TFM pages on TriBnet (<http://tribnet/Support/triboroughfacilitiesmanagement/abouttriboroughfacilitiesmanagement/Pages/default.aspx>).

Amey's Facilities Management Services

The range of services Amey is contracted to provide on behalf of the councils includes:

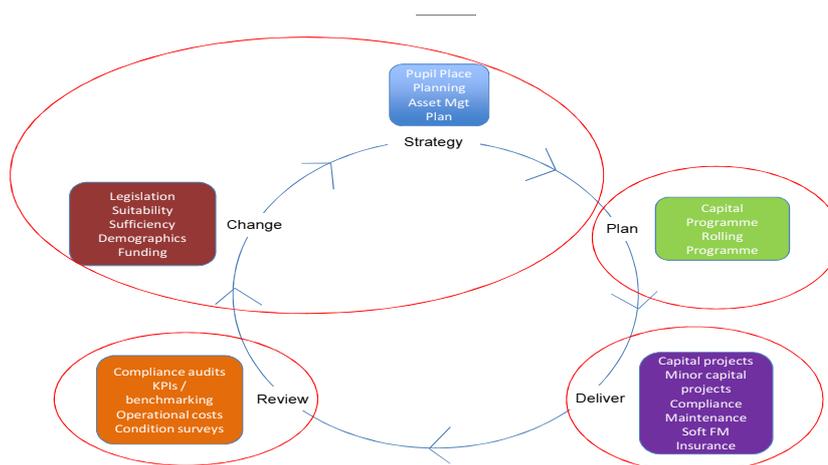
- Cleaning
- Building management
- Building security
- Building repairs and maintenance
- 24/7 FM helpdesk
- Catering
- Mail services
- Reception services
- Print and reprographics
- Landscaping
- Pest control
- Health and safety including statutory compliance

Appendix B

Asset Management Model

The Tri-boroughs have a legal requirement to provision sufficient and suitable places (i.e. pupil place planning) for school children within their remit. This requirement is the framework for the property strategy for schools. In relation to the model set out in Appendix A the following is the cyclical process of management:

- Pupil place planning is the study to understand demand, supply and identification of 'gaps' in pupil placement.
- The identified gaps provide an Input into the Councils asset management plan.
- The asset management plan drives the capital programme, rolling programme and the maintenance programme. This also includes other items such as the compliance programme and any requirements for facilities management within the schools.
- Programmes are delivered in line with the plans.
- There are scheduled review points (such as H&S audits, conditions surveys).
- Review of external enforced change such as suitability and sufficiency, funding and government legislation.
- The process continues as per above.



Appendix C

Breakdown of Health & Safety Compliance Responsibilities

The following services are 'in scope' for Community, Community Special, and Foundation and, as such, are 'out of scope' for VA, Academy, Free and Special schools

RBKC & WCC

- Condition surveys
- Asbestos surveys and risk assessment
- Asbestos register maintenance
- Display Energy Certificates
- Legionella risk assessment (water risk assessment)
- Fixed wire testing
- Lift maintenance

LBHF

- Asbestos surveys and risk assessment
- Asbestos register maintenance
- Condition surveys
- Kitchen plant maintenance

The remaining compliance responsibilities are:

- Emergency lighting
- Fire Risk assessments and management plan
- Fire doors
- Fire detection equipment
- First aid equipment
- Gas safety
- Portable appliance testing
- Safety glazing
- Air conditioning systems
- COSHH risk assessments and management plan
- Lightning conductors

Appendix D

Benefits of the TFM Solution

The financial case comprises:

- Procurement cost reductions – arising from joint Tri-Borough procurement compared to the three boroughs undertaking separate procurements.
- Operational cost savings – a £9 million (30% per cent) annual saving in operational costs across Tri-borough. The TFM project had an initial savings target of £2 million pounds per annum across the three councils.
- Income generation – opportunities for additional income and or cost savings as a result of associated economies of scale arising from the Framework being offered. This would be dependent on the number of Partnering Authorities who decide to buy into the framework.

The non-financial benefits of TFM include:

- Statutory compliance – a consistent and robust auditable approach to the management of statutory compliance across the Tri-Borough estate.
- Transparency and visibility – effective and real time delivery of management information enabling improved control of the estate leading assisting in the delivery of the asset management model outlined above.
- Scalability – the improved ability to flex both the estate and head count matching operating costs to the demands of the estate.
- Process and system standardisation across Tri-Borough – consistent service quality standards, systems, processes and data sets to yield significantly more capital and revenue savings, facilitating rationalisation of the estate through better space utilisation and sharing of assets.
- Specialism – utilisation of an industry leading facilities management provider to provide services, thus freeing up management time in order to deliver greater benefit to service users.

Appendix E

Procurement Process Details

Statutory notices were sent for publication in the OJEU. On 26th July a Prior Information Notice (Reference: 2011/S 141-234373) appeared and on 5th November 2011 the Contract Notice (Reference: 2011/S 213-347911) was published. Expressions of interest were received from 143 organisations of which 11 submitted responses to the Pre-Qualification Questionnaire (PQQ).

The top five shortlisted Bidders were invited to participate in Competitive Dialogue which commenced in mid May 2012. The Bidders' interim detailed solutions were received on 6th July 2012.

Following evaluation, three of the Bidders were shortlisted for the next stage of dialogue which began in August 2012. The dialogue officially closed on 14th December 2012 when all outstanding issues and queries had been resolved and the Councils issued an "Invitation to Submit Final Bids" (ITSFB).

The TFM Contract has now been awarded to Amey Community Ltd (details about Amey are contained in Appendix C) and is currently mobilising with 'go-live' scheduled for 1st October 2013. The contract has been let jointly to the Tri-borough Authorities for a period of ten years with an option to extend for a period or periods of up to a further three years.

All three Authorities have also jointly let the Framework Agreement which will be available for the Participating Bodies and educational establishments for a period of four years. It is anticipated that call-offs under the Framework Agreement may be for periods that are longer than four years, but will have co-terminus expiry dates with the main Tri-Borough contract.

Appendix F

Maintained schools and non-maintained schools

Borough	Maintained								Non-maintained						Primary Total	Secondary Total	Grand Totals
	Community		Community Special		Foundation		VA		Academy		Free		Special				
	1°	2°	1°	2°	1°	2°	1°	2°	1°	2°	1°	2°	1°	2°			
LBHF	24	-	1	4	1	1	13	4	2	2	1	-	-	1	42	12	54
RBKC	12	-	-	3	-	-	15	2	-	2					27	7	34
WCC	12	-	-	2	-	-	26	4	1	6	1	-	-	-	40	12	52
Totals	48	-	1	9	1	1	54	10	3	10	2		-	1	109	31	140

PA

FA

Maintained - 124

Non-maintained - 16

Appendix G

Schools Communications Plan

Objective	Proposed activity	Date and owner
Inform schools about what TFM is, how it affects them and to give them our contact details for any questions	Letter sent to all schools following TFM contract sign off. 10	10 June 2013 Naresh Sohal and Glenn Woodhead
Ensure key school contacts (such as legal, contract managers and procurement) know what is happening regarding TFM and can answer their questions	Brief key schools contacts briefed about TFM long term approach	12 June 2013 Naresh Sohal
Ensure schools are aware of what TFM is, how it affects them and provide them with our contact details for any questions	Design flyer and distribute it at Tri-borough schools conference	26 June 2013 Naresh Sohal and Glenn Woodhead
Agree which school services and contracts are to be taken over by Amey	Meet with Amey and Children's Services to agree what we do	1 July 2013 Naresh Sohal and Glenn Woodhead
Inform schools of our intention for Amey to deliver services.	Letter sent to all affected schools following agreement with Amey. Schedule of the services and proposed takeover date included. Schools also offered opportunity to contact us if they have any queries.	15 July 2013 Naresh Sohal and Glenn Woodhead
TFM Strategy Board to sign off schools services to be taken over by Amey, ready to commence service mobilisation and TUPE	Present proposals to TFM Strategy Board	8 August 2013 Glenn Woodhead
Agree communications plan with Amey	Present draft communications activity to Amey	14 August 2013 Eleonora Pilley, Glenn Woodhead, Emma Bailey and William Lunn
Re-confirm our proposed changes and give schools the opportunity to let us know if they are not in agreement by 19 August	Second letter sent to all affected schools	12 August 2013 Naresh Sohal and Glenn Woodhead
Develop a schools programme stakeholder group to ensure consistency of message, best practice and provide reassurance of our methodology moving post mobilisation	Work with Children's Services to set up stakeholder group	w/c 12 August 2013 Glenn Woodhead and Andrew Tagg (from Children's Services)
Objective	Proposed activity	Date and owner
Amey to confirm to schools about services going forward and introduce themselves	Amey to send letter to schools. Flyer to be included giving information	19 August 2013 Emma Bailey and William Lunn

	about TFM and Amey	
Monitor Amey's engagement with schools	Amey to produce a matrix showing schedule of school visits and communications activity with them	w/c 26 August Emma Bailey
Amey to meet and greet head teachers and supplier staff	Amey to make site visits to schools	Late August to late September 2013 Emma Bailey and William Lunn
A paper to be presented at the October head teacher forums to encourage schools to buy into TFM	Draft paper on new proposals for schools and TFM	w/c 2 September 2013 Glenn Woodhead and William Lunn
Sign off schools and TFM paper	Send draft paper to Children's Services, Debbie Morris and Amey for comments and approval	w/c 9 September 2013 Glenn Woodhead Emma Bailey and William Lunn
Inform schools of new helpdesk contact details	Contact posters and cards to be designed and finalised Contact posters and cards to be distributed with a letter detailing key contacts	16 September 2013 Nathan Wallis 17 September 2013 Emma Bailey and William Lunn
Final sign off of schools and TFM paper	Paper to go to TFM Strategic Partnership Board	27 September 2013 Glenn Woodhead
Encourage schools to buy into TFM	Compile presentation for schools forums based on the signed off paper	Week commencing 30 September 2013 Eleonora Pilley, Glenn Woodhead Emma Bailey and William Lunn
Give clear information and options to schools about TFM.	Present TFM at schools forums	Early October 2013
Engage with schools regarding buying into TFM	Amey to visit schools	October to December 2013 Glenn Woodhead, Emma Bailey and William Lunn
Confirm the agreed services going forward	Letter sent to schools who have agreed to buy into TFM	January to April 2014 Emma Bailey and William Lunn

Appendix H

Bundled Services

Rates for multiple services will be discounted as follows:

- Discount A – Discount for ‘bundling’ two or more associated services together.
- Discount B – Discount for ‘bundling’ all services together as Total Facilities Management Services (TFM).

Contract Durations

Schools will be influenced by various factors when deciding on contract durations (current standards and relationships of providers, appetite for a TFM solution, budgetary issues etc.) and have therefore set a range of contract durations to suits the schools circumstances with a minimum one year duration.

Amey propose a longer term contract (three, five or full term contract durations) with performance break-clauses and benchmarking for best value in line with the Project Agreement. This will allow schools to gain the benefit of longer contract durations but retain short term flexibility should circumstances change.

We currently envisage that discounted rates for longer contract durations will be as follows:

- Discount a – 3 year contract
- Discount b – 5 year contract
- Discount c – Full term contract (9.5years from April 1st 2014)