

## **APPENDIX A**

### **Option Study for Property and Facilities provision of services as a result of the termination of the Tri Borough Total Facilities Contract**

#### **Overview**

In 2015 Hammersmith and Fulham entered into a Tri Borough Total Facilities Management contract with Amey Facilities in the sum of £4.4m including approximately £1.175m for repairs / replacements

The original contract was based on a service matrix which appears not have taken account of the actual specific assets that required to be maintained. Good industry practice should have seen the contractor undertaking a full asset survey within the first 60 days of the contract award, however it has become apparent that the contractor did not identify many of the installed assets at this time, as recent surveys have identified numerous additional assets which are not on Amey's maintenance schedule

As a result of Amey's failure to identify assets, the unidentified items have not been maintained and several failures of components appear to have resulted due to lack of servicing. An example is the Air coiling units in Shepherds Bush library where there is no access for servicing and the fan motors have failed. To undertake repairs it has now been necessary to install access panels in the ceiling to undertake the maintenance

In addition the service provided by Amey's teams has been found to be inappropriate throughout the 3 Boroughs leading to the recommendation to terminate the Tri-Borough contract

It should be noted that the failure of Total Facilities management contracts is not just specific to Hammersmith and Fulham, there have been similar failures in other organisations, due to the lack of contractor's ability to provide a comprehensive service, often as a result of inadequacies within the TFM contractors management

In order to provide an effective Facilities Management service for the Hammersmith and Fulham Corporate estate following the demise of the TFM contract, the following option study has been prepared

#### **Options**

The options available are

1. To let a Total Facilities Management contract for all the Corporate property portfolio
2. To bring the Facilities Management totally in house
3. To provide a Facilities Management service using a combination of 1 and 2 above

Option	Advantages	Disadvantages
<p data-bbox="201 237 316 271"><b>Option 1</b></p> <p data-bbox="201 309 392 376">Single Total FM package</p>	<p data-bbox="512 237 839 271">Single line of management</p> <p data-bbox="512 309 775 342">Single payment route</p> <p data-bbox="512 380 791 414">Single reporting profile</p> <p data-bbox="512 452 847 586">One organisation responsible ensuring H&amp;F's responsibilities for compliance</p>	<p data-bbox="882 237 1350 271">All the works in one contractor's remit</p> <p data-bbox="882 309 1142 342">Single point of failure</p> <p data-bbox="882 380 1409 448">Lack of known contractors who can provide an effective service</p> <p data-bbox="882 486 1426 698">Contractor does not have all the specialisms in house therefore sub contracts specialisms and TFM management unlikely to appreciate understand the comprehensive overall requirements for compliance and associate maintenance.</p> <p data-bbox="882 736 1422 837">The cost implication for management of specialist contractors increases the cost by a minimum of 10% for profit and overheads</p> <p data-bbox="882 875 1353 976">An additional one if not two levels of management incorporated in all works services, with associate delays</p> <p data-bbox="882 1014 1430 1160">The ownership of the works undertaken is split between the TFM contractor and associate sub-contractors leading to disputes and a spasmodic service</p> <p data-bbox="882 1198 1422 1341">Concern that our compliance requirements are passed to a third / fourth party to be accomplished, no guarantee of our liabilities being comprehensively completed</p> <p data-bbox="882 1379 1398 1447">Contractual issues between TFM and sub-contractor causing interruptions to service</p> <p data-bbox="882 1485 1401 1585">Extended communications for undertaking urgent repairs via a sub-contractor extend effective response time</p> <p data-bbox="882 1624 1393 1691">No fall-back contract should TFM contract fail</p>

<p><b>Option 2</b></p> <p>In House FM team</p>	<p>Property and Facilities have direct control of all works undertaken in terms of costs and quality</p> <p>For standard aspects of work such as cleaning, security, mail portorage, handyman services, ownership of work is generally guaranteed as work is undertaken by Council employees</p> <p>Ease of changing workflow to adapt to changing operational requirements</p> <p>Helpdesk will be in house and will allow immediate management understanding of the service which is being provided with the ability to resolve any challenges quickly and effectively</p> <p>Helpdesk will provide accurate regular reporting and dashboards to ensure compliant and effective working</p>	<p>Larger FM management team to ensure all aspects of workload and associate specialist knowledge is available – however the cost are covered by the management costs within the current TFM contract</p> <p>Extensive workshop and specialist equipment and associate maintenance and calibration requirements for specialist tradespersons</p> <p>Extensive CPD and training provision for specialists and associate management team</p> <p>In House specialists will have insufficient workload to provide a full week’s workload,</p> <p>Lack of cover when specialist is unavailable due to leave etc</p> <p>High cost of providing specialist call out provision</p> <p>Additional costs of specialist management requirements</p> <p>Cost of maintaining and management of resources required to maintain statutory specialist accreditation in order to employ specialist such as Gas Safe, ECIEC, ECA, F gas accreditation etc.</p> <p>Difficulties in recruiting specialist tradesperson for the limited workload required</p>
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<p><b>Option 3</b></p> <p>In House team supported by separate specialist contractor provision</p>	<p>Provides all the advantages of in house management of general Soft FM services such as cleaning, security, mail portorage, handyman services, whilst ensuring specialist services costs are kept to a minimum</p> <p>Provides effective line of management by an inhouse team who have total control of the support services provided to the council community</p> <p>Allows for spreading the specialist work to local organisations, whilst providing backup for failures of any one specialist organisation by letting more than one contract over the estate</p> <p>By providing a suitably qualified, experienced, proactive and versatile management team, the costs of providing an FM service can be minimised to ensure a compliant FM service in line with good industry practice</p> <p>Helpdesk will be in house and will allow immediate management understanding of the service which is being provided, with the ability to resolve any challenges quickly and effectively</p> <p>Helpdesk will provide accurate regular reporting and dashboards to ensure compliant and effective working</p>	<p>The only concern is being able to recruit the appropriate staff to the Management roles, this has been mitigated by preparation of comprehensive Job Descriptions which specifically identify the minimum requirements for the proactive and versatile roles</p>
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## **Conclusion**

In conclusion the most effective strategy for undertaking the FM services is Option 3 . This allows the team to undertake the works with a mix of inhouse teams for the general Soft services and reactive repairs. With the Hard Services generally being undertaken by a series of specialist contractors for works such as Gas, Refrigeration, Fire Alarms, Water Hygiene etc. maintenance and repair. Thus allowing the complete Hard and Soft services requirements to be managed by a proactive, versatile, qualified and experienced in House Management team.

To undertake Option 3 a restructured Property and Facilities Management structure will be required the proposed structure is attached

## **Recommendation**

It is recommended that during the demise of the Amey contract an In-house Management and Specialist Contractors provision for future FM services for the Corporate property estate is mobilised in accordance with Option 3 above

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