

ORGANISATIONAL CHANGE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Monday, 2 nd November 2015
Report Subject	Establishing 'Intelligent Client' approaches for Valuation, Property and Estates
Report Author	Chief Officer, Organisational Change

EXECUTIVE SUMMARY

This report outlines the plans for the development of an 'Intelligent Client Function' which will see an increasing commissioning role within the service areas covered within this report.

The model was developed as part of work relating to the Alternative Delivery Model Programme and seeks to deliver work through strategic framework contracts where appropriate rather than direct in house delivery.

This programme of activity is scheduled to run in parallel with the Councils overall efficiency programme and is intended to drive out value and increased performance through improved and streamlined procurement processes delivered through a reduced in house delivery team.

RECOMMENDATIONS

1	That Members comment on the development of an intelligent client function and support the operating model for the service areas covered within this report.
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REPORT DETAILS

1.00	EXPLAINING THE ROLE AND PUPOSE OF THE INTELEGENT CLIENT FUNCTION
1.01	Property and Capital Delivery Services provide a diverse range of design, property maintenance and landlord functions to internal customers within the County Council. The property service area is principally funded through fee income derived through undertaking work for internal customers and is an internal trading entity in its own right. Valuations and Estates Services manage the Council's property and land estate and discharge the Councils Landlord function with rental income supporting the costs of this service area. The services have a total number of staff equating to 53 (Design and Property 33 and Valuations and Estates Services 20). Refer to organisation chart included at appendix A and B.
1.02	Over the previous years the level of fee income for Design services has remained robust, this will not be the case going forward and the current austerity measures, which are likely to remain in the immediate future, will see workloads steadily decline. As such work to mitigate this reduction must be undertaken in order to avoid unnecessary cost to the Council as it remains the case that the council would fund the service against a backdrop of reducing fee income which would result in a corresponding budget pressure and an unsustainable and growing negative financial position moving forward if nothing was done to correct this position.
1.03	The services do not have the inherent flexibility to adapt to this dynamic funding position over a sustained period and further changes in the context of devolved funding to schools and the development of School Federations is likely to present further financial challenges to the service and its future sustainability. In this context work needs to be undertaken to both lean the organisation in readiness for this situation and also reflect on what a future service should look like and more fundamentally what services it should deliver.
1.04	The Valuations and Estate Service has slightly different challenges not least those linked to the need to reduce its overall cost base and increase income to support an overall 50% efficiency target over a five year period commencing in financial year 2015/16.
1.05	A fundamental review of the way the services are delivered has been undertaken as part of the overarching programme of Alternative Delivery Models (ADMs) and this has resulted in the need to reduce the current team size and deliver the service in a different way.
1.06	Design Consultancy and Property Maintenance
1.06.1	As noted above the key driver for change is that of reducing work streams and the need to move to a highly flexible cost effective and responsive service model. The current model is based on a multi-disciplinary design and maintenance team function and in some respects is in need of a radical refresh. In considering the work of other local authorities it is clear that many have either sought to externalise these services completely or retained a core specialist team to deliver a specific client function with the

	primary objective of commissioning services from external commercial organisations in the future at lower cost whilst at the same time creating flexibility.
1.06.2	In reflecting on these models it is clear that there are a number of solutions, however, the principle objective has been to reduce the cost base and move to a commissioning model whereby future services would be commissioned from a much reduced core team and the work, be that design or maintenance, would principally be carried out by external service providers. This approach will enable increased use of existing frameworks which have tested the market nationally and are able to deliver a cost effective design or maintenance solution.
1.06.3	In terms of current frameworks which are available to use these are extensive and we are currently working through a number of market solution. One in particular for the delivery of Facilities Management (FM), has the ability to provide a comprehensive property maintenance solution, in addition within other mechanisms of this national organisation is the ability to procure a range of design consultancy services on an as and when basis. The national FM contract has recently been awarded to Carillion through SCAPE the contract awarding authority and it can be accessed by the Council for FM type services i.e. maintenance of plant and equipment, emergency repairs etc. SCAPE also have a professional consultancy contract module which can also be accessed to deliver design solutions.
1.07	Valuation and Estates Services
1.07.1	In considering the future delivery of this service area there are a number of detailed issues which need to be considered. The service provides a highly specialised property asset service. Historically it has been extremely difficult to recruit to these positions and more importantly costs of external service provision have been high making cost effective solutions challenging, furthermore the service is engaged and will continue to be engaged in some fundamental estate review work linked to our commercial/industrial estate, Community Asset Transfers (CAT) and internal property rationalisation. In the medium to long term the overarching strategy would be to retain the in house provision but modify and move to a commissioning model for discrete work packages, engaged through either existing contract frameworks or bespoke tenders.
1.08	Service remodel and final design solution - Property and Capital Delivery Services
1.08.1	In redesigning the current team in Design and Property Maintenance it has been necessary to reflect on the impact that a diminishing programme of work will have on the service and in doing so create an in house service which is capable of commissioning external support and delivery.
1.08.2	Essentially the intention would be to lean the service initially to reduce exposure to the Council relating to lost income and in parallel create a commissioning client which would seek to engage specific external consultancy services on a project by project basis.

1.08.3	The Property and Capital Delivery Service would receive basic conceptual information from the client on a scheme and develop this through to Feasibility before engaging external design capability to progress through to tender and site delivery. The maintenance element of the Property Commissioning Service would, through a framework contract commission of specific duration, engage a service provider and its supply chain to deliver property maintenance services to clients. This will include receipt of the call through to repair and completion in the case of responsive repairs, or the delivery of heating renewals, new roof work, refenestration etc. as well as cyclical programmes of work.
1.08.4	In the context of the above the intention would be that the services merge and are effectively managed by one Service Manager who would therefore have oversight and responsibility for Property Design and Maintenance Services and Valuations and Estates Services. This would commence the transition to an integrated Property Commissioning Service which would have a wider view over all property and land asset related functions. This aspect of work has already commenced as part of the Councils overall efficiency programme.
1.08.5	As can be seen at appendix C the service when merged would, as part of this phase 1 remodelling process have 27 staff a reduction of 26 from the original total of 53. Work to further reduce staff levels will need to reflect a number of large pieces of work that the services are currently engaged on around the Councils capital programmes and property rationalisation, these have a natural life and end point. To reduce further below phase 1 levels now would create a degree of risk for the Council from a continuity basis and would impact negatively on the future level of efficiencies/cost avoidance anticipated.
1.09	What may the future service look like?
1.09.1	<p>In undertaking transformation work on the two service areas referred to in the report the following outputs may be of interest to Members:-</p> <ul style="list-style-type: none"> • More streamlined and efficient in house team which procures work through national and local framework contracts; • In house client function which works closely with portfolio departments on their specific requirements and brief enabling the services areas to deliver their 'core business'; • Improved performance reporting; • On national frameworks, the ability to lever in community benefit and develop apprentice training support programmes; • Reduce paper processing through streamlining the main contractor supply chain; • Ability to be more flexible in our procurement processes and through the right choices reduce our purchasing timelines (i.e. we will be able to purchase quicker as frameworks have already been tested in the local and national markets).

2.00	RESOURCE IMPLICATIONS
2.01	As set out within the report and further clarified at appendix A, B and C attached to this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Consultation with staff has already commenced in relation to receiving feedback on any future proposed structures and ways of working.
3.02	As part of the Alternative Delivery Model work the business solution has been shared with Informal Cabinet.
3.03	As part of proposals to delegate a proportion of the School Maintenance budgets directly to schools the service area has consulted with the Education and Youth Overview and Scrutiny Committee about a the content and service offer of a new Service Level Agreement. In addition the service has also consulted with the Primary and High School Heads Federation on the Service Level Agreement.

4.00	RISK MANAGEMENT
4.01	Capital work programmes are reducing and with that the opportunity to generate historical levels of fee income. As a result resource levels need to both reflect the available fee income and the need to deliver a more streamlined and effective service.
4.02	As part of further school budget delegation which will see approximately £600k of maintenance budget delegated directly to schools the service has significantly modified its existing service level agreement into a buy back agreement which schools can opt in or out of for the future provision of school maintenance services. The implications of this in relation to risk management and mitigation is likely to result in a percentage of schools opting out of the current arrangement and making their own maintenance arrangements. Against this background the service needs to flex its resources to match buy back demand.

5.00	APPENDICES
5.01	Appendix A, B and C, organisation structures

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: Neal Cockerton Chief Officer, Organisational Change Telephone: 01352 703169 E-mail: neal.cockerton@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Alternative Delivery Model:- An operating model that is different from the current method of delivery of the service.</p> <p>In the context of the work being undertaken by the Council at present the main models are Collaboration, Shared Services, Independent Trading Company, TECKAL,, Mutual, Cooperative, Social Enterprise, Community Asset Transfer.</p> <p>These models range from those that are closest to public service delivery to those that are the most removed from public sector delivery. This scale also helps indicate (as a rule of thumb) the amount of control that is retained by the Council, and as a result the amount of transfer that is required from the Council to other agencies.</p>
	<p>Community Asset Transfer (CAT): A Community Asset Transfer is the leasehold transfer of a Flintshire County Council asset to an organisation with a social purpose and plans to use the asset for the benefit of the local community.</p> <p>It is the transfer of the management and ownership of public assets (buildings or land) through the granting of a lease to a community based organisation who in return commit to providing community benefits via its use.</p>
	<p>Facilities Management: Facilities Management is the integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities. In the property context as discussed in this report it can include the following service areas:-</p> <p>a) Soft FM services: Cleaning, Caretaking, Waste disposal and recycling, Security, Catering • Pest control, Furniture and Equipment, Vending machines, Window Cleaning</p> <p>b) Hard FM services:- Building and fabric maintenance both planned and reactive, Energy and water management, Building management systems; boiler, heating, air con etc, Assets and Lifecycle Maintenance, Planning, management and control of physical assets and the building through their life time, Third Party Lettings, Management of all out of school use of buildings and site facilities.</p>
	<p>Intelligent Client:- Can be defined as in-house capability within the Council which assists and protects the Council in the procurement of outsourced services. The Intelligent Client retains sufficient professional and technical knowledge and skills of the services being provided by a third party to competently</p>

	specify requirements and manage and scrutinise the delivery of those services.
	SCAPE:- SCAPE is a public sector owned built environment specialist. First trading in 2006, it offers a suite of OJEU compliant frameworks and innovative design solutions that are available to any public body in the United Kingdom.