



Appendix D



Cardiff Council

**Strategic Review & Recommendations into
Statutory Obligations and Health & Safety
Compliance at Cardiff Council**

March 2017

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Executive Summary

The statutory obligations applicable to the operation, design and construction of buildings are extensive and complicated. It is critical that the Chief Executive and Senior Management Team have a clear and robust monitoring, reporting and management system in place supported by an embedded Health and Safety culture that controls and mitigates the risks to workers and the public.

Against this backdrop, we have written a report that has reviewed the historic and current statutory obligations performance of Cardiff City Council while focusing upon creating a culture of excellence that reflects a leading city and its standing as a Capital City. We have interviewed directors, senior managers and front line operational personnel so that a true perspective is achieved. The findings have assisted us in creating an action plan which once implemented will result in improved performance. We emphasise however, that we see little value in replicating previous reports commissioned as these have not resulted in any significant change or impact.

This document therefore, whilst giving consideration to how Cardiff City Council has arrived at the current position, is more focused on current challenges and solutions, being a practical call to action for the Senior Management Team to act upon and evidence the actions over a specified period of time.

This is a report with recommendations that must be owned and directed by the senior team. Directors and management need to demonstrate their commitment to making the Council compliant at a minimum, best in class as a target. The first step would be to deliver a prompt message of change to the whole council placing a level of importance upon the collective impact that can be achieved by all so that legislative demands are owned, understood and acted upon by everyone.

This is an opportunity for the Chief Executive and Senior Management Team to evidence that they are addressing historic problems, current shortcomings and future needs. Our findings take into account and mirror elements of past reports. The substance of what we present here in terms of Why this situation has arisen, is known throughout the Council albeit perhaps piecemeal.

Critically, however we have set out a series of recommendations that must be delivered as a coherent program through a focused, identifiable project so that accountability and responsibility are owned within the action plan and there is a common goal and purpose.

The Why, is important and must be clearly stated:

“We, the Officers of Cardiff City Council have an obligation to ensure compliance to statutory obligations and Health & Safety for the collective benefit, to safeguard our assets for the common good of the city’s population and ensure the safe and efficient delivery of services. We are embarking upon an urgent programme of remedial and progressive actions to meet those standards and aspirations and need the engagement, commitment and assistance of all council officers to ensure success.”

We suggest identifying the program as a continual improvement program broken down into short, medium and long term milestones both in the overarching corporate wide plan and in the individual directorates, with particular emphasis on schools, with the aim of delivering significant impact over the next 12 months.

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Recommendations:

Below we provide a brief description of our recommendations. More details behind each recommendation can be found at Page 22.

Strategic Recommendation (SR)	Recommendation	Description	Timeline
SR 1	Governance & Assurance Team	Our key recommendation is the appointment of a Head of Governance and Assurance and the establishment of an independent Governance and Assurance team reporting directly to the Chief Executive Officer of Cardiff City Council.	Immediate
SR 2	Condition Schedules and RAMIS	Post review of the initial pilot Condition Schedules, implement the full programme of Condition Surveys across the Council Estate to develop full assessment of compliance. RAMIS system to be fully implemented as soon as possible.	Urgent
SR 3	Restructure and Re-education: Health and Safety Team	Health & Safety provision and practice at the Council needs improvement. The rebuilding of a well-resourced, funded and effective Health and Safety team must be a key and immediate priority for the Council along with a programme of detailed actions identified in the body of this report. This team will report to the Head of Governance and Assurance.	Immediate
SR 4	Restructure: Schools Organisation and Planning	We recommend that the Schools Organisation and Planning (SOP) team is transferred from the Education Directorate into the Economic Development Directorate as soon as possible to become part of the Corporate Landlord model. Clarify responsibility and accountability for and control of the commissioning of buildings and construction / maintenance / Statutory Obligations work, particularly under Construction Design and Management (CDM) regulations.	Within 6 months

SR 5	Restructure: Project, Design and Development (PDD)	We recommend that PDD is transferred from the Education Directorate into the Economic Development Directorate as soon as possible and becomes part of the Corporate Landlord model. This transfer would then align Building Services, PDD, SOP and Estates in the design and commissioning of buildings and building works, increasing co-ordination between departments and provide a co-ordinated approach to the Estate.	Within 6 months
SR 6	Corporate Landlord Programme	<p>SR 6.1 Vision: The Corporate Landlord project could incorporate a “Purpose” incorporating the following key themes; Meeting statutory obligations, Aligning property priorities to service delivery outcomes, Smaller and better quality estate, Optimising asset performance.</p> <p>SR 6.2 Carbon reduction: The Council needs a clear and strategic approach to energy and water arrangements across its assets.</p> <p>SR 6.3 Building Information Modelling (BIM): Implementing BIM as a standard requirement for all new build and substantial refurbishments would drive significant operational efficiencies and help to populate and manage the RAMIS system currently being introduced.</p> <p>SR 6.4 Statutory Obligations Team: We recommend a stand-alone Statutory Obligations Compliance team within Facilities management with a stand-alone Statutory Obligations Framework with a remit to manage all Statutory Obligations not only the “Big Five”.</p>	<p>Within 3 months</p> <p>Within 12 months – 6-month programme</p> <p>Within 12 months – 12-month programme</p> <p>Urgent</p>

SR 7	Accountability, Responsibility, Control and Competence	We recommend that all officers within the Council who have Accountability or Responsibility for Statutory Obligations and or Health and Safety matters are identified. These officers and their responsibilities should be recorded on a register along with the required minimum standards for their responsibilities and a record of their training / competence against that standard.	Within 6 months – 6-month programme
SR 8	HR – Recruitment and appointing personnel to roles	All job descriptions must identify responsibilities for Statutory Obligations and Health and Safety and set minimum standards for potential candidates and appointees in those roles along with recommended training to attain best practice.	Within 6 months – 6-month programme
SR 9	Finance: Visibility and Clarity of Budgets and Control	We recommend that all budgets and associated control points for all budgets relating to maintenance, Statutory Obligations and capital works which impact on Corporate Landlord, Property generally, Health and Safety and Compliance are identified and mapped out to provide visibility and transparency for service users and Corporate Landlord.	Complete within 12 Months
SR 10	Framework Management and Control	We recommend that contract management of the current Frameworks for Building Services is significantly improved as a matter of urgency to improve the service and influence internal clients, especially schools, to utilise those services rather than external unregulated contractors. We have to recognise that the perception of poor service and high prices / low value for money is real and is driving adverse behaviours thereby creating risk for the Council.	Urgent - 6 month set up - 12-month management programme

SR 11	Social Value	<p>The Council should develop a Social Value Impact metric to capture and develop its Social Value Impact and create opportunities for economic and social development across the City.</p> <p>This is not a critical issue but could demonstrate significant economic and social development being driven by Cardiff City Council and should be developed over the next 12 months.</p>	Within 12 months
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Operational Recommendations (OR)	Recommendation	Description	Timeline
OR 1	Health and Safety Competency	A full review of competency at an operational level should be undertaken along with a reinforcement of council policies and procedures to fully embed a Health and Safety culture.	Urgent – 6-month programme
R 2	Resources – Building Services - Statutory Obligations	<p>Operational challenges identified in the section, Operational Process for Statutory Obligations within Cardiff City Council specifically relating to processes and resources within the Statutory Obligations team are high risk and must be resolved without delay.</p> <p>The Statutory Obligations team should be properly resourced as a matter of urgency with full time (not agency) council staff that are fully qualified to review and manage Statutory Obligations reports from Contractors.</p> <p>There must be a proper, urgent engagement with the Statutory Obligations Contractor to resolve inefficiencies and failure points in the management, recording and transmission of Statutory Obligations data and information.</p> <p>There must be a mechanism implemented urgently to check, report and challenge instances where the trail goes cold as identified with remedial actions identified post Statutory Obligations inspections, particularly in schools.</p>	<p>Urgent – 3-month programme</p> <p>Urgent – 3-month programme</p> <p>Urgent – 3-month programme</p> <p>Urgent – 3-month programme</p>

OR 3	Framework Management and Control	<p>A priority must be to implement solid Contract Management processes and procedures to ensure value for money, quality control, service provision, accountability and adequate reporting.</p> <p>We recommend that a new Contract Management process is implemented within the next 3 months prior to expiry of the existing Framework.</p>	Within 3 months – 3-month programme
OR 4	Frameworks	We recommend that ownership of the new Framework and any interim arrangements are allocated to a single individual urgently with a remit to drive this project to an agreed outcome within the required timeframe.	Urgent
OR 5	Building Services - Trading account	We recommend that as part of the Corporate Landlord Model, consideration is giving to changing Building Services from a Trading Account to a Base Funded service.	Medium – in conjunction with Corporate Landlord
OR 6	Service Level Agreement	We recommend that a communications plan is developed to clarify and make clear what the existing SLA does and does not cover. This should be done before the end of the current school year with a communication about plans for new SLAs under the Corporate Landlord model.	Within 3 months – 3-month programme

OR 7	Communication with Stakeholders	We recommend that communication and engagement with stakeholders needs to be commenced before the launch of Corporate Landlord.	Within 3 months – 3-month programme
OR 8	School Specific:	<p>Reference SR 10 – The implementation of improvements in contract management for the existing Frameworks with Building Services is critical to keeping schools within the SLA, preventing further leakage form the system and mitigating the risk of schools appointing external contractors to undertake works.</p> <p>HR – Estates managers. We recommend that all appointments of Estate Managers to schools are either made by Corporate Landlord or approved by Corporate landlord with immediate effect.</p> <p>Head teachers and Governors need help and guidance. We recommend an urgent engagement plan with Schools to review current operations, engage with them to understand customer needs and responsiveness and guide the implementation of Corporate Landlord.</p>	Urgent – 6 month set up - 12 month management programme

Introduction

Property represents a significant element of the Council's assets. The Council has an obligation to ensure compliance to statutory obligations and Health & Safety and to safeguard its assets for the common good of the city's population and the delivery of services in the localities.

In a period of increasing change any service redesigns will ultimately manifest themselves in changes to the property requirements and the property portfolio must be able to support these changes. Similar challenges are being faced by all public agencies and the third sector. It is therefore essential that all of the portfolio is safe, and that service users collaborate to deliver the best, most efficient outcomes.

Orion360 has undertaken a Strategic Assessment of the structure of the council regarding accountability and responsibilities for Statutory Obligations and budgetary control across the organisation and how this has contributed to the current need for change in performance of and compliance with Statutory Obligations and Health and Safety. It has considered current practice to assess existing processes, procedures and risks. Orion360 has made recommendations to enhance compliance in Statutory Obligations and Health & Safety throughout Cardiff City Council with the primary objective of maintaining compliance in Statutory Obligations and Health & Safety, but also in other critical areas of maintenance of the Cardiff City Council property portfolio.

In undertaking this review we have interviewed individuals across the organisation at senior and operating manager level (interviewees are listed at Appendix 1).

We have made a series of recommendations, but more importantly have identified a project implementation plan which we highly recommend is commenced immediately to mitigate current risk and exposure. There is a compact version of this plan above and a more detailed programme at the end of our report.

We have reviewed the Corporate Landlord Programme brief which details actions / projects / work streams which are currently being implemented by the Economic Development Directorate (Refer to Neil Hanratty / Tara King).

Finally, we have reviewed the Cardiff Corporate Property Strategy 2015 – 2020: Fewer, but better buildings.

Corporate Responsibilities - The Wider Context

Councils have a duty to ensure that buildings under their control comply with appropriate statutory, regulatory and corporate standards. This task has become increasingly complex, onerous and difficult in the context of various potentially competing drivers including:-

- An increasing burden of legislative and regulatory duties falling on building occupiers. Delegation of relevant budgets and responsibilities to individual establishments, notably schools but with ultimate accountability still seen as resting with the corporate body of the Council.
- The consequences of increased delegation which has brought about a significant reduction in resources retained centrally to develop and monitor compliance with appropriate standards. Loss of critical mass and control in delivery of property related services through outsourcing, budget reductions and fragmentation of resources.
- Councils now regularly face challenges in terms of their ability to control and manage what goes on in buildings which they own and which are used by staff or clients for which they have legal responsibility. An example of this is individual schools where there is both the freedom and sometimes the financial resources to enable them to procure very significant building projects without necessarily calling on the assistance of the Local Education Authority.
- In addition to this Councils are faced with a wide range of Health and Safety responsibilities that fall on building occupiers. Even where rigid policies and procedures are set out at corporate level, responsibilities for their implementation are frequently delegated to service managers in individual properties who do not always appreciate the importance of ensuring that regular checks and control measures are carried out and recorded.
- Councils are faced with the situation where day to day responsibility and often, the majority of available resources, are delegated to premises level but with the ultimate accountability remaining at corporate level within the Council. A Corporate Property Officer or Health & Safety Officer can ensure that all relevant policies and procedures are in place but if they do not have an accurate and up to date asset register are faced with the situation of simply not knowing the level of operational compliance across the portfolio. The discovery of non-compliance is often only made as a result of an incident on a particular site, by which time it is too late. In addition to the direct consequences of any incident, the Council could be faced with damage to its reputation, financial loss, individual officers could be faced with legal proceedings and in the worst case, lives of building users could be lost.

Strategic Observations

At a Strategic Level, our primary observation is that the Council is on a journey of improvement whereby the Council's Property Portfolio is now increasingly being seen as an asset of the Council in terms of an enabler of service provision, to Customers, Service Divisions or the users of services within the Council's area of operation. Each service area has different demands and needs from the portfolio but these have not been considered in designing or delivering the portfolio as an enabler of service. The past has seen limited customer focus in terms of portfolio delivery and a substantial underinvestment in maintenance resulting in an estimated £100 million maintenance backlog driven by conflicting and often mutually incompatible demands. These demands have undermined customer focus and it has been manifest in service divisions, particularly schools, seeking assistance and solutions elsewhere outwith Council control further exacerbating the situation. A significant opportunity for improvement is the transfer of Estates and Facilities Management to the Economic Development Directorate, the development of a corporate asset management strategy and Corporate Landlord Model. There is the opportunity to create a significant shift in perception and purpose of Corporate Landlord with a focus on individual Customer Service, accountability and control.

A second, but critical, strategic observation is that an improvement has been made at corporate level, whereby the previous arrangement where all principle factors of risk and control with regards to both Statutory Obligations and Health & Safety (Estates, Property Services Department / Facilities Management, Health & Safety, Finance, Risk Management and the appointment of competent personnel by Human Resources), and the impact on the portfolio as an enabler of services and hence its operational delivery were managed under a single directorate with conflicting demands which represented a significant ongoing risk to the Council. This is being addressed through the transfer of Estates and Facilities Management to the Economic Development Directorate and also through ongoing work on the Corporate Landlord Model. Nevertheless, governance and assurance of these critical issues from an executive level still need strengthening and will form part of our core recommendations.

Thirdly, there is ongoing work to address the challenge of accountability for Statutory Obligations and Health and Safety having been divorced from responsibility, operational management and budgetary control with increasing delegation resulting in loss of competence, control and visibility of risk associated with these critical elements of the portfolio. This had been further compounded by a lack of clarity as to the responsibility for obligations and the appointment of individuals to positions of responsibility without the competence, knowledge or understanding of those responsibilities. This is again being addressed through the transfer of Estates and Facilities Management to the Economic Development Directorate and also through ongoing work on the Corporate Landlord Model. A programme of budget review, education, communication and review of personnel would be a valuable addition to these initiatives.

Fourthly, in financial terms, budgetary constraints allied to reduction in staff levels in key areas have further eroded capability, visibility and control for Statutory Obligations and Health and Safety. The complexity of budgets and budget holders has led to confusion over visibility, ownership and authorisation of resources. The current programme towards

Corporate Landlord will provide greater visibility of budgets and allocation thereof. If a programme of identification of needs, resources and prioritisation of needs in the portfolio, allied to capability was undertaken then this would enhance that programme.

Fifthly, budgetary constraints have reduced the ability of the Council to invest in Depreciation Budgets for all assets to ensure either compliance or replacement of assets. Establishing a depreciation model as part of the Corporate Landlord model would strengthen the overall improvement in performance.

Sixthly, Health and Safety in general, as covered under the Health and Safety at Work Act and subsequent legislation, starts with the individual. There are concerns that Health & Safety does not have the prominence within the Council that is required to ensure compliance with legislation or good practice. This has not been helped by a gradual reduction in the central Health and Safety function in the Council again driven by budgetary constraints, leaving the current situation where this critical function is under resourced and the Council exposed. A clear programme of Health & Safety leadership, training, education and communication is needed to enhance the prominence of this critical risk across the Council.

Finally, auditing, recording, monitoring and reporting of Statutory Obligations and Health and Safety can be improved to ensure visibility of compliance at corporate level to reduce risk exposure. The introduction of the RAMIS Estate Management System, allied to the Corporate Landlord model, will significantly improve this situation.

In summary, at a strategic level:

- Increase visibility of the Property Portfolio as a corporate asset and service enabler
- Absolute clarity in key areas of risk and the management, mitigation, visibility and reporting thereof under a single point of control and communicated properly
- Absolute clarity in accountability, responsibility, competence and control and effective communication thereof
- Overcome the complexity of financial resources, financial constraints and drivers for cost savings and lack of resources being channeled correctly into reinvestment and preventative activities
- Investment in a Health and Safety in property management, buildings and operations, creating a culture where Health and Safety is accepted and embraced as part of everyone's role.
- Governance and Assurance: Enhance visibility, control and assurance at senior management level in Health and Safety, Compliance and Regulations.

The Legal Context

Please note: This is not an all-encompassing review of the Legal context. A great deal of the content of this section can be related to all building types. However, there may be specific items that require monitoring in specific building types such as for example industrial units, depots, and workshops.

This summary cannot replace professional advice and a full review of current legislation should be undertaken by qualified professionals to give full visibility of the Council's position.

The basis of British health and safety law is the Health and Safety at Work etc. Act 1974 (HSWA). This HSWA sets out the broad principles for managing health and safety legislation in most workplaces. The HSWA which came into force on 1st April 1975, remains the main health and safety legislation in existence today.

The HSWA places a general duty on employers to "ensure so far as is reasonably practicable the health, safety and welfare at work of all their employees". Section 3 of the Act, **General Duty to Others** requires employers to conduct their undertaking in a way that does not pose risk to the health and safety of non-employees. This section is designed to give protection to the general public and other non-employees such as children at school and contractors. A Local Authority's activities are ones to which Section 3 of the HSWA is likely to be particularly relevant as the majority of premises occupied by local authorities are open to the general public. Section 3 of the HSWA imposes a clear duty on local authorities to conduct their undertakings in such a way as to ensure, so far as is reasonably practicable the safety of the public using the premises.

In addition to the Health and Safety at Work Act there are Approved Codes of Practice (ACOPs) and Health and Safety Executive (HSE) guidance documents and standards to be considered.

ACOPs are codes of practice which are approved by the Health and Safety Commission on consent of the Secretary of State. ACOPs give guidance with regard to the intentions of Acts and Regulations. Non-compliance with an ACOP is not in itself an offence although failure to observe an ACOP can be used in evidence in criminal proceedings. ACOPs are often regarded as an extension of the law.

HSE guidance documents contain advice on requirements to be followed and actions that an employer should take in order to comply with the law.

Although following HSE guidance does not in itself guarantee safety at work nor will it prevent prosecution under HSWA, it is regarded as reflecting best practice at the time of its publication. Care should be taken however to ensure that guidance documents referred to are not out of date or have been superseded by higher standards of practice.

The Health and Safety at Work etc. Act 1974 (HSWA) is the basis of British health and safety law. But there are numerous other Acts and Regulations such as the Health and Safety (Offences) Act 2008 and CDM Regulations 2015 which are incumbent on the Council and should be reviewed by professionals so that the Council has full cognisance of its regulatory environment and this is not an area that this review has covered.

Duty Holders

A key concept throughout this review will be the identification of duty holders. Often the duty holder is the person or organisation that has clear responsibility for the maintenance or repair of the premises (non-domestic) through an explicit agreement such as a lease or contract.

The actual extent of the duty will depend on the specific details of the agreement. However, where there is no agreement or contract or where one exists but it is silent on such matters, the duty is placed on whoever has control of the premises, or part of the premises. If the premises are empty then the duty falls on whoever has control of them. The duty to manage covers all non-domestic premises, including industrial, commercial, or public buildings such as offices, shops and schools.

In local authorities it can often be unclear as to who the 'duty holder' is and in order to avoid such confusion there should be a named 'duty holder post' at each establishment.

History

Overview

It should be noted that the Council Estate has been significantly underfunded over an extended period of time. The current estimate of the maintenance backlog is circa £100m of which circa £73m is in the schools maintenance backlog. Over that period underlying problems with the estate were developing; some due to organisational structure design within the Council, but also due to lack of funding for maintenance, systems and people. These problems were bound to come to prominence at some point. The events outlined below were the catalyst for the emergence of these problems.

At the same time, whilst changes to structure and personnel over the past decade have contributed to the current condition of the Council's Estate and need for change in the management and operational delivery of Statutory Obligations and Health and Safety, there were indications of issues that needed to be addressed. Reports from the Welsh Audit Office in 2010 and 2014 pointed to an insufficiency in the way that the Council had been managing its estate portfolio. At the time portfolio management was paper based with sub optimal condition surveys being conducted and silos of property being managed according to the priorities and capabilities of the resources within the service divisions.

The Constructing Excellence in Wales Report which reviewed the existing Framework Contracts, commissioned by Procurement and dated June 2015, pointed out that the Council was running "significant Corporate Risk" in the way that it was managing its Statutory Obligations. Our understanding is that there is an uncertainty as to when and for how long this risk was included in the Corporate Risk Register and with what prominence.

Finally, it was also apparent that individuals at operational level had voiced concerns, verbally and in writing to their operational managers at the time that risks were present and were not being adequately resolved, but it is unclear as to why these concerns were not acted upon or given sufficient prominence for action to be taken.

Opportunities to avoid escalation of the current risk were not taken. It is understood that some two years ago, the current Mechanical and Electrical Framework Contractor, Kier, made two attempts to offer a full condition survey across the estate, with asset tagging, initially for the price of circa £285,000, and subsequently for free in consideration for an extension to the contract. Neither of these were accepted.

Methodology

Orion360 interviewed a number of officers at different management levels in the Council. A mixture of officers with varied experience of working within those divisions responsible for Statutory Obligations and Health and Safety, exploring how the estate had arrived at its current condition, what are the current challenges and what needs to change for the future. There were a number of diverging accounts as to "Why", but there was general agreement as to "How".

We have also reviewed the project proposals for the Corporate Landlord model and reviewed the RAMIS Estates Management System which is due to be implemented shortly.

We have set out a summary of “How” in order to avoid repetition of past decision making, to inform understanding of current challenges and to assist in making recommendations for the future.

Included in this report at Appendix 2 and Appendix 3 respectively are an Operational Report and Executive Level Governance and Assurance Report. These reports were generated by following interviews at operational and executive level and their findings and recommendations incorporated into the body of this report.

The History

Historically, responsibility and budgets for maintenance generally, and specifically Statutory Obligations and Health and Safety for the civic estate, operational buildings and schools were devolved to the service divisions (although Asbestos and Legionella responsibilities and budgets were with, and remain with, the Health and Safety team).

Prior to the formation of what became Facilities Management, Property Services Department (PSD) managed Statutory Obligations, Health and Safety and Construction Design and Management (CDM) on behalf of service divisions and schools which, in the main, opted into the Service Level Agreements. PSD incorporated amongst others Building Services, Cleaning, Catering, Highways and Property Design Department. Whilst Building Services itself was not base funded, being a trading account as it still is, there was no departmental intercharging and the generally accepted view is that this service worked well and was well received within the Council.

It should be re-emphasised however, that, whilst this service may have been working and delivering an acceptable service, lack of investment in maintenance generally was building underlying problems.

Over the past decade changes to the structure and organisation of the delivery of Statutory Obligations and Health and Safety have occurred, but in interviews with a number of staff a common theme has emerged: the most significant changes occurred when PSD was disbanded as a department and its constituent services separated and the subsequent creation some years later of FM, within which Building Services eventually lay and budgets for operational and civic buildings were centralised. These budgets however have proven to be insufficient to provide adequate maintenance. It should also be noted however, that Building Services, whether for Schools or Civic buildings has only been responsible for Gas and Electrical Statutory Obligations. In addition, budgets for these elements were devolved to the separate divisions.

Civic Buildings / Operational buildings

Service divisions managed their properties and held the requisite budgets for Statutory Obligations and Health and Safety but used what was then PSD for delivery. PSD was disbanded some ten to twelve years ago. We understand that responsibility for civic buildings was transferred to Housing but were then transferred back into the responsibility of FM when it was formed.

With the formation of FM, these budgets were centralised. The existing Statutory Obligations team which then formed part of FM was not strengthened to cope with the significant increase in numbers of buildings and it became apparent that the budgets for maintenance transferred across were insufficient to undertake the work programme required against a background of minimal information on the condition of the estate, what assets were present and what Statutory Obligations checks were needed.

The condition was thereby created where Statutory Obligations and Health and Safety Compliance was compromised by insufficient funding, coupled with insufficient information on the estate and insufficient resources to carry out compliance monitoring, rectification and recording.

Schools

Schools have posed the greatest risk to compliance for the Council. The delegation of budgets without sufficiently clear accountability or control over spend has been compounded by the structure of arrangements for Schools.

Schools have the option to opt in to or opt out of the FM Service Level Agreement (SLA). There is the perception by some duty holders however that if they sign into the FM SLA Statutory Obligations are covered and managed for them. In reality this is not the case and the SLA itself needs to be redrafted to ensure absolute clarity on expectations and SLA deliverables.

Whether a school opts in or out is made more complex by the fact that schools can opt into or out of the Financial SLA whereby spend can be tracked by the Council. Spend in Schools that opt out, Chequebook Schools, cannot be tracked and hence the Council and in particular Building Services and Estates cannot know what building works or compliance works are being undertaken and when.

When PSD was disbanded, Building Services continued responsibility for Schools and a team of Contact Officers would work with the schools to identify budgets, inform on responsibilities and liaise with the Statutory Obligations team to ensure compliance within the bounds of what was known about the Estate. However, even under this arrangement Schools were not obliged to have PSD undertake cyclical Statutory Obligations checks or implement remediation works.

The key challenge was and remains, that schools whether in or out of the SLA were not obliged to undertake maintenance works identified, since the “agreement” between the schools and the council is not a clearly defined working document and there is no control over school budgets. Further, those schools outside the SLA were not checked for compliance. This is a failing of the form of agreement between schools and the council. In addition, Schools were, and are still not, bound by procurement rules to utilise the services of FM or the Framework Contractors hence giving rise to risk of poor quality or inadequate Statutory Obligations checks and remedial works and any building or maintenance work in general. This complex arrangement is compounded by the Schools Organisation Planning (SOP) team which holds budgets for capital projects and some revenue maintenance. This team can and does commission work for schools but does not always use either Building Services or the Framework and is not obliged to. As a result, changes to school buildings can

and did take place which were not communicated to Building Services and hence situations arose whereby changes to schools were made but no changes to Statutory Obligations compliance checks were made since neither Building Services or Estates had information about the changes. Moreover, commissioning of works by SOP has caused and continues to cause challenges with regards to Health and Safety matters pertaining to Construction Design and Management Regulations with specific reference to the role of Principle Designer.

At the time of the restructuring, driven by the need to make savings, the team of Contact Officers was disbanded and replaced by a service desk thus severing the direct link between the schools and the council on Statutory Obligations and Health and Safety. In addition, the layer of building managers competent in Statutory Obligations and Health and Safety at operational and civic buildings was removed and responsibility given to service managers located within those buildings many of whom had no experience or competency to manage Statutory Obligations or Health and Safety. It has also been noted that the downsizing and effective disbanding of the Central Health and Safety team two years ago reduced the ability of the Council to effectively monitor and manage Statutory Obligations and Health and Safety generally. This service was replaced with a shared service with Caerphilly Council which whilst it has made progress since inception, a part time arrangement with another Council does not adequately fulfill what is a critical function.

The situation within schools was compounded following the introduction of the current Building Framework which was the subject of the Constructing Excellence Wales report. In essence this Framework presented significant operational and financial problems from inception and resulted in poor performance from FM and the Contractors, and a perception of low value for money with high pricing structures. This has over a period of time driven more schools to opt out of the SLA, and driven some schools even within SLA, to commission work outside the Framework with unapproved contractors and suppliers. Given that schools control their own budgets and there is no ring-fenced maintenance budget and little contact with Building Services, the Council lost control and visibility of much of its Estate. There is now a proposal to “Top Slice” the budget for all schools for Statutory Obligations checks. But, Building Services can only check what it knows about (SOP team and lack of Estates Systems) and then cannot directly commission remedial measures since it does not own the remedial budgets.

In terms of background the key points are as follows:

- Budget challenges leading to historic under funding of the Estate
- Insufficient visibility of the extent and condition of the Estate
- Schools or service areas with devolved budgets and responsibilities resulting in no control over mandated spend on Statutory Obligations checks or remedial actions
- Room for improvement in Compliance audits
- Insufficiently clear definition of accountability or responsibility
- An underfunded monitoring / recording system

Key issues from Restructuring to FM:

- Significant increase in workload without commensurate increase in resources
- Contact Officers replaced with Service Desk
- Unqualified staff given inappropriate responsibilities
- M&E section removed
- Senior managers appointed but not qualified in Building Services

Strategic Recommendations (SR)

SR 1 Governance & Assurance

A critical Strategic observation noted at the Introduction to this review was:

“at corporate level, all principle factors of risk and control with regards to both Statutory Obligations and Health & Safety (Estates, Property Services Department / Facilities Management, Health & Safety, Finance, Risk Management and the appointment of competent personnel by Human Resources), and the impact on the portfolio as an enabler of services and hence its operational delivery have been managed under a single directorate with conflicting demands representing a significant ongoing risk to the Council”.

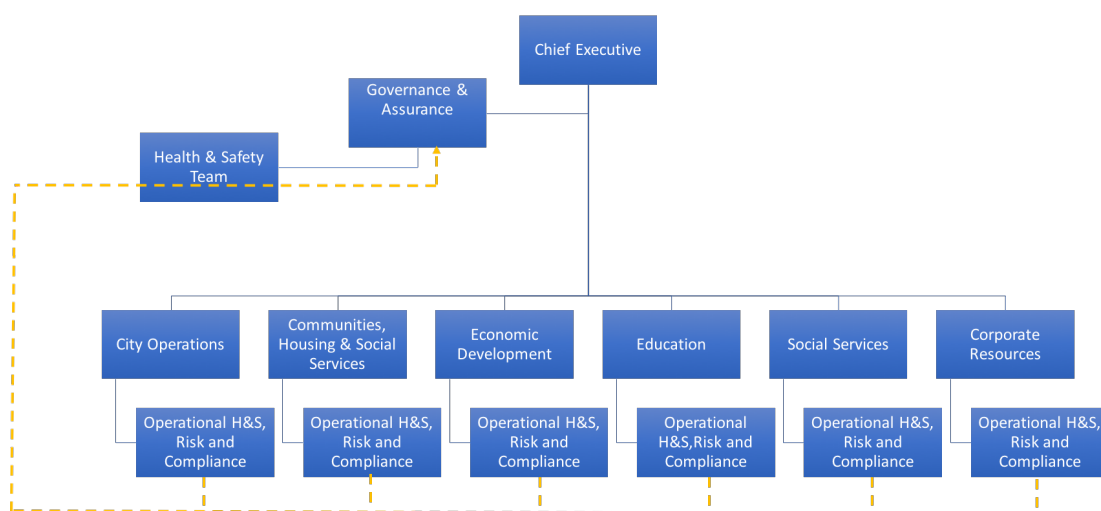
The Chief Executive’s office needs to be assured that all functions, processes, procedures and regulatory mechanisms that are implemented are operating with full transparency and efficiency. It also needs to know that there is progressive activity exploring “what isn’t known”.

Our key recommendation for Cardiff City Council is the appointment of a Head of Governance and Assurance and the establishment of an independent Governance and Assurance team reporting directly to the Chief Executive Officer of Cardiff City Council.

Critically, the Governance and Assurance Team will take a strategic view of the Council’s environment and in doing so will be able to report on interactions between and within Directorates which cumulatively pose strategic as opposed to specific challenges and which would not have otherwise been assessed.



Incorporation of Governance & Assurance





Governance & Assurance Structure



The Governance and Assurance Team would initially have three full time officers with administrative support: A Head of Governance and Assurance, a Risk Manager and Compliance Manager with the Health and Safety Team reporting into Governance and Assurance also. This team is not intended to replace or duplicate the individual Directorate Health and Safety, compliance or risk management structures or functions. It is intended to be an independent and impartial monitoring and reporting function to ensure that the Directorate functions are compliant, providing support, advice and guidance where required to achieve best practice in compliance across the Council. There will be clear demarcation lines between day to day “operational” compliance within the Directorates and the Governance and Assurance team.

Once the full remit of the team and the extent of the tasks are established a review of resources should be undertaken to understand whether further resources are required.

This team will have a remit to:

- Be proactive, inherently challenging and supportive
- Discover, record, monitor, guide and advise on all aspects of risk across the County Council, particularly the corporate estate
- Audit and review all operational activities to ensure that there is full transparency and compliance with operational objectives, value for money and the regulatory environment
- Specifically monitor the Statutory Obligations maintenance team and programme to ensure that budgets are available to meet requirements and commitments
- Intervene where contraventions are discovered or remedial actions are not conducted according to set objectives or timescales
- Be the eyes and ears of the Chief Executive and the Council in exposing areas of risk that have not been previously understood, recognised or recorded as a result of changes in amongst other factors, legislation, regulation, operations, staff or the general operating arena of the Council

It may be possible to fill these roles from internal resources. However, we would recommend that the Head of Governance and Assurance has a commercial background with

some experience of internal Governance and Assurance and Audit. A review of internal expertise would highlight appropriate candidates for consideration.

The Governance and Assurance team will report to the Chief Executive Officer every month using a Dashboard with key indicators of performance across its remit and reporting by exception.

Return on Investment: The Governance and Assurance Team will incur additional cost to the Council unless these appointments are made from internal resources and those roles not replaced. It is difficult to determine a specific Return on Investment out side of general Risk Mitigation, financial, individual and reputational cost of failure across all service directorates. As an example of this we would site the recent cost of engaging with the Health and Safety Executive, emergency works to three schools (Willows, Cantonian and Michaelstone) estimated at circa £3 million, and the loss on insurance of circa £8 million at Glyn Derw High School due to non compliant site security procedures following decommissioning.

In addition, ensuring compliance and implementation of initiatives across other areas such as Carbon Reduction, BIM, Corporate Landlord will lead to cost efficiencies and savings for the Council. In addition, a better managed and compliant property portfolio can enhance working conditions, morale, staff engagement and enhance productivity and efficiency.

The introduction of the Corporate Landlord model will as already stated deliver significant improvements in Statutory Obligations and Health and Safety compliance across the Council. In addition, there has been some restructuring to mitigate the risk outlined here, most notably the transfer of what is to become Corporate Landlord from the Corporate Resources Directorate to the Economic Development Directorate. Nevertheless, best practice would promote that an independent monitoring unit reporting into the Chief Executive would safeguard against potential failure or shortcomings either human or operational at a single point of control for what is a critical area of the Council's operating environment.

This is a critical appointment and team and our recommendation is that this is pursued and implemented as soon as practicable.

SR 2 Condition Surveys and RAMIS

We are aware that a programme of Condition Surveys of the portfolio has commenced and we would suggest that these are completed as soon as possible across the entire Estate in order to get a full picture of compliance and that the RAMIS system is implemented as soon as possible.

SR 3 Restructure and Reeducation: Health and Safety

Health & Safety provision and practice at the Council is inadequate. The rebuilding of a well resourced, funded and effective Health and Safety team must be a key and immediate priority for the Council.

Central to this rebuild are the following actions:

1. Appointment of an appropriately qualified and senior Health and Safety Officer with the remit to build a central Health and Safety team reporting to the Head of Governance and Assurance.
2. Restructure of Health and Safety with the senior Health and Safety Officer reporting directly to the Head of Governance and Assurance.
3. Full review of Health and Safety Legislation and good practice and operational implementation to benchmark the Council against best in class with the objective of producing a gap analysis and a project plan to improve and attain a leading edge Health and Safety culture.
4. A structure created whereby central Health and Safety integrates with Health and Safety Officers working within directorates and individual service lines on a day to day basis.
5. A strict audit and reporting, monitoring and follow up and close out regime.
6. A full review of the competency and qualifications of all individuals with defined or inherent Health and Safety responsibility across the Council to identify opportunities for training, education or engagement in Health and Safety.
7. Establishment of minimum standards of qualification according to levels of responsibility for Health and Safety and compliance across the council to support point 6 above.
8. The development of a Communications plan to raise the prominence and understanding of Health and Safety across the Council and drive engagement with and a culture of Health and Safety.
9. Development of an appropriate and engaging communications strategy to maintain the prominence of Health and Safety matters, communicate changes to legislation and advances in good practice without overstating or overemphasising Health and Safety and thereby diluting the core messages.
10. Ensuring that training records and training generally are monitored, kept up to date and stored within a Central HR database accessible to all service areas with a clear directive that all records must be kept centrally.
11. Active and mandatory involvement and control over Health and Safety vetting of suppliers during procurement, especially in Construction / FM and Building Services with a programme of active engagement with suppliers to drive continuous improvement.

This is a critical recommendation and should be implemented as soon as possible.

SR 4 Restructure: Schools Organisation and Planning

We recommend that the Schools Organisation and Planning (SOP) team is transferred from the Education Directorate into the Economic Development Directorate as soon as possible to become part of the Corporate Landlord model. The Education Directorate would continue to commission work from the SOP team but the implementation of plans that impact the Corporate Estate would be managed under Corporate Landlord. This restructure would clarify responsibility and accountability for and control the commissioning of buildings and construction / maintenance / Statutory Obligations work, particularly under Construction Design and Management (CDM) regulations, where there is current extensive confusion and little control over the competency of individuals commissioning work.

This restructure will provide immediate benefits to the Corporate Landlord model and mitigate against current challenges and should be implemented as soon as possible.

SR 5 Restructure: Project, Design and Development (PDD)

We recommend that PDD is transferred from the Education Directorate into the Economic Development Directorate as soon as possible and becomes part of the Corporate Landlord model. This transfer would then align Building Services, PDD, SOP and Estates in the design and commissioning of buildings and building works, increasing co-ordination between departments.

There have been instances whereby projects proposed /planned by PDD have been in direct conflict with the interests of the Estate simply through lack of understanding and knowledge of the Estate and cross referencing between departments. Incorporating PDD into Corporate Landlord would offer opportunities amongst other benefits for standardisation of design and design materials to reduce maintenance costs in the future for new buildings or refurbishment of buildings and provide a co-ordinated approach to the Estate.

This restructure should be implemented with the Corporate Landlord model or earlier.

SR 6 Corporate Landlord Project Brief

We have reviewed the Corporate Landlord Project Brief which is currently being developed and is, subject to final confirmation, to be implemented. From a purely functional point of view the proposals set out in this brief will go a significant way to resolving many of the issues prevalent across the Council with respect to property and Statutory Obligations and Health and Safety in particular.

We do however, have some comments to make which will add to its substance and inherent acceptability.

SR 6.1 Corporate Landlord Vision

The Corporate Landlord Project as depicted sets out a very functional vision; its strap line is “Fewer, better buildings”. This is a well-defined objective when combined with the Corporate Property Plan and will drive efficiencies within the portfolio. Wider engagement within the Council however, engendering collaborative working and an acceptance of the Corporate Landlord Model requires a common purpose and vision for Corporate Landlord which projects Property as an enabler of service provision for service divisions, Staff, and the public and puts customers and users of property at the forefront of the Corporate Landlord Service thinking.

The Corporate Landlord project could incorporate a Purpose incorporating the following key themes;

Efficiency, performance, customer focus and engagement.

The Corporate Landlord should aspire to the effective management of the Council’s corporate property asset portfolio; strengthening Corporate Property’s role in leading improvement and supporting other services in the delivery of their strategies.

Key objectives should include:

- Meeting statutory obligations;
- Aligning property priorities to service delivery outcomes;
- Smaller and better quality estate; and
- Optimising asset performance.

Strategic Drivers: The Council’s property assets are an important resource. Issues which shape this corporate strategy include the following:

- Supporting high quality service delivery which meets the increased demand and expectations of customers;
- Using council property assets as a catalyst for inward investment and economic regeneration;
- Increased partnership working with other public sector and third sector organisations;
- Achieving significant budget savings in property costs while protecting priority services;
- Creating greater visibility of value for money;
- Addressing high levels of backlog maintenance and standards of accommodation;
- Reducing revenue spend on, and consumption of, energy and water
- Financial implications of complying with Carbon Reduction Commitment (CRC) legislation;
- Responding to changing demand for, and flexibility in, operational property.

We would recommend development of this as soon as possible to coincide with the launch of the Corporate Landlord Model.

SR 6.2 Carbon Reduction Commitment across Council Estate

The Council needs a clear and strategic approach to energy and water arrangements across its assets.

- Taking full account of the opportunities for energy savings that arise out of the rationalisation of the estate or of individual buildings;
- Ensuring that the Corporate Landlord Strategy promotes and implements good energy management, including data collection and monitoring on carbon impacts;
- Ensuring that carbon impacts are fully taken into account when planning, implementing and reporting on actions under the strategy; and
- Ensuring that energy efficiency options for capital investments are fully appraised on the basis of whole life costing.

In order to comply with the statutory duties set in Climate Change Legislation, the Corporate Landlord Model needs to develop how it will make a positive impact on the following:

- Carbon emissions, such as waste minimisation, reuse, recycling and management – e.g. good water management practice should involve regular meter readings, bill checking, benchmarking, leak detection and repair for all Council buildings;
- Environmental sustainability, such as implementation of sustainable travel plans – e.g. identifying opportunities for neighbourhood offices to deliver the same standard of facilities across the estate; and
- Opportunities for financial savings by reducing costs on energy consumption, water consumption and sewerage.

We would recommend that this is a core element of the Corporate Landlord remit and is commenced as soon as Corporate Landlord is launched.

SR 6.3: Building Information Modelling (BIM)

BIM is a process involving the generation and management of digital representations of physical and functional characteristics of places. Building information models are files which can be extracted, exchanged or networked to support decision-making regarding a building or other built asset. Current BIM software is used by individuals, businesses and government agencies who plan, design, construct, operate and maintain diverse physical infrastructures such as water, refuse, electricity, gas, communication utilities, roads, bridges, ports, tunnels, etc.

The advantage of BIM is to increase the ability to track and maintain assets within Corporate Assets, to quickly identify causes and points of failure without intrusion, driving efficiency in

both Planned Preventative Maintenance, Emergency / Responsive Maintenance and refurbishment projects.

Implementing BIM as a standard requirement for all new build and substantial refurbishments design or delivered internally or externally would drive significant operational efficiencies and help to populate and manage the RAMIS system currently being introduced.

We would recommend that BIM is introduced within the next 12 months.

SR 6.4: Statutory Obligations

Within the Corporate Landlord model, we recommend a stand alone Statutory Obligations Compliance team with a stand alone Statutory Obligations Framework covering all Statutory Obligations not only the “Big Five”. This team should have budgetary control for cyclical testing AND remedial works across the whole of the Corporate Estate to ensure under Corporate Landlord full, consistent and continued compliance.

Consideration should be given to whether budgets for Asbestos and Legionella compliance, currently with Health and Safety should be incorporated into this team to ensure single point of control and management.

We would recommend that this Compliance team is implemented immediately.

SR 7 Accountability, Responsibility, Control and Competence

An exercise should be undertaken to identify all officers within the Council who have Accountability or Responsibility for Statutory Obligations and or Health and Safety matters. These officers and their responsibilities should be recorded on a register along with the required minimum standards for their responsibilities and a record of their training / competence against that standard.

Gaps in training and competence should be identified and addressed as soon as possible as part of a Council wide training programme.

All job descriptions must identify responsibilities for Statutory Obligations and Health and Safety and set minimum standards for potential candidates and appointees in those roles along with recommended training to attain best practice.

This service should be extended to all service areas including schools.

We would recommend that this exercise is commenced within the next three months.

SR 8 HR – Recruitment and appointing personnel to roles

All job descriptions must identify responsibilities for Statutory Obligations and Health and Safety and set minimum standards for potential candidates and appointees in those roles along with recommended training to attain best practice.

This vetting / standardisation should be extended to all service areas including schools, where the appointment of key staff, particular Estates Managers, must be approved by central HR department.

All appointments with Statutory Compliance and Health and Safety responsibilities should be notified to the Governance and Assurance team to ensure that standards of appointment are complied with.

We would recommend that this exercise is commenced within the next three months.

SR 9 Finance: Visibility and Clarity of Budgets and Control

We recommend that an exercise is undertaken to map out all budgets and associated control points for all budgets relating to maintenance, Statutory Obligations and capital works which impact on Corporate Landlord, Property generally, Health and Safety and Compliance to provide visibility and transparency for service users and Corporate Landlord.

Where feasible these budgets should be simplified or consolidated and again where feasible, elements identified / reallocated and delegated to appropriate departments for Statutory Obligations and Health and Safety and where possible centralised for prioritisation to reduce the maintenance back log on the Estate.

This exercise should be undertaken in parallel with the development of the Corporate Landlord model.

SR 10 Framework Management and Control

We recommend that contract management of the current Frameworks for Building Services is significantly improved as a matter of urgency to improve the service and influence internal clients, especially schools to, utilise those services rather than external unregulated contractors. This is particularly important as we understand that the existing Frameworks are due to expire in June 2017 and options are being evaluated for an extension of the existing Framework or an interim Framework.

Currently, whilst there are frameworks in place for Statutory Obligations cyclical testing and general building works, no service division is obliged to commission works either through Building Services / FM or the Framework contractors. Commissioning of works by non-competent persons to unvetted contractors / suppliers is a major risk to the Council. It is especially prevalent in schools whether opted into the SLA or not. This is driven as identified previously by a combination of delegated budgets, poor service and a perception of low value / high pricing from FM.

We have to recognise that the perception of poor service and high prices / low value for money is real and is driving adverse behaviours thereby creating real time and continued risk for the Council. It will take time to implement the Corporate Landlord model and rebuild the reputation and confidence in FM.

Implementing contract management procedures aligned with a communications plan with internal clients will improve service delivery and encourage internal clients to use Building

Services rather than external contractors thereby mitigating this risk and forming the basis for the Second-Generation Frameworks.

This is a critical control mechanism and should be implemented as soon as possible with a deadline of September to coincide with the new school year.

SR 11 Social Value

The Council should develop a Social Value Impact metric to capture and develop its Social Value Impact and create opportunities for economic and social development across the City. Many opportunities for Social Impact are presently not being exploited, especially within FM, since Social Value does not have a sufficient prominence when procuring services especially through Framework suppliers. The Council could make a significant leap forward in this area if Social Value metrics were incorporated into forthcoming Framework procurement projects.

This is not a critical issue but could demonstrate significant economic and social development being driven by Cardiff City Council and should be developed over the next 12 months.

Operational Recommendations (OR)

OR 1 Health and Safety

A full review of competency at an operational level should be undertaken along with a reinforcement of council policies and procedures to fully embed a Health and Safety culture.

We have visited five construction / maintenance sites managed by Building Services with a Direct Labour force and with Framework Contractors. Four out of the five were non-compliant with basic Health and Safety procedures. Most worrying is that three of the visits were with contract managers / supervisors from Building Services in attendance none of whom saw the basic flaws in Health and Safety management on site.

Audits and contractor management are inconsistent, inadequate and infrequent.

A full audit programme with procedural methodology to capture and close out identified issues must be implemented within Building Services as a matter of priority

This recommendation needs to be implemented immediately with a view to completion within 6 months.

OR 2 Resources – Building Services - Statutory Obligations

Operational challenges identified in Appendix 2 [Operational Process for Statutory Obligations within Cardiff City Council](#) specifically relating to processes and resources within the Statutory Obligations team are high risk and must be resolved without delay. A significant number of critical staff positions are currently filled with agency staff and under or inappropriately qualified staff representing a risk profile within the operational management of the Statutory Obligations Framework in particular that is unacceptable.

Our recommendation is that the Statutory Obligations team is properly resourced as a matter of urgency with full time (not agency) council staff that are fully qualified to review and manage Statutory Obligations reports from Contractors.

There must be a proper, urgent engagement with the Statutory Obligations Contractor to resolve inefficiencies and failure points in the management, recording and transmission of Statutory Obligations data and information.

There must be a mechanism implemented urgently to check, report and challenge instances where the trail goes cold as identified with remedial actions identified post Statutory Obligations inspections, particularly in schools.

OR 3 – Framework and Contract Management

As mentioned under SR 10 - Contract management of the current Frameworks is less rigorous than would normally be expected and has led to numerous problems and failures which have been identified in this report and elsewhere and a priority must be to

implement solid Contract Management processes and procedures to ensure value for money, quality control, service provision, accountability and adequate reporting.

It should be noted that whilst the Statutory Obligations Framework has now been extended with Kier until March 2018, other frameworks are due to end in June 2017. Work is currently underway to either extend these frameworks or establish an interim arrangement prior to a new second generation framework being tendered.

We recommend that a new Contract Management process is implemented within the next 3 months prior to expiry of the existing Framework.

OR 4 Frameworks

There is a project currently being run to put in place a new Framework to replace that which expires in June 2017. This will be either an extension of the existing Framework, or an interim solution. At the same time, the full second generation Framework solution needs to be understood, developed and put out to tender within a very limited time frame.

Our concern here is that lack of progress and delays in this project will expose the Council to another sub optimal Framework which will not be a “best in class” service that Directorates and Schools will gravitate towards voluntarily.

Part of the challenge is a lack of ownership of the Framework, one of the problems with the previous Framework where it was seen by Building Services as a Corporate Framework and therefore Procurement’s whilst Procurement perceived it to belong to Building Services – hence no-one owned it or managed it successfully.

There does not at present seem to be a single point of control driving the project with the urgency that is required.

We recommend that ownership of the new Framework and the interim arrangements are allocated to a single individual urgently with a remit to drive this project to an agreed outcome within the required timeframe.

OR 5 Building Services - Trading account

A contentious issue for service divisions and schools is the pricing structure for works managed through the Framework by Building Services and which continuously drives non-compliant behaviours.

We would recommend that as part of the Corporate Landlord Model, consideration is giving to changing Building Services from a Trading Account to a Base Funded service.

OR 6 Service Level Agreement

We have noted that the current Service Level Agreements (SLA) with the schools is the source of significant confusion and ongoing tension. The perception of duty holders is that all Statutory Obligations are taken care of under the SLA by Building Services but are not. Not only does this cause tension it leads to a situation whereby Statutory Obligations testing and remedial works are missed.

Whilst this is being addressed through the Corporate Landlord model, we would recommend that a communications plan is developed in the interim to clarify and make clear what the existing SLA does and does not cover. This should be done before the end of the current school year with a communication about plans for new SLAs under the Corporate Landlord model. The Council needs to directly address the risk of schools not renewing the SLAs when they technically run out in April but are now being extended to coincide with other SLAs which run from September to September.

OR 7 Communication with Stakeholders

Communication with Stakeholders to achieve engagement and buy in to the Corporate Landlord model and dissipate obstacles is critical to ensuring a smooth transition from current arrangements to the new model.

We have mentioned the need for a common Purpose or Vision, over the functional “Fewer, better buildings”.

We recommend that communication and engagement with stakeholders needs to be commenced before the launch of Corporate Landlord.

OR 8 School Specific:

- Contract Management of existing Frameworks: Schools represent the highest risk for the Council either through opting out of the schools SLA or even when within the SLA not utilising Building Services to procure construction or maintenance works. As under SR -10 above, we recommend that contract management of the existing Frameworks is significantly improved urgently to encourage schools to remain within the SLA, utilise Building Services and influence those opted out of the SLA to return.
- HR – Estates managers. As mentioned above, we recommend that all appointments of Estate Managers to schools are either made by Corporate Landlord or approved by Corporate landlord with immediate effect.
- Head Teachers and Governors need help and guidance. We recommend an urgent engagement plan with Schools to review current operations, engage with them to understand customer needs and responsiveness and guide the implementation of Corporate Landlord.

Appendix 1

Operational Report

The current process of ensuring Statutory Obligations are being met across Cardiff City Council is disjointed. There is little clarity on where responsibility lies to ensure buildings are compliant and legal.

Cardiff City Council has a significant number of property and assets. Primarily they fall into the following areas:

1. Schools signed into the Service Level Agreement (SLA)
2. Schools not signed into the SLA
3. Assets with a BX code.
4. Domestic housing
5. Bereavement Services

The accountability and ownership of the above areas is unclear, and this uncertainty has been the catalyst for the current issues being experienced.

Building Services (BS), part of the FM function, has been tasked with providing much of the Statutory Obligations and Pre-Planned Maintenance (PPM) across the Cardiff City Council portfolio. The areas that they predominantly look after are:

1. Schools signed into the Service Level Agreement (SLA)
2. Assets with a BX code.

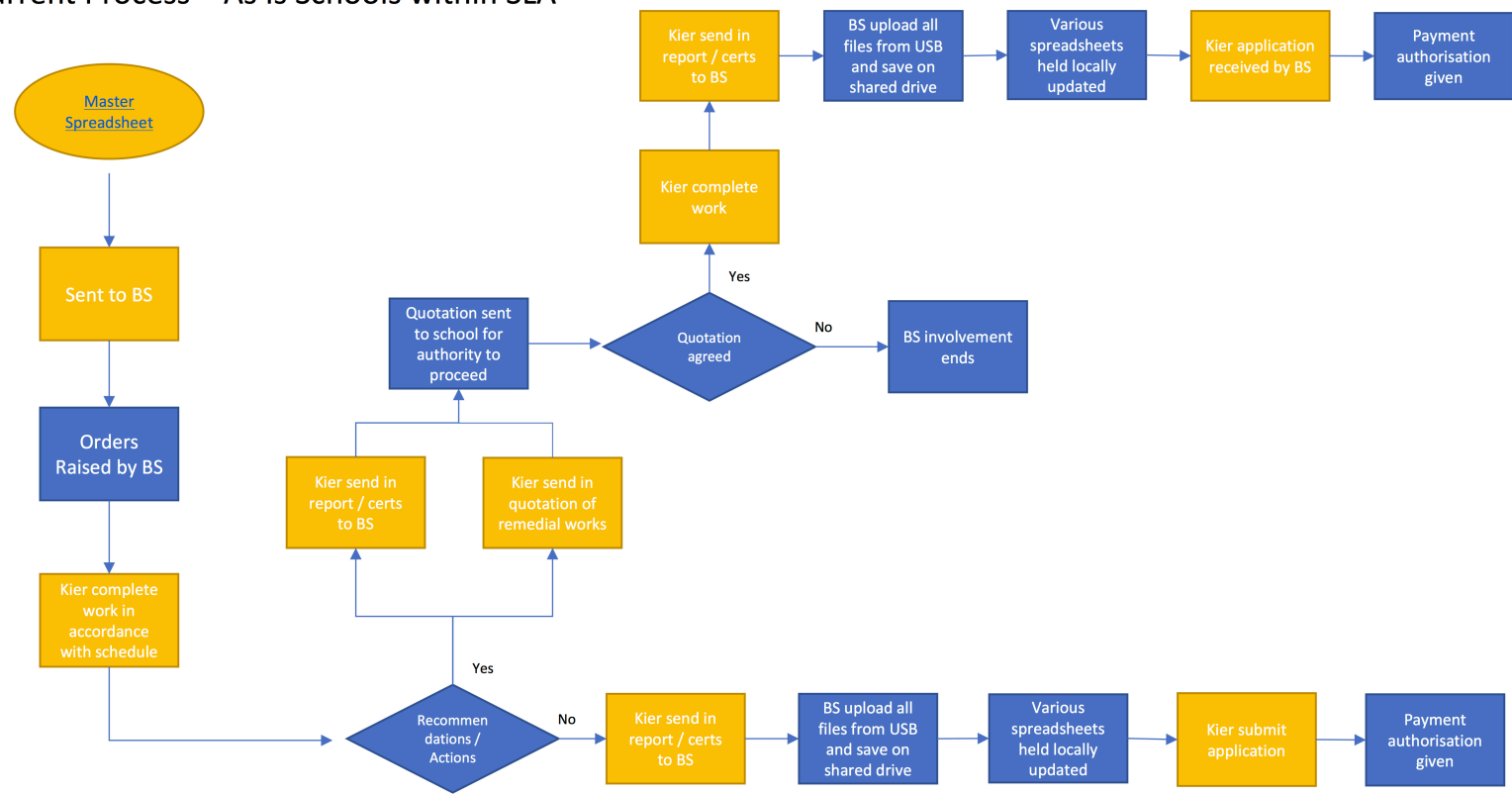
These two areas are managed by the Building Services (BS) team. This is managed by Nicola Pigginn and headed up by Clive Riches. The team consists of 10 posts, of which 9 are filled. These are:

- 4 x Technical Control Officers
- 2 x Finance
- 2 x Statutory Obligations admin (only 1 slot filled)
- 1 x Administrator
- 1 x Works Planner

The following process map demonstrates how BS currently manage the Statutory Obligations requirements for schools signed into the SLA:

Note: The master spreadsheet referred to in the diagrams below is the main spreadsheet that is created by Kier and is used by BS to generate all orders at the start of the year. This was generated at the start of the framework 4+ years ago and is one of the main contributing factors.

Current Process – As Is Schools within SLA

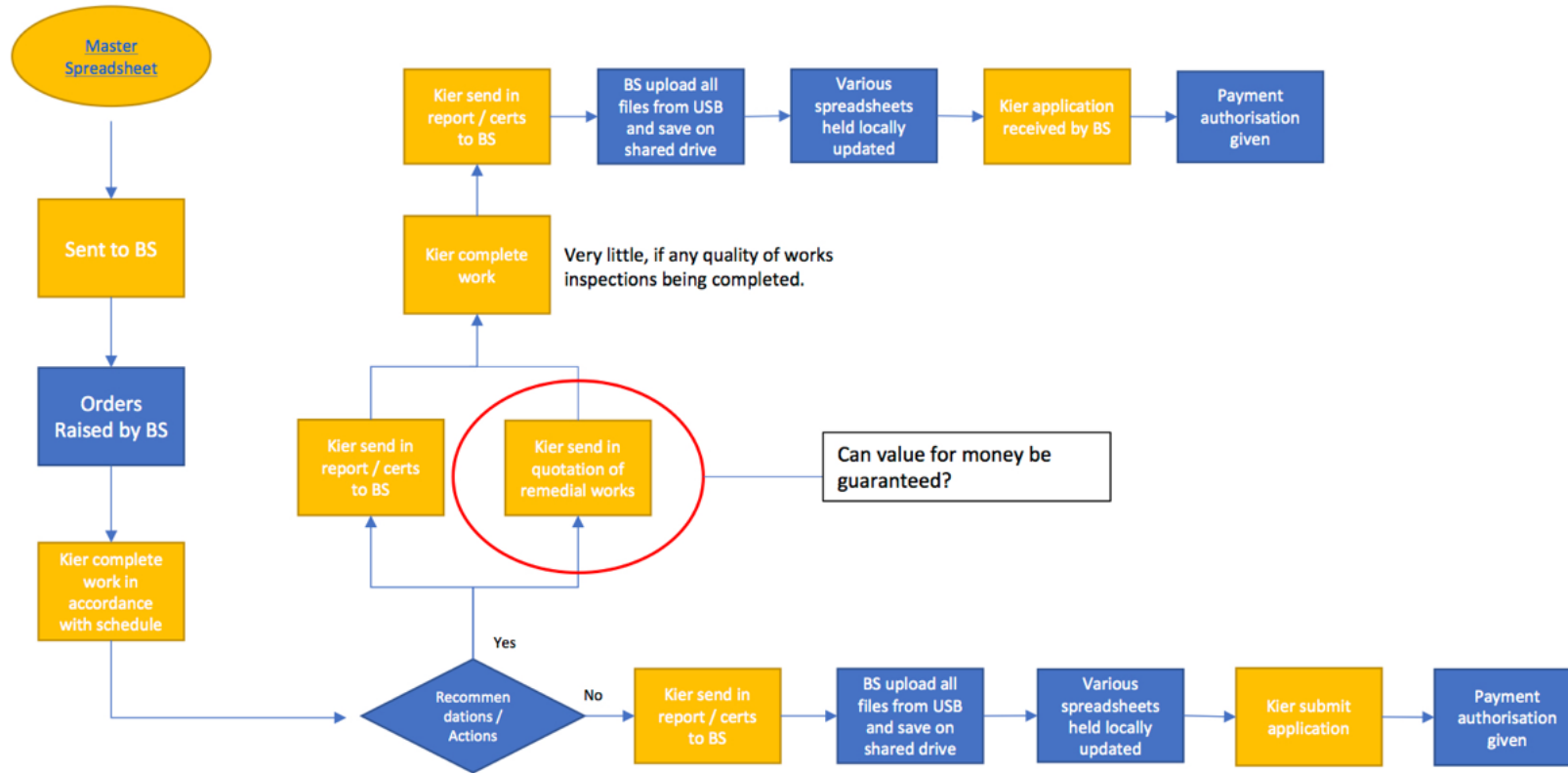


The following Issues have been identified:

1. Kier is using historical data that was initially agreed at the commencement (4+ years ago) of a contract to schedule PPM.
2. No communication between strategic estates and BS. BS are not aware of any changes to buildings, their current occupancy state, extensions etc. This is resulting in Statutory Obligations being overlooked and therefore not completed. Inefficiencies are being created where subcontractors are turning up to complete scheduled maintenance to find that the building is vacant or is not owned by Cardiff City Council anymore and they have not been informed. A call out charge is then generated.
3. Once a recommendation or action is identified, a quote is then raised by Kier and sent to the schools. It is then up to the schools' budget owner to give authority for the works to be completed. BS do not chase up quotes sent to schools, so it could be a matter of months before a response is received, if at all. There is no obligation for the school to use the framework agreement and they are entitled to use any supplier they choose. It is then the sole responsibility of the school to provide updated certificates/reports to BS so records are updated. It will only become apparent that the remedial work has not been completed once the next PPM schedule is required. In some cases, this could be a year. The question needs to be asked, who is ultimately responsible for Statutory Obligations on an asset. Is it the tenant or is it the landlord (Cardiff City Council)? The answer to this question will have a significant impact on future recommendations regarding budgetary control.
4. There are few quality checks of works being completed on any of the subcontractors. Applications are being authorised for payment based on a report being completed.
5. There is a large amount of responsibility being put on one junior person (Statutory Obligations), who is not a permanent member of staff. (Agency). When his colleagues were asked the question 'what would happen if Gareth went on the sick' the response was 'he is not allowed, it would cause mayhem!' This is a challenging scenario, and is a crucial role that is not being given the attention it deserves. Anything that involves Statutory Obligations goes through Gareth and he is the pivot of all activity and not qualified to be so.
6. The administration element of the process is outdated. Paper reports are scanned and uploaded onto a USB stick by Kier and sent to BS every two weeks. These files are then uploaded, renamed, checked for any anomalies, actions/recommendations and saved into individual site files on the server. This way of working is very labour intensive, inefficient, doesn't allow for collaborative working between different services and is subject to considerable risk.

The following process map demonstrates how BS currently manage the Statutory Obligations requirements for assets with a BX code:

As Is (Property with BX code)



In addition to the above, the following Issues have been identified:

1. If any recommendations/actions are identified, a quote is sent in from Kier. For civic buildings BS can give authority for the commencement of works. For schools and order is required from the school. There are no measures in place to confirm if the quote is competitive and even if the work is required in the first instance.
2. Reports and certifications are not being left on-site by the subcontractors. Due to the aforementioned administration process, the end user has little to no visibility to what has or hasn't been checked or inspected on their site.

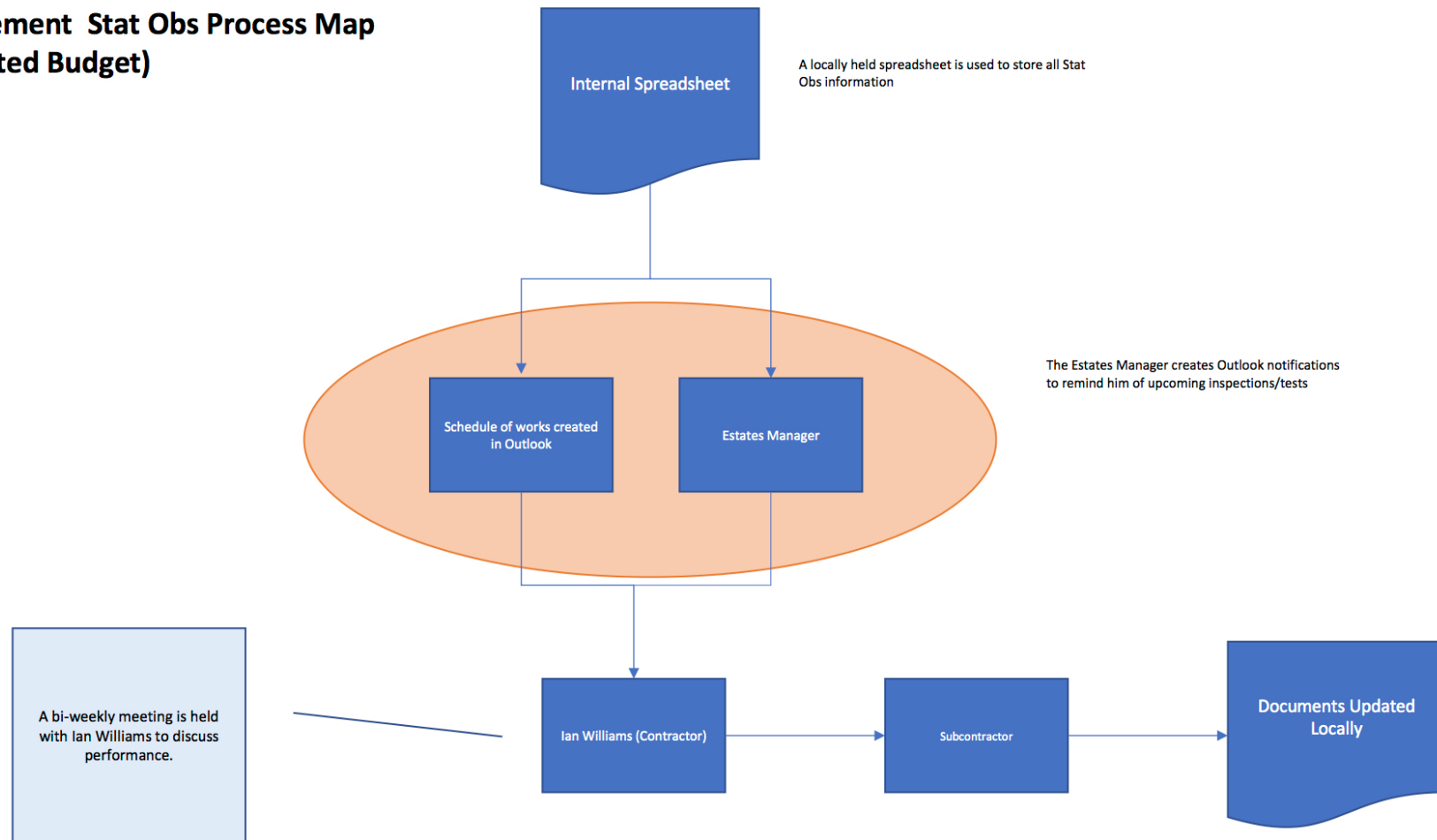
The remaining areas that do not come under BS control are operating in a very sporadic nature; there is some very good practice being demonstrated, to some very questionable. The overarching element that effects the standards of completing Statutory Obligations in a satisfactory manner is the 'responsible' person having a clear understanding of the tasks that are required, the knowledge and training to implement these tasks and the desire to ensure that the asset they are responsible for is both safe and legal.

Due to the very nature of delegated budgets, complete control is passed to the end user. If this is not policed and managed correctly, issues can quickly surface and spiral out of control. An area where good practice was being demonstrated was the Bereavement Service. They have a delegated budget and take complete control of all their buildings and assets maintenance plan. The head of the service has a very good understanding of all the legal requirements that he must comply with, and works in a tight knit team and every member has clear roles and responsibilities. Due to the sensitive nature of the service, he has built a strong relationship with the framework contractor so there is a clear understanding of each other's requirements.

Even with the good practice as demonstrated above, there is a fundamental transparency issue, as everything is stored and managed locally, so senior management have no clear visibility of a buildings/assets compliance status.

The following process map demonstrates how the Bereavement Service currently manage their Statutory Obligations:

Bereavement Stat Obs Process Map (Delegated Budget)

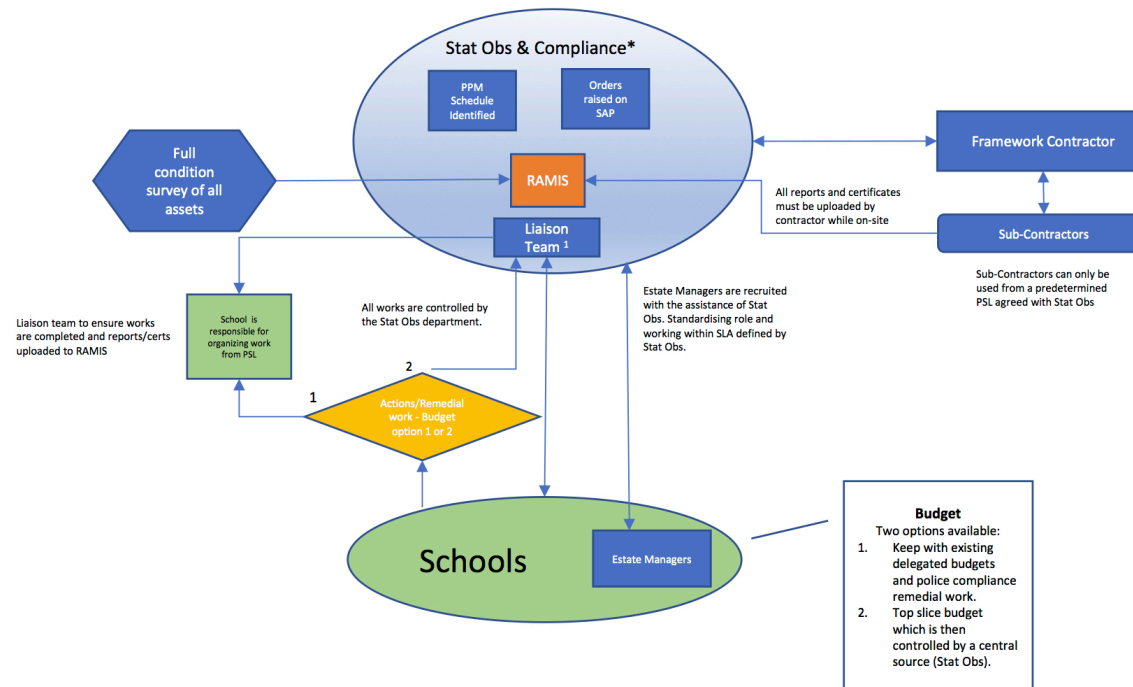


Recommendations / Process Improvement

To overcome the issues previously mentioned, there are numerous changes that would provide multiple benefits to improving Cardiff City Council Statutory Obligations delivery across its portfolio. Below is a list of potential changes:

1. A stand alone Statutory Obligations team monitored by Governance and Assurance. This will contain a dedicated team of specifically trained and qualified individuals, to include: Surveyors, Interface Managers, H&S Officers, industry specific administrators. A dedicated school liaison team will be created to re-build relationships and trust and to encourage SLA uptake to as close to 100% as possible.
2. Estate Managers – There is a large discrepancy between the quality of Estate Managers that are currently employed on individual assets. There will be an Interface Manager within the new entity who will be responsible for creating a standardised job role; ensuring the individuals have the correct skill set, the relevant knowledge and experience and provide guidance and support when required. This will bring consistency across Cardiff City Council and make the role of an Estate Manager a crucial part of compliance across the portfolio.
3. Budgets – If delegated budgets are to continue, if schools are signed into the SLA, then there needs to be a top slice of budget to allow for remedial work to be authorised and orders raised for a central location. This will ensure full continuity of the inspection and maintenance life cycle; from initial inspection and testing to completion of remedial work and certification. Full visibility and control will be obtained.
4. Budgets – Schools that are not signed into the SLA, there will need to be a top slice of budget to cover all PPM and remedial work. This will be held in a central location and orders will be raised in April for cyclical work and for any remedial work, orders can be raised when required without delay, ensuring building conformity and decreasing the risk of depreciation cost escalating.
5. Framework – To ensure value for money and quality of service delivery, two Principal Contractors should be assigned. This could be done on a geographical location split or contract value split. This will provide contingency if service delivery is failing from one contractor and will provide a useful comparison on quotes for remedial and ad hoc work.

Recommendation – To be Schools within the SLA



Framework SLA to rigidly state the actions required by the framework contractor of their obligations in regard to record keeping and the updating of information into RAMIS.

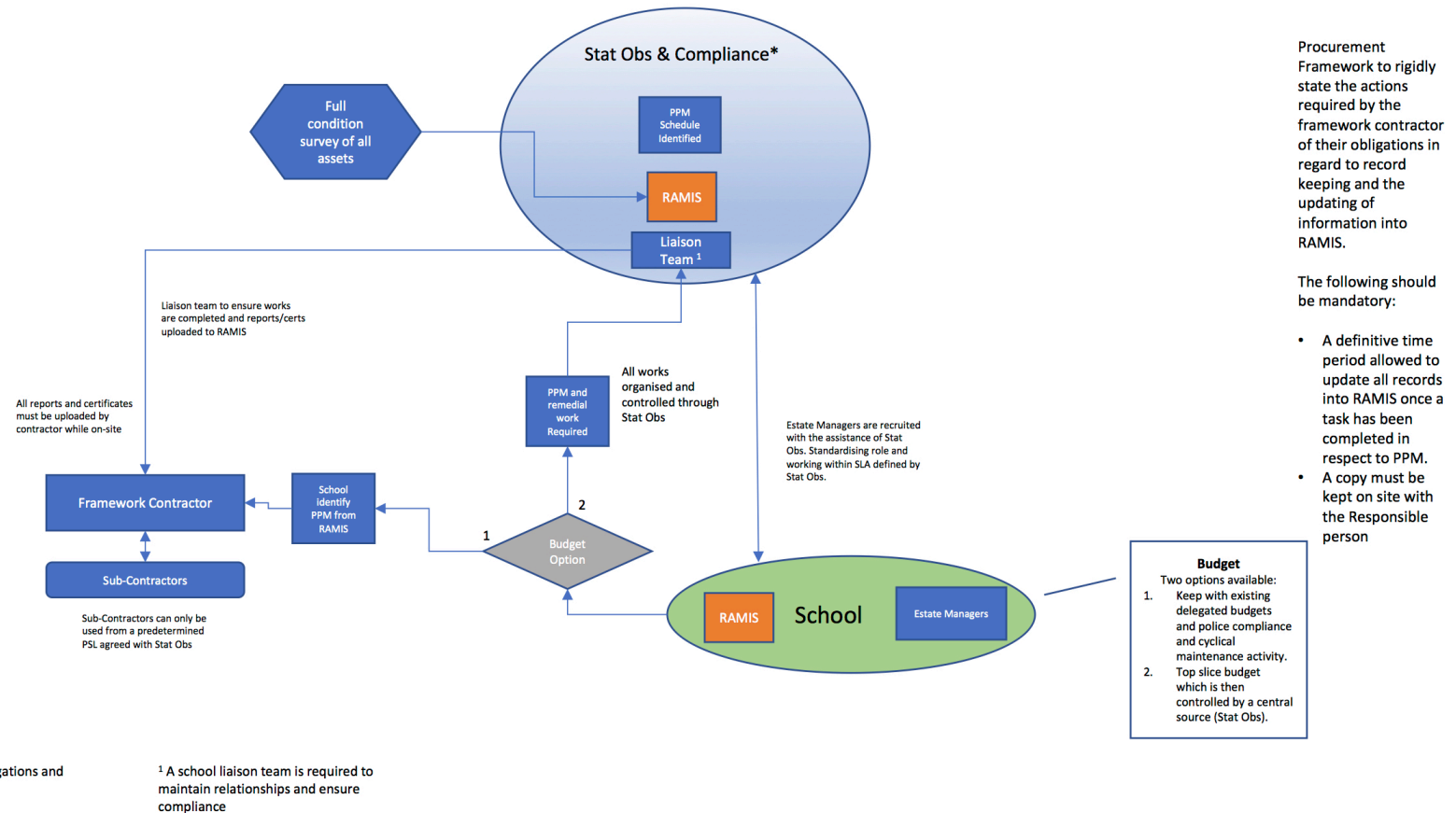
The following should be mandatory:

- A definitive time period allowed to update all records into RAMIS once a task has been completed in respect to PPM.
- A copy must be kept on site with the Responsible person

*Newly formed Statutory Obligations and Compliance Team

¹ A school liaison team is required to maintain relationships and ensure compliance

Recommendations – To Be Schools Not in SLA

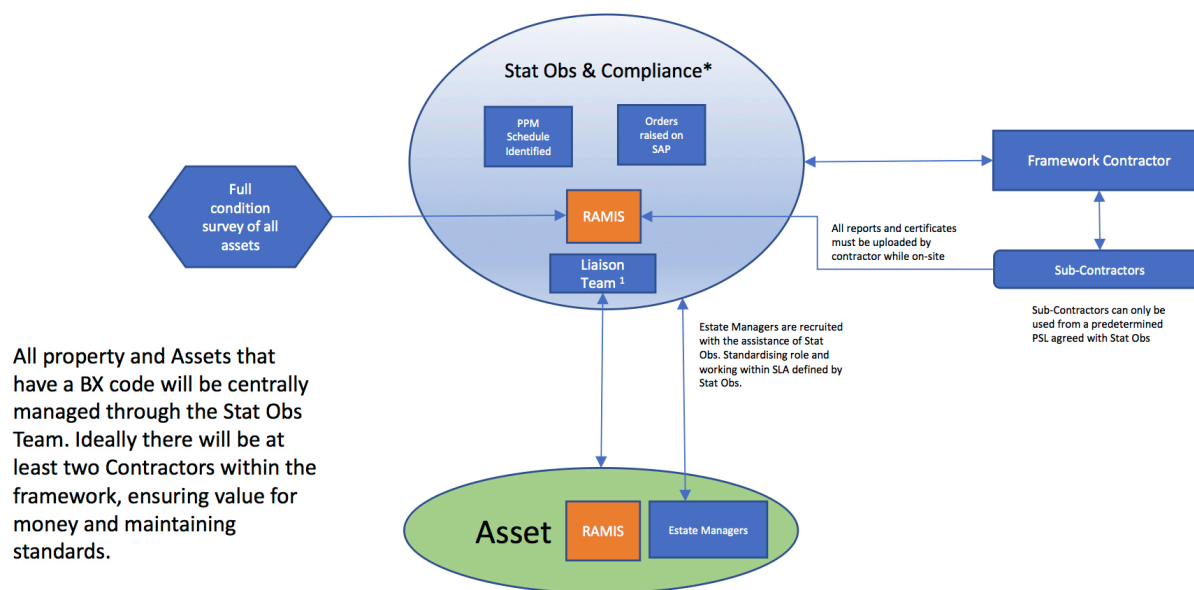


Procurement Framework to rigidly state the actions required by the framework contractor of their obligations in regard to record keeping and the updating of information into RAMIS.

The following should be mandatory:

- A definitive time period allowed to update all records into RAMIS once a task has been completed in respect to PPM.
- A copy must be kept on site with the Responsible person

Recommendation – To Be Assets with a BX Code



All property and Assets that have a BX code will be centrally managed through the Stat Obs Team. Ideally there will be at least two Contractors within the framework, ensuring value for money and maintaining standards.

Framework SLA to rigidly state the actions required by the framework contractor of their obligations in regard to record keeping and the updating of information into RAMIS.

The following should be mandatory:

- A definitive time period allowed to update all records into RAMIS once a task has been completed in respect to PPM.
- A copy must be kept on site with the Responsible person

*Newly formed Statutory Obligations and Compliance Team

¹ A school liaison team is required to maintain relationships and ensure compliance

Appendix 2

Executive Level Governance & Assurance Report

The move away from a centrally managed property function with full and clear responsibility and accountability for ensuring the council's estate was fit for purpose has resulted in exposing the authority to significant additional risk. The details of why the council finds itself in this unenviable position are dealt with elsewhere in this report, as are our recommendations for improvement.

A consequence of the fragmented and uncoordinated approach of recent years has been the inability of the senior management team to apply effective and appropriately robust governance procedures. The lack of clarity in terms of roles and responsibilities, budget ownership, and operational reporting, combined with little or no independent assurance function, have resulted in a loss of understanding on the condition of the council's property estate, and an increase in the associated risks that that entails.

This situation must be remedied and quickly, not only to ensure full statutory compliance and improve health and safety performance, but also to meet the on-going challenges of budget cuts. A coordinated, safe, well- run property department is also an efficient and cost effective one, capable of delivering leading levels of value for money.

Identified issues

There has been no centralised property management function, responsibilities have been devolved down to individual Directorates as have property budgets. This has resulted in departments working to their own agendas rather than collaboratively, leading to negative tension, which is actively promoted by some.

There are two distinct property classifications – Schools and Non-School Estates. The authority has no direct control on how Schools procure property services and where they buy from. They do however have a legal responsibility to ensure they meet their legal and statutory compliance obligations. Further, responsibilities between schools and the council are unclear, particularly with respect to investment. The role of strategic estates is visible by schools but not the non-school estate, giving again a lack of clarity surrounding their terms of reference.

Relationships between the Schools and the council FM team have been, and continue to be, strained. This is predominately due to the cost of the services provided which are higher than the market place and service levels which are below the market. The FM team commercial model needs to be reviewed particularly as a Trading Account which continues to drive unhelpful behaviours.

A severe maintenance backlog which is putting significant pressure on budgets and identifying and managing priorities. In addition, to date there have been no centrally maintained property records, which worryingly includes compliance certificates.

Commissioning, procurement and management of Building Maintenance Frameworks has been criticised for being poor by third party bodies including the Audit office. The importance of ensuring full compliance is not of a sufficiently high profile for Schools and education teams who

are left to balance the cost vs compliance equation. A broader consequence (in addition to personal injury) of non - compliant or poorly maintained buildings is the potential to invalidate insurance policies exposing the authority to significant financial risk.

Ensuring Value for money requires much improvement, throughout the whole process – more rigorous commercial controls need to be embedded. It appears that 120 schools are acting independently rather than collectively.

The arrangement with Caerphilly for the provision of Health and Safety services, whilst beneficial is no substitute for the authorities own full time Health and Safety teams, including a dedicated assurance function. Health and Safety and Compliance training is the responsibility of individual directorates as is ensuring that all qualifications are up to date. However, there is no independent validation or audit of competency. Training records are maintained at directorate level (except for corporate training) and so there is no centralised database of technical capability.

Finally, there is not sufficient visibility of high risk issues at the SMT meetings, nor overarching understanding of the estate condition.

Monthly reporting pack to CEO/Asset Management board to include Health and Safety and Compliance performance statistics together with alert on High Risk issues with recommendations

The Executive Solution

A centrally managed Corporate Landlord function responsible for property strategy, investment, disposals and lifecycle maintenance including statutory compliance and budget management. Clear definitions of roles and responsibilities for all directorates in terms of their property involvement.

A comprehensive property asset maintenance plan based upon the outputs of a full estate condition survey, identifying statutory compliance and other works required to prevent a serious deterioration in the asset as priorities.

Build a dedicated Health and Safety team under the council's Head of Health and safety, with consistently applied processes and procedures and reporting templates.

An independent (from directorates and asset management board) Governance and Assurance team reporting directly to the CEO. Directorates to maintain responsibility for their own Health and Safety teams but adopting management regimes dictated by new Head of Health and Safety.

A review of the operating model for the FM team to improve efficiency and reduce its cost base. This team to be redirected to focus on compliance and priority works once identified. General maintenance to be delivered by framework providers. Consideration to be given to the authority retaining centrally the budget allowance for undertaking statutory compliance works and removing the requirement to recover said cost through the FM team.

A clear connection with the delegated schools to advise and support them with their requirements, including improved procurement and value for money.

A centralised data capture system for all accidents and incidents and reportable occurrences.

A centralised training records database to allow full visibility, maintenance and cost effective training.

Annual Health and Safety plans for each directorate with targets stipulated and progress monitored.

Introduction of a behavioural safety programme for council employees responsible for managing, supervising and delivering operations.

Outcomes

An Asset Management Board which has:-

1. A thorough understanding of the Council estate and its condition
2. A Corporate Landlord model under one director
3. Full visibility of all Tenancies and associated terms
4. Full statutory Compliance across the estate
5. Clarity of Directorate roles and responsibilities including relationship matrix.
6. Performance statistics to hand including trends and early warning of potential future problems.
7. Comprehensive asset maintenance plan with agreed hierarchy of priorities to address current backlog
8. Corporate risk register including Compliance, Fire Safety, Security, Insurance risk status.
9. An efficient and cost effective in house FM service offering.
10. Best in class and revenue generating expertise
11. A comprehensive Asset Management Strategy

APPENDIX 3 - Interviewees



Independent Strategic Review - Stat Obs & H&S

Directorate/Service	Director/AD	OM	Team Leader	Other
C. Executive	Paul orders			
Education – Schools Organisation Planning	Nick Batchelor/Jackie Turner	Janine Nightingale		
Education – Schools Compliance	Nick Batchelor/Jackie Turner	Neil Hardee	Nathan Willcox / Phil Andrews	
Economic Development - Estates	Neil Hanratty	Helen Jones		
Economic Development – Projects Design and Development	Neil Hanratty	Gavin Traylor (Acting)		
Economic Development – Major Projects	Neil Hanratty	John Worrall		
Economic Development - FM	Tara King	David Lowe	Clive Riches	Nic Olsen
			Nicola Pigginn	Kier framework manager
				Gareth - Stat Obs Admin
				Richard Hyett
				John Crompton
Corporate Resources – HR	Philip Lenz			
Corporate Resources – H & S	Christine Salter	Donna Jones	Andrew Hawkins	
Corporate Resources – Commissioning and Procurement	Christine Salter	Steve Robinson/Chris McLellan		
Corporate Resources - Finance	Ian Allwood			
Communities - Housing	Jayne Thomas	Sue Bartlett		
Former Head of FM		Leslie Ironfield		
Others Identified	Andrew Parry			
	Jon Maidment			