

The City of Cardiff Council

BUILDING MAINTENANCE FRAMEWORK REVIEW

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Building Maintenance Framework Review

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Foreword

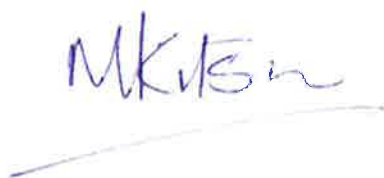
The City of Cardiff Council Building Maintenance Framework is just over 12 months into its 4 year term. The opportunity to review this framework at such a time is to be welcomed.

Constructing Excellence in Wales accepts that it is not an easy decision to invite an independent third party to scrutinise operations at this, or at any stage, and wishes to congratulate the Council for their proactive stance.

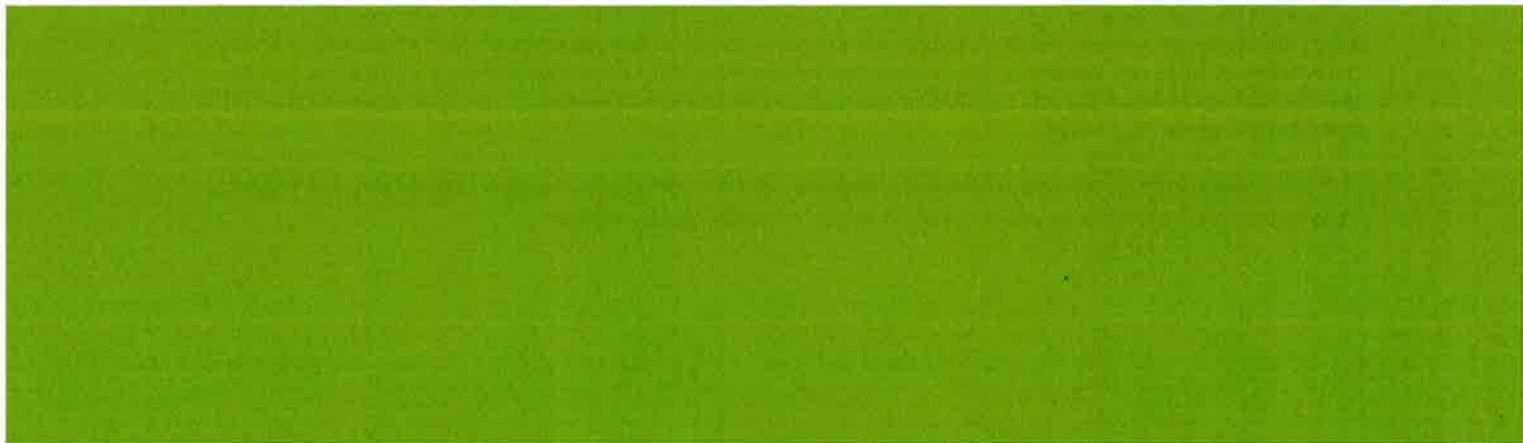
We believe that the establishment of the framework has provided the Council with a sound base to improve its performance. However, current organisational structures, cultures and behaviours across the client body, along with the reaction of contractors, are hindering its effective operation. If this framework is to deliver the benefits to the Council that it is capable of delivering, both in terms of value and customer satisfaction, then a collaborative approach must be taken – this will exploit the inherent strengths of each of the partners.

This report draws conclusions and offers recommendations which we believe will enable The City of Cardiff Council to deliver a step change in the way it delivers its property maintenance services and allow it to deliver greater value.

Given this period of financial constraint this opportunity could not be timelier.



Milica Kitson
Chief Executive
Constructing Excellence in Wales



Executive Summary

This Review focuses on the operational stage of the framework rather than the procurement stage to establish the framework. It considers performance against the original objectives of the framework as set by the Council in its role as client. However, it also measures performance and opportunities for further improvement against the criteria set out in the UK Government Construction Strategy 'Effectiveness of Frameworks' Report of March 2012. This has produced some findings which, although uncomfortable to face at times, make it easier to decide what needs to be done to further improve the framework. It is worth noting that the Direct Service Organisation (DSO), which also delivers building maintenance services, was not subject to this review. However, during the course of the review it became clear that the client role needed further investigation particularly with respect to the FM team and their role in relation to schools.

The process followed by the reviewers has involved extensive engagement, consultation and interviews with the Council's different client organisations, the Communities and Housing Team, the FM team and Commissioning and Procurement, as well as the framework contractors and a number of end-users/customers including head teachers and elected members. The feedback from these groups has been considered against the original objectives set out by the procuring client, the processes set out in the framework agreements and the criteria set out in the "Effectiveness of Frameworks" Report mentioned above. A series of conclusions have been drawn from this work and a number of detailed recommendations have been put forward to address areas for improvement.

However, it must be stressed that, although addressing many of the detailed recommendations will undoubtedly enable improvements to be made to the framework; such improvements will be limited unless some fundamental organisational and cultural issues are also addressed. To assist in understanding these issues and the recommendations to address them the following observations have been made by the reviewers:

Observations

As the review progressed, it became clear, very quickly, that the impact of prevailing and probably longstanding cultures and behaviours within the client organisations were having a detrimental effect on the operational performance of the framework and were constraining any opportunities to improve performance. The "transactional" nature of the client's relationship with the framework contractors makes the development of trust between the parties extremely difficult. For the framework to deliver tangible benefits to the Council trust is essential.

Unfortunately, the introduction of significant changes within the client bodies at the same time as the launch of the framework is likely to have had a detrimental impact on both the performance of the framework contractors and the framework as a whole.

Many of the principles and processes set out in the framework reflect good practices. However, many aspects of the framework are not being operationally managed as intended. Despite processes being set out in the framework to support areas such as payment, variations and performance management, these are not being consistently adhered to by the client teams.

Customers and end-users are becoming increasingly marginalised and frustrated with the processes in place and the behaviours being exhibited by both the clients and contractors. This is particularly the case with respect to schools, rather than housing and reflects a lack of focus by the FM client agent on the customer, where services and processes do not seem to have been designed with the customer in mind.

Although not a specific requirement of the review, it was impossible for the reviewers to ignore the corporate risks presented by uncertainties and inconsistencies in the way the Council manages its statutory responsibilities with regards to property assets. The frameworks arrangements could support the provision of far greater assurance and risk management in this area, but would need to be accompanied by a substantial review/reordering of the client organisation. It is recognised, however, that the "domestic"/housing client organisation has recently been subject to review. This is not the case for the "non-domestic/FM" client organisation.

There also appear to be certain internal business organisation issues within some of the Rank 1 contractors. This suggests a need for business improvement processes to be introduced within these organisations.

Although the reviewers have not considered in detail the recent Wales Audit Office Report into the Council's activities it is noted that the report was not positive. Many of the observations made by the Reviewers reflect and complement the conclusions in the Audit Report.

Finally, it is recognised by the reviewers that a number of positive actions have already been undertaken to address areas of concern and others are in the process of being addressed by the Council. This gives confidence that there is a willingness to address all the issues raised.

Issues

The observations outlined above have led to the emergence of a number of over-arching issues:

- It is unclear where accountability for the operational management of the framework lies
- The way in which the Council manages its property assets raises potentially significant corporate risks, particularly with respect to statutory responsibilities
- Communication is poor with little transparency of decision making and limited visibility of future workload. This does little to foster shared awareness and ownership of the issues
- Significant inefficiencies and waste exist within the processes that are being practiced as well as duplication of activities between different parties
- Performance is not being actively managed which does not give assurance that the Council is maximising value for its investment
- It is not clear that the Council's communities are fully benefitting from the significant investment being made in its property assets via the framework

Recommendations

Whilst a number of specific recommendations have been proposed based on the report's conclusions, a number of broad and over-arching themes have emerged. These themes have led to the following key recommendations:

Operational management of the framework

Whilst a robust process was followed to establish the framework, accountability for the operational management of the framework is unclear. It is, therefore, recommended that a single entity or individual is made accountable for the management and performance of the framework.

Organisation of the Client-body

Roles, responsibilities and service standards across the client organisations are unclear. This leads to areas of duplication, wasteful practices, inefficiencies and potential gaps in service which pose a particular corporate risk with respect to statutory responsibilities. It is recommended that a full review of the client function be undertaken.

Performance management

Performance is not being actively managed despite being a requirement of the contract. It is recommended that a suite of KPIs, covering both client and contractor performance, be jointly developed and applied to all aspects of the contract.

Collaboration and integration

Current relationships between clients and contractors are highly "transactional" in nature and lack the trust and collaborative approaches needed to fully realise the benefits of the framework. A more integrated relationship between the client and contractor teams based on partnering principles is needed to fully exploit the strengths of all partners. This will involve significant commitment to building relationships and fostering behaviours based on shared objectives and trust. It should also have a clear focus on the end-user, particularly in terms of schools, to ensure that all processes are customer focused which, in turn, will foster greater innovation.

Communication

Communication between all partners needs to be improved to increase mutual awareness, transparency and ownership of framework issues and opportunities. This will support greater innovation.

Visibility of workload

By increasing the visibility of its forward programme of work, the Council can support its framework contractors to better plan and resource this work which in turn, will deliver a better value service to the Council. This will need a partnered approach to be effective as opposed to the current “transactional” relationship – this will allow greater innovation.

Cost competitiveness

The framework has the opportunity to deliver greater value for money by reducing inconsistencies and duplications in the pricing process asked of contractors. The success of mini-tenders should be extended through the packaging of more work into a greater number of packages. This should be combined with early agreement and consistency in the agreeing of rogue items from the schedule of rates, together with any professional fees.

Social value

The framework offers significant opportunities to increase the value that this framework, through the Council’s investment in its property assets, can deliver across the Council’s communities. A community benefits board should be established with senior client and contractor representatives to develop a framework-wide approach to community benefits which should include employment, training, local spend and community engagement initiatives (including schools and colleges).