

SEEKING WISE COUNCIL

The £45 million property services contract in place with Lincolnshire County Council is seen by all parties as significant because of how transparency in communication between interested parties is adding intelligence to decision making. Martin Read reports



The Ellis windmill is one of a great variety of buildings covered by the Lincolnshire property services deal

Last August, following a robust competitive tendering process, Lincolnshire County Council awarded a comprehensive five-year property services contract. It went to VinciMouchel, a joint venture between Vinci Facilities and infrastructure services group Mouchel, one that had been set up specifically for the purpose.

The contract was signed in December 2013, entered mobilisation in August 2014 and went live in April. It covers all of the council's corporate portfolio of municipal buildings and includes schools, fire stations, community centres and traveller sites. Its expansive scope embraces FM services both soft (catering, cleaning, grounds maintenance, pest control, waste management) and hard (energy management, planned and reactive maintenance, minor works). The JV also provides estates management and managed services including Legionella control and asbestos management, while the Mouchel part of the equation will be engaged over the contract's life span on a capital works programme. Estimated savings – from a reduction in overall service costs and rationalisation of estate – are estimated at £2 million over the initial five-year term of the contract.

Together in effective teams

Five months in, the principal characters on both sides of the new contract are exhibiting all the honeymoon happiness that such significant new partnerships typically evoke – but there's another factor in the confidence radiating from all parties; a belief that this deal – so different to its predecessor, and so much seen by all involved as a better fit for

21st century purpose – might just result in all parties benefiting from it as time goes on. And if that ends up being the case, it would be quite a trick.

David Mathieson, MD property and assets at Mouchel Business Services, calls it "an exemplar deal", and while much can be said about the contract's specifics and scale, the issue that was clearly at the heart of the project to replace the previous deal was that of transparency in communication between all interested parties.

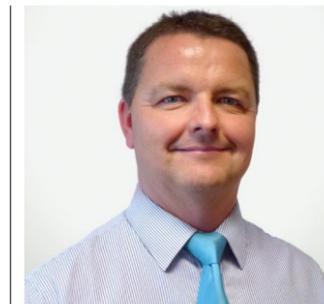
Lincolnshire County Council's chief property officer, Kevin Kendall explains: "From the outset, when we started this journey two years, we were showing that we wanted to operate as a single team, client and supplier. Previous contracts we've had have been very much them and us, so at the outset our vision was to have the one team."

An obvious demonstration of how this has been achieved is the fact that both client and supplier now sit in the same office together, of which more later. It's evidence of how both parties have understood what their combined approach to transparency means in terms of day-to-day operations.

Seen to be lean

The introduction of lean principles – the constant addressing and eliminating of non value-add activities, where identified – was high on Kendall's list of essential requirements and also high, it would appear, on the JV partners' list of the USPs it hoped to bring.

"Lean was something we wanted out of this arrangement," says Kendall, "because what 'lean' means to Lincolnshire County Council is the ability to drive out waste and do things more efficiently, helping us with



Vinci's operations director Paul Taylor was involved in the mobilisation process

our intention as a council to maintain public services (despite) the reductions in budget.

"Doing more things efficiently with our properties means that ultimately we can maintain frontline services; so for me it's about driving out waste in everything we do in FM, in constructing and operating our buildings; it means we can do more elsewhere."

Kendall's role is crucial here; he is clearly open to new ways of working and respects that doing so is a two-way street.

"I see an opportunity with both Lean and Empower (a Vinci programme in which managers learn how best to interact with each of their individual client-side counterparts) to drive through culture change wider within the county council, not just within property."

Vinci itself has been on its own journey to understand the requirements of Lean working, and operations director Paul Taylor, who was involved in bidding and mobilising the Lincolnshire contract, explained how Lean principles were introduced into the contract.

Tackling the cultural elements is the most important element, says Taylor. "We talk about the elimination of waste and make sure that people understand what waste is in the [context of the]



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role they do.”

Time is the biggest potential area of waste – Taylor suggests 80 per cent of waste on a contract is inefficient use of time – with use of materials comprising a further 10 per cent. The remainder is proper use of team know-how (“are we using all of our talent effectively?”).

Linked to that is another key element of Lean – the asking for, and using of, improvement ideas and suggestions from facilities team members. Says Taylor: “The best ideas don’t come from management, they come from the people who do the work.”

To this end, work is ongoing

to engage with facilities team members themselves, who are still coming to terms with a major change in management.

Of course, while new management may be in place, together with new working practices, some of those who have TUPed over have needed convincing.

“It’s about getting people out of the old mindset,” accepts Kevin Kendall, “and getting them to understand that with this contract things are different.”

Establishing a consistency in behaviour is seen as a key distinction between the old and new ways of working.

NEC3 is the magic number

Maintaining levels of service and communications consistency meant that, as well as Lean, the use of NEC3 contract templates, and the obligations on both sides that such contracts introduce, was another key factor.

Use of the NEC3 term service contract – as the structure around which the arrangement between Lincolnshire CC and the Vinci-Mouchel JV is managed – is intended to codify and ensure transparency of operational activity from both client and provider, encouraging open communication between the parties through use of contract notices such as early warnings and compensation events that can ensure that any issues set to affect the service are flagged and discussed upon their identification.

One surprisingly simple

Above: Lincolnshire’s Energy from Waste facility.

Top right: Lincolnshire County Council’s main offices.

Right: Gainsborough adventure playground

solution has been the co-location of Lincolnshire CC and VinciMouchel personnel in a central control centre. This coming together, says Kendall, has proved to be a huge enabler. “With the last contract there was a physical gap, and that sowed the seeds of mistrust. We wanted to be a single team together – so now we sit in the same office together, even have a shared mobile number.”

Kendall accepts that the council cannot be entirely exonerated for the failure of the previous property services deal.

“There’s client responsibility in these things too,” he accepts, “and our last contract was based

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on a traditional client-supplier relationship; you could see in it some problems that resulted from our own behaviour.”

That contract became adversarial, with blame for individual failures all too easily allocated in the heat of the moment. What’s different now, and crucially so, is the consistency in communication that the use of the NEC3 contract template obliges.

“We have to be consistent,” says Kendall, “if you back down the whole thing falls apart. NEC3 is not easy, and we have had to work hard at it.”

Mobilisation

Mobilisation of the contract was “excellent,” says Kendall, “the best I’ve been through. And of course when the first day happened it was a fantastic relief; it had all worked!”

Vinci’s Taylor was involved

in bidding and mobilising the Lincolnshire contract. He says that Lincolnshire County Council, in particular under the leadership of Kevin Kendall, is “a very forward-thinking client. Kevin’s tough and challenging, but very forward-thinking”.

Says Taylor: “We had a six to nine-month lead-in before the contract went live, but there was a hell of a lot we needed to achieve.”

The first priority was the setting up of a policy relationship with the council, which meant a steering group including Kendall and his team with each party committing to how they would be working with each other.

“As our solution came to life, the council was very much part of it,” says Taylor. “So, for example, the Concerto management system (see box; our partners Mouchel developed it with Concerto to meet our

OPEN ACCESS ALL HOURS

Key to successful client/provider communication on a contract of this scale is the software in place to facilitate it. CAFM capable of dealing with this magnitude of information, that can also provide it in a clear and accessible form with all the necessary transparency of access for multiple operating parties, requires considerable consideration.

Chosen as the core CAFM system in this case – and also running helpdesk and contract notices under the NEC3 contract – was an adapted version of Concerto, a product already in use for estates and property management services within a number of local authorities.

Implementation of the Concerto system started in October 2014 and went live in April. The intervening period included design workshops with stakeholders to ensure that contributions were included from experts in each service area.

Aspects of the Concerto system developed specifically for this contract included a process for Vinci’s sub-contractors to use the system for their own work to progress jobs, submit quotations and costs. Integration with Lincolnshire County Council’s finance system, so that cost journals could be uploaded with the correct account and cost codes, was also key – as was use of NEC3 contract notices (including early warning and compensation events, so that the notices are managed in the correct contractual workflow with each party receiving the appropriate notice at each stage).

With all parties to the contract having access to the system, everyone – client, joint venture contractors and sub-contractors – gets to look at and use the same data. Lincolnshire’s Kevin Kendall says he wanted a system that only ever presented “a single version of the truth”, and it is this transparency through access that triggers compliance with a key objective of the NEC3 contract; open book = honest relationship.

Custom-designed dashboards across the system provide management information to all users. The schedule of KPIs used to measure all aspects of contract performance are calculated and presented on the dashboards and in an associated performance indicators application.

As all local authorities are forced into making huge savings, the ability to instantly call up all costs related to given services is key for planning capital works. Kendall and his team now have access to energy performance statistics for each building now, and Kendall recounts how he was able recently to go in to the system and instantly extract all leased accommodation costs.

“I don’t think that would have been possible before,” he says.

operational needs, and the council was also involved in that project and therefore felt part of the overall solution.”

The Vinci team then joined with their Lincolnshire counterparts to compose a ‘day one critical plan’, so that the council would know what the service would be like on day one as well as what it would be

like when developed further in a transition period over the next 12 to 18 months.

“That really helped all of us start to focus on what was critical,” says Taylor, “so, for example, when a customer raises a call, getting it to a help-desk and dealt with there and then was deemed a day one critical activity.”

Client and service provider alike agreed that the latter would adopt a self-delivery approach as much as practicably possible, and indeed 85 per cent of services are now delivered directly by Vinci.

Another factor was distance. "They had a very centralised solution before," says Taylor, "and while that sounds good it was not very efficient." And so the contractor put in place a regional structure for delivery of FM services, "so each region had all the resources it needed to do the work".

Culture club

"The culture (of JV partners Vinci and Mouchel) has been consistent, from the top and all the way down," says Kendall. "Whoever I've met, it's been consistent from the top all the way through. That desire to challenge and innovate are significant things to us, and they're certainly helping to change the way we work."

Most pressing for the client was to ensure that all the organisations involved – client, JV contractor, any sub-contractors – all existed together on the same system, to promote the required transparent communication, avoiding duplicate effort and thus the destabilising impact on morale of slow but steady miscommunication. The Concerto integrated management system is seen by all as the binding element providing transparency of communication.

Access by all parties to end-to-end activity data is a major difference. Taylor explains how his client can now make informed decisions about its estate for the future, understanding the full cost base whether it's capital works, rent rates, utilities costs or maintenance costs they have the full end-to-end picture. "That's a major success factor that we've



Wolds college, Lincolnshire

NEC3

NEC3 contract templates aim to stimulate good management of the relationship between interested parties to the contract and are designed to be used in a wide variety of commercial situations, a wide variety of types of work and in any location.

Contracts written using NEC3 have been used on many high-profile projects over the past 20 years. Designed to be clear, simple and written in plain English, using language and a structure that is straightforward and easily understood, the NEC3 has been described as the "unsung hero" of the projects that collectively brought about the 2012 London Olympics.

brought to the team," says Taylor, who also suggests that his own team are now benefiting from their own analysis of the data.

"For example, we're already starting to get a picture of call volumes, seeing where the work is so we can make intelligent decisions about how we react to that in the future; and that's

something the client hadn't experienced previously."

Beyond Property

Vinci Facilities MD Tony Raikes says that in recent years his company's public sector clients "have got more confidence about where they're going", and says that, rather like Vinci's private

sector clients, "they're really thinking about the whole-life cost of their assets and less about FM contract provision in isolation".

For Lincolnshire, Kevin Kendall says that "over the last five years the changes we've had to make as an authority are because of reduced budgets. We've had to rationalise. The whole council has had to change."

Kendall hopes that the many changes in working practice introduced in the property services contract have the potential for wider application across council activities. For Vinci and Mouchel, the work conducted here is now being used as a template for a new bid for similar local authority work. It's going to be interesting to see just how the model now working here is adapted elsewhere. **FM**