

STOCKPORT COUNCIL
REPORT TO CABINET– SUMMARY SHEET

Subject: Estate & Asset Management- Future Arrangements post Carillion liquidation

Report to Cabinet

Date: 18 December 2018

Report of: (a) Cabinet Member for Reform & Governance

Key Decision: (b) Y

Forward Plan ☒ General Exception ☐ Special Urgency ☐ (Mark with a Y if applicable)

Summary:

Performance issues with Carillion were identified in summer 2017. An improvement plan was created in conjunction with Carillion to address these issues, but performance deteriorated further by the end of 2017. After several profit warnings Carillion PLC went into liquidation in January 2018. The Council faced a lengthy and complicated process of Liquidation due to complex range of issues relating to public sector contracts. The Council's SPA agreement was with Carillion AMBS – leading to further complications as the company was registered in Scotland, and the Scottish liquidation process was implemented by the Official Receiver. From January to June 2018 the service maintained a minimum service delivery offer during this process, with a focus to ensure statutory compliance. Carillion were being managed by PWC as Special Managers/Liquidators during this period.

Interim arrangements have been in place since the termination of the Carillion contracts with a small core team employed to deliver the core estates offer. Facilities and Asset Management is currently being delivered through a 12 month contract as negotiated with PWC.

The new service delivery model across the Estate and Asset Management functions, will be delivered as follows:

- Core Estates services retained as an in house service, supported by niche commissioning of external suppliers when required.
- A dedicated Schools Estates team to focus on delivery of a schools estate strategy based upon demographics and school conditions.
- A strategic estates role for an 18 month period to support the development of one public estate with a particular emphasis on health and social care and the development of Stockport Local Centres.
- A small in house Design and Technical team to act as client commissioning project leads, delivering small in house capital projects, supported by strategically commissioned external suppliers.
- A five year contract (with potential 3 year extension) to be procured for the delivery of Facilities and Asset Management (FM/AM) services. This is vital to ensure continuity of our statutory responsibilities for health and safety and compliance on matters of estate.
- A small Facilities and Asset Management client team to commission, liaise and performance manage the FM/AM services.
- Additional resources required for the short term to pick up with the speed of service delivery that has slowed due to the Liquidation and address legacy issues.

Comments/Views of the Cabinet Member: (c)

The new service model for Estate and Asset Management (EAM) will deliver much needed support and speed of delivery for a service that has slowed down due to the Carillion Liquidation. Following a detailed options appraisal undertaken throughout the liquidation process, a number of key principles underpin the new service model to ensure that the lessons learnt throughout this unprecedented collapse of a key Council partner inform the future service offer.

The Schools estate will be managed and delivered within the core EAM team to ensure contractual management and delivery going forwards. The severe impact on the slow down of services has highlighted the need for the Council to separate contracts for service delivery rather than together in one partnership arrangement.

The future service delivery model will be managed with robust performance measures, recognising that the services are appropriately funded to both deliver a core service and also catch up on legacy issues across EAM functions. Value for money and competency will be at the heart of delivery of services that will be fit for the future to ensure that the Council has the right property in the right places for the benefit of the Stockport community.

Recommendation(s) of Cabinet Member: (d)

That the proposed approach is approved for Estate and Asset Management, supported by niche supplier commissioning as required on a project by project basis. This includes additional temporary support for remediation works to deal with back log.

This will include:

- An in-house estates team
- A dedicated schools estates team
- A small Design and Technical team
- An FM and AM client team

That the procurement of a Facilities and Asset Management supplier is undertaken, with a contract to commence with effect from 1st July 2019. Authority to be delegated in line with the existing scheme of delegation for the Deputy Chief Executive and Cabinet member with portfolio responsibility for the contract area to procure, finalise and agree the terms of the contract and any subsequent call-off contracts.

Relevant Scrutiny Committee (if decision called in): **(e)**
Corporate, Resource Management & Governance

Background Papers (if report for publication): **(f)**

There are none.

Contact person for accessing
background papers and discussing the report

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'Urgent Business': (g)

Yes/ No (Please circle)
