

PUBLIC FINANCE INITIATIVE CONTRACTS

APPENDIX A

Venson PFI

The annual budget for the contract is made up of pence per mile (PPM), charge of £1,817,115 and a daily slot availability fee (DSAF), charge of £1,299,060 giving a total of £3,116,175. This is off-set with income of £1,269,540 leaving the balance of contract at £1,846,635.

The costs are determined by a five year repricing/benchmarking exercise. The DSAF and PPM costs cannot be reduced until the next repricing exercise is signed off. This is due to be completed early 2017 but will not come into force until November 2017 unless Venson agree to bring the exercise forward.

Supplier services work closely with the fleet manager to manage the contract at a strategic level. The fleet manager manages the operations of the contract with daily interrogation and cost challenging. A thorough review of vehicle utilisation in conjunction with the contract review has enabled the return of twenty vehicles to Venson in October.

Supplier services have introduced a number of initiatives to improve contract management of the PFI and attempt to hold the supplier to account. These include:

- Quarterly strategic meetings with supplier chaired by regional ACO.
- Fleet reduction exercise completed and signed off by EMPLS
- Review of replacement tyre process and costs
- Review of fuel management system
- Agreed fleet procurement programme with cost avoidance savings of £15,000 per Band A vehicle by adopting an output specification process for high value EMOpSS vehicles.
- Ensuring future amendments are agreed and signed off through a legal process

Miven – Riverside PFI

The annual budget is made up of estates costs of £1,161,823, off-set by income of £588,180, leaving a balance of contract at £573,643.

EMSCU Supplier Services started a deep dive review of the contract in March this year which will be ongoing until a satisfactory resolution is in place. The contract has not been performing for a number of years. Operational meetings have taken place with the supplier but performance has not been robustly challenged. EMSCU and Estates have completed a full walk round audit of the building in the last few weeks and are meeting with the supplier on 31st August to address a number of issues including:

- Poor upkeep of the building internally and externally
- Non replacement of fixtures and fittings such as fridges, freezers, desks, chairs
- Maintenance of assets

A number of areas have been identified where potential savings may arise:

- Confirming the benchmarking exercise which has not been undertaken in the 15 years of the contract history
- Amounts have been factored in for lifecycle replacement. Approx £87K for year 10 and £294K for year 15. On first inspection it would seem that no lifecycle replacement/upgrades have taken place. Now working with Eversheds/EMPLS to ensure missing documentation and contractual information is provided to challenge Miven about this.
- Termination of various services that Miven have implemented and charge NP for in the monthly amount
- Terminate the contract negotiated with Miven to sub let to HMRC. Essentially Miven are taking 50% of the income generated. NP already paying for the accommodation so effectively paying twice. Approx £30k due in income by re letting the contract with HMRC
- Retrospective credits for furniture purchased by NP as it should be part of the contract.

The short term plan, 2 – 4 weeks is to raise all of the concerns with Miven and give them 14 days to detail an action plan to address the poor state of the building. Alongside this is to estimate a value for potential compensation of the poor service provided. Further work with EMPLS is required to achieve this and estimated around six weeks to achieve a full understanding of exactly what can be challenged.

The medium term plan between October and December is to review the whole contract and reduce the monthly commitment/payments to Miven. However, it is likely we may have to engage expert support to achieve significant savings and a further report will be provided for decision once the exact amount is confirmed.

Both Venson and Miven are categorised as strategic suppliers and therefore are managed with an operational contract owner, OCO, for the day to day management and an identified strategic lead from Supplier Services, EMSCU.

Jayne Gowler
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