

Report of:	Director of Environment and Commercial Services: Geoff Field Executive Member for Environment: Cllr Dennis McCabe
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Submitted to:	Executive, 8 th October 2019
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Subject:	Proposed Cleaning Savings (Council Buildings) 20 / 21
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Summary

Proposed decision(s)
That Executive considers the options to make savings in cleaning services (Council Buildings) for financial year 2020/2021 and approves the proposed recommendations.

Report for:	Key decision:	Confidential:	Is the report urgent?¹
Decision	Yes impacts two or more wards and the saving is in excess of the £150,000 threshold.	No	No

Contribution to delivery of the 2018-22 Strategic Plan		
Business Imperatives	Physical Regeneration	Social Regeneration
The savings proposed are in line with those set out in the Councils 3.1 Change Programme for 2020/2021	The proposals do not directly impact on the Councils Physical Regeneration strategic objectives and cleaning standards will remain fit for purpose.	The proposals impacts mostly on a lower paid / female workforce and these have been addressed through the Equality Impact Assessment.

Ward(s) affected
The proposals impact across whole of the Councils property estate and therefore is a borough wide initiative.

¹ Remove for non-Executive reports

What is the purpose of this report?

1. That Executive agree to market test the cleaning and caretaking of council buildings as part of delivering savings in the financial year 2020/2021.

Why does this report require a Member decision?

2. The proposed savings affect more than two wards and are in excess of £150,000 and is therefore considered a key decision requiring approval by the Executive.

Report Background

3. The Executive on the 22nd of February 2019 approved the Change Programme 3.1, a three year saving plan covering the period 2019 to 2022 in order to ensure it operates within a balanced budget.
4. As part of this exercise the following savings targets were identified; £163,000 for 2019 / 2020 and a further £313,000 for 2020 / 2021 within cleaning services.
5. The overall budget for cleaning service (Council Buildings) is £1,194,000, comprising approximately 140 staff working across the Councils building portfolio. This includes an approximate cost of managing the service which is in the order of £91,000 and represents around 8% of the overall budget.

Savings Options

- a) Market test the cleaning of all Council properties currently cleaned by the Councils cleaning service. It is anticipated that this could save approximately 15% resulting in an overall annual saving in the order of £179,000.
- b) Should a decision be made to transfer internal building cleaning to an alternative provider this would affect approximately 140 staff. These staff would TUPE to the alternative delivery provider on their existing terms and conditions. Staff would be fully consulted throughout the process.
- c) The Council would still need a management / oversight function to ensure any future contract is delivered effectively and the Council is getting value for money. However, this would be a significantly reduced resource.
- d) Following the market testing, a report is to be brought to Executive based on the outcomes of the tender process.
- e) An alternative to market testing would be to reduce the attendant cleaning hours across the Middlesbrough Council portfolio equivalent to a 30% reduction which could save in the order of £160,000 per annum. However this would impact on the overall cleaning standards across the portfolio and would effectively mean minimal cleaning to communal areas and ensuring the toilet areas are maintained to a minimum standard. Staff would be responsible for ensuring their own workstation is kept clean as well as kitchen and associated areas.

Recommended Options

6. It is recommended that the cleaning service for Council Buildings is tendered as this would provide a true comparison with the wider market and hopefully deliver a significant saving (£179,000) without an impact on overall standards.

What decision(s) are being asked for?

7. That Executive considers the options to make savings in cleaning services for Council Buildings in financial year 2020 /2021 and approves the proposed recommendations.

Why is this being recommended?

8. The proposed savings are in line with the Councils 3.1 Change Programme 2019/2020 to 2021/2022 and allows the Council to achieve a balanced budget over this period in keeping with its Medium Term Financial Plan (MTFP).

Other potential decisions and why these have not been recommended

9. A reduction in overall cleaning provision across the Councils portfolio (£160,000) could be considered in lieu of tendering Middlesbrough Council cleaning, however standards would be purely at base / minimum levels and would require a change of approach by managers and staff towards the ongoing management of both their own workspace, kitchen and communal areas.

Impact(s) of recommended decision

Legal

10. Any review of the service would be carried out fully in accordance with the Councils HR policies and procedures.

Financial

11. The Council has identified £313,000 potential savings for 2020/2021 as part of the 3.1 Change Programme to ensure it has a balanced budget through to 2021/2022. This report sets out the options to help meet these savings and their associated impact.

Policy Framework

12. The report sets out potential savings proposals within council building cleaning services for 2020/2021 in accordance with 3.1 Change Programme.

Equality and Diversity

13. An Impact Assessment (IA) has been carried out in respect of Stage 1 as the proposals impact on predominately low paid female staff.

Risk

14. The major risk associated with this report is that the service is able to operate within budget and does not contribute to any ongoing financial pressure. The Council is required to deliver a balanced budget and this is achieved through the successful delivery of the 3.1 Change Programme 2019/2020 to 2021/2022.

Actions to be taken to implement the decision(s)

15. Officers will ensure the appropriate reviews and procurement exercises are carried out in a timely manner to ensure the savings are achieved. This will be through a set of agreed milestones which will be managed using the Programme Management Office (PMO) framework and overseen by the Councils Change Programme Manager.

16. The time frame for tendering the Council building cleaning service is as follows:-

Existing Frameworks

There are at least two suitable frameworks ESPO (Eastern Shires Purchasing Organisation) and YPO (Yorkshire Purchasing Organisation) which could reduce the tender timetable, however these comprise mostly national companies and would not allow the Council to award to a local provider. It is likely that the overall timeframe would be comparable with the Open Tender Process, namely 6 months. Due to the scale of the contract and the need to have admitted body status in respect of the Teesside pension fund, perspective tenderers are likely to be the larger national operators. However, any local operators will be encouraged to join the framework and will be supported by the Council throughout this process.

Approval to Tender Tender Preparation – inc specification development TUPE Gathering Market Engagement	8 th October 2019
Publish Tender	Monday 21 st October 2019
Tender Closing Date	Friday 22 nd of November 2019 – 12 Noon
Tender Evaluation	Monday 25 th of November – 6 th December 2019
Clarifications	Monday 9 th of December – Friday 13 th December 2019
Notification of Preferred Bidder (Successful & Unsuccessful)	Monday 3 rd of January 2020
Executive Approval	Tuesday 21 st January 2020
Formal Notification	Wednesday 22 th January 2020
10 Day Standstill	Thursday 23 rd January – Monday 3 rd February 2020
Contract Award	Monday 3 rd February 2020
Contract Signature	Monday 3 rd February -10 th February 2020
Mobilisation	10 th of February to 31 st of March 2020
Contract Start Date	1 st April 2020

Please note all timescales are indicative and could be changed.

17. This also doesn't take into account all the time and resource we will need to prepare for the tender and support that will be required from various departments. There is likely to be significant HR input especially in respect to the TUPE process.

Appendices

18. Appendix 1 Equality Impact assessment

Background papers

19. No background papers

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