

<b>Report of:</b>	Director of Environment and Commercial Services: Geoff Field Executive Member for Environment: Councillor Dennis McCabe
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<b>Submitted to:</b>	Executive, 18 February 2020
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<b>Subject:</b>	Proposed Cleaning Savings Tender Results (Council Buildings) 20 / 21
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**Summary**

**Proposed decision(s)**

That Executive considers the Proposed Cleaning Savings Tender Results (Council Buildings) for financial year 2020/2021 and approves the proposed recommendations.

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?<sup>1</sup></b>
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 2020-23 Strategic Plan**

<b>People</b>	<b>Place</b>	<b>Business</b>
The proposals impacts mostly on a lower paid / female workforce and these and have been addressed through the Equality Impact Assessment.	The proposals do not directly impact on the Councils Physical Regeneration strategic objectives and cleaning standards will remain fit for purpose.	The savings proposed are in line with those set out in the Councils 3.1 Change Programme for 2020/2021

**Ward(s) affected**

The proposals impact across whole of the Councils property estate and therefore is a

<sup>1</sup> Remove for non-Executive reports

## **What is the purpose of this report?**

1. That Executive agree to the proposed recommendation in respect of Proposed Cleaning Savings Tender Results (Council Buildings) 20 / 21

## **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 therefore considered a key decision requiring approval by the Executive.

## **Report Background**

3. The Executive on the 22<sup>nd</sup> of February 2019 approved the Change Programme 3.1, a three year saving plan covering the period 2019 to 2022 in order ensure it operates within a balanced budget.
4. As part of this exercise the following savings targets were identified £163,000 for 19 / 20 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 100 staff (predominately part time) working across the Councils building portfolio.
6. The Executive on the 8<sup>th</sup> of October 2019 agreed to market test the Building Cleaning Service (Council Buildings) with a view to a further report on the 21<sup>st</sup> of January 2020 which would present results of this exercise for consideration.
7. The result of the market testing was that compliant bids could save between £60,000 to £120,000 through externalisation. However this represents a shortfall of between £60,000 to £120,000 per annum against the estimated £179,000 annual savings target and a total overall shortfall of between £300,000 to £600,000 over the initial 5 year contract.

## **Savings Options**

- a) Proceed with tender based on the price submitted by the lowest acceptable tenderer resulting in an annual saving of £60,000 to £120,000. This would mean approximately 100 staff who would then TUPE to the alternative delivery provider on their existing terms and conditions. However this would result in a savings shortfall of between £60,000 to £120,000 per annum and a total overall shortfall of £300,000 to £600,000 over the initial 5 year contract.
- b) 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 compared to that currently managing approximately 100 staff in respect of performance, discipline, training and sickness.

- c) Meaningful consultation would need to take place with all affected staff and the Trade Unions with a view to the transfer taking place on the 1<sup>st</sup> of April 2020.
- d) An alternative to awarding the contract to a private provider would be the following reduction in staffing / service as follows;
8. The proposed saving of £ 179,000 are in line with those set out in the Councils 3.1 Change Programme for 2020/2021, however when taking into account the remaining commercial portfolio this could increase to £221,000.

### Savings

9. Saving of £179,000 target can be made within the service by applying the same standard of cleaning as the Civic Centre across the portfolio of Council Buildings. This Service Standard is rated as 3 in our Specification (See table below). By reducing the service down consistently, it will result in an annual saving of £ 83,478

Service Standard 3.

Routine/Periodic	Rating 3
Daily	Toilet Clean
Daily	Empty Bins
Daily	Spot Mop floors
Daily	Spot Vacuum floors
Weekly x 1	Once a Week Full Vacuum Floors
Weekly x 1	Once a Week Full Sweep and Mop Floors
Weekly x 1	Once a Week all Surfaces Cleaned
Periodic - Quarterly	Deep Clean of Furniture
Periodic – Bi-annual	Every 6 months (Scrub Hard Floors and Carpet Cleans)

10. The majority of Council buildings will be cleaned to the same standard as the Civic with the exception of the following:-

Site Name	Description
Dundas House	Medical / hygienic clean required within this building due to the services offered.
Levick Court	Residential home for vulnerable adults.
The Orchard	Medical / hygienic clean needed within this building due to the services offered.
Middlesbrough Bus Station	Constant use of the paid toilet facility also the footfall of users of this building.
Middlesbrough Town Hall	Public facing / Paying customers.

### Vacancies

11. In addition to this we currently we have vacancies within our structure that will be deleted resulting in another saving of £ 102,297, but will maintain cleaning standards commensurate with those achieved in the Civic i.e. service standard 3 (See table above).

### Other

12. Further to the savings above we will see a reduction of material use will be achieved with an estimated saving of £10,225 approx.

13. Moving forward we would look to reduce sickness cover by approximately 50% through more focused management and support resulting in a £25,000 saving.

### Summary of Alternative Savings Proposals:

Item	Saving Proposal	Saving £
1	Saving Reductions	83,478
2	Current Vacancies	102,297
3	Materials	10,225
4	Other	25,000
	<b>Total</b>	<b>221,000</b>

14. All reductions /savings will result in an overall saving of £196,000. We would seek to manage sickness to achieve a further £25,000. This will be achieved through a senior manager undertaking one to one sickness meeting with all staff who phone in sick and ensure all impediments which prevent their early return are removed. Through the Team Brief staff will be made fully aware of all the wellbeing support in the Council to reduce stress and stress related illness. The expectation is that through early intervention by management this will significantly reduce both short and long term sickness levels within the service.

### **Recommended Options**

15. It is recommended that the cleaning service for Council Buildings is retained in-house and the measures outlined above are applied to achieve the cleaning savings target.

### **What decision(s) are being asked for?**

16. 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?**

17. The proposed savings are in line with the Council's 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).

18. The tender exercise failed to meet the required savings target and taking into account the costs associated with mobilising and managing an external contract the most cost effective option is to continue to operate the cleaning service in-house and apply the alternative savings proposals as set out elsewhere within this report.

19. The continued delivery of the service by the Council allows a predominately female workforce often drawn from the more deprived areas of the town, to participate in work, benefit from Living Wage foundation pay rates, and excellent conditions and training.

### **Other potential decisions and why these have not been recommended**

20. The tender exercise failed to meet the required savings target by between £60,000 to £120,000 per annum (£300,000 to £600,000 over the term of initial contract). Therefore taking into account the cost of mobilisation and management of the contract it is recommended that the service remains in-house and the full savings are achieved as set out elsewhere within this report.

## **Impact(s) of recommended decision**

### ***Legal***

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

### ***Financial***

22. The Council has identified £314,000 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***

23. 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***

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

### ***Risk***

25. 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.

26. The specific risks are as follows:-

O8-056	If the Change Programme fails to deliver the required transformation and culture change of both employees and customers, then the Council will be unable to make the required savings.
O8-059	If the Council fails to adapt to the new funding model effectively or makes incorrect assumptions in the MTFP this will result in a funding gap requiring further savings to be made.

27. The proposed savings assists in the mitigation of these risks through a proposed saving in the cost of delivering the cleaning of councils buildings as a result of vacancies, reduced cleaning hours and material costs.

### **Actions to be taken to implement the decision(s)**

28. Officers will ensure the appropriate reviews and staff consultation 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.

## **Appendices**

**29.** Appendix 1 Equality Impact Assessment

## **Background papers**

**30.** Executive Report 8<sup>th</sup> of October 2019 Proposed Cleaning Savings (Council Buildings) 20 / 21

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