

MIDDLESBROUGH COUNCIL	
------------------------------	--

Report of:	Executive Member for Environment and Community Services Director of Environment and Community Services
-------------------	---

Relevant Executive Member:	Executive Member for Environment
-----------------------------------	----------------------------------

Submitted to:	Executive
----------------------	-----------

Date:	10 April 2024
--------------	---------------

Title:	Price Increase for Traded Cleaning and Caretaking Services with Schools.
---------------	--

Report for:	Decision
--------------------	----------

Status:	Public
----------------	--------

Strategic priority:	Physical environment
----------------------------	----------------------

Key decision:	Yes
----------------------	-----

Why:	Decision(s) will have a significant impact in two or more wards
-------------	---

Subject to call in?:	Yes
-----------------------------	-----

Why:	Not applicable
-------------	----------------

Proposed decision(s)
That Executive approve the proposal to increase the price of Building Cleaning and Caretaking Services by Middlesbrough Council to contracted Middlesbrough Schools by 13%.
That Executive approve the transfer of remaining Core Council Cleaning Services for Council Buildings from the Environment and Community Services Directorate to Regeneration Directorate to report under Property Services when appropriate to do so.

Executive summary
This report sets out the proposal to increase the charge for the the provision of Building Cleaning Services in Contracted Middlesbrough Schools by 13%.

Purpose

1. The purpose of the report is to seek to increase the charge for Building Cleaning and Caretaking Services in Middlesbrough Schools by 13%.

Background and relevant information

2. The council provide services to a number of Middlesbrough Schools with the provision of Building Cleaning and Caretaking Services Staff currently employed by Middlesbrough Council in Middlesbrough Schools equate to:

Service	Number of Schools Sites	Number of People	*Number of Positions	*Weekly Hours	*FTE
Cleaning	25	156	178	2055.25	55.55
Caretaking	7	7	7	207.25	5.60

3. Whilst in previous years, these services have provided a surplus for the local authority, this is now not the case and at present the council is subsidising the schools for these services. The table below shows the amount the Council has been subsidising over the past two years. These do not include the corporate overheads and support from enabling services, estimated to be around £0.090m per annum.

2019/2020	2020/2021	2021/2022	2022/2023	2023/2024 (estimate)
£m	£m	£m	£m	£m
(0.085)	(0.050)	(0.084)	0.090	0.234

4. By increasing the price for cleaning and caretaking by 13% this will eliminate losses on this service. This can be seen in the table below.

Estimated Full Year Effect of price increase	2024/25
	£m
Total Income (assumes estimated rate of inflation increase)	(1.825)
Expenditure:	
Salaries (Cleaners & Mobile, including estimated pay award and assumption current level of vacant posts carried).	2.004
Transport/Fuel	0.012
Materials and Equipment	0.049
Total Expenditure	2.065
Total Full Net Cost	0.240
Required contract income increase to achieve break even	13%

5. It may well be the case that some schools decide to test these services in the market. If this is the case and should the contract be lost, staff will transfer to the winning contractor or to the school in question. In this case the costs will transfer with the staff and therefore will not put the council at financial risk.

Rationale for the recommended decision(s)

6. This approach is required in order to bring this service in to financial balance.

Other potential alternative(s) and why these have not been recommended

7. The Council could stop trading in these services at this time. However, if the service can be cost neutral there is no need to undertake this approach. However, if a large number of schools withdraw from the service this option might come back to the Executive for consideration.

Impact(s) of the recommended decision(s)

8. If this price increase causes further schools to shift to other providers the management structure and administration services that support this service will be reviewed as some of the positions will no longer be required.

Financial (including procurement and Social Value)

9. If the decision is approved prices will increase and enable the service to be cost neutral to the council and alleviate the present pressure of £234K. If this decision is not taken then the council will have a pressure of £234K on its 2024/25 budget.

Legal

10. There are no legal implications as schools will follow the existing SLA process.

Risk

11. There is a risk that schools will withdraw from the service in the financial year. The financial risk will be mitigated by the transfer of staff under TUPE regulations should schools either return these services to themselves or to other organisations who they choose to contract with. If a significant number choose other providers or take the work back to be managed by schools there may be a requirement to review management and support costs.

Human Rights, Public Sector Equality Duty and Community Cohesion

12. No Human Rights, Equality or Data Protection issues arise from this report.

Climate Change / Environmental

13. There are no climate or environmental implications associated with this report.

Children and Young People Cared for by the Authority and Care Leavers

14. There are no children and young people cared for implications in this report.

Data Protection / GDPR

15. No Impact on GDPR and Data protection.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Inform Schools of the 13% price increase.	Geoff Field	April 2023/4

Appendices

1	n/a
2	
3	

Background papers

Body	Report title	Date

Contact: **Geoff Field, Director of Environment and Community Services**
Email: geoff_field@middlesbrough.gov.uk