



# **Commissioning Review Report Stage 5**

## **Non Schools Building Cleaning Service**

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## 1.0 Purpose & Summary

1.1 This report:

- *Summarises the outcomes from the Commissioning Review for the Non-schools Building Cleaning Review*
- *Provides evidence that the Review has completed all relevant tasks as part of the commissioning process*
- *Sets out the recommendations from the Review for approval by Cabinet*
- *Outlines a high-level implementation process*

1.2 Supporting this paper are 2 Gateway Reports, these addressed the specific requirements of Stages 1 & 2 and Stages 3 & 4 of the Commissioning Review process which followed the correct decision making route during the review.

## 2.0 Background to the Non-Schools Building Cleaning Commissioning Review

- The original scope of the Review included all non-schools cleaning services currently operated out of all civic buildings and associated back office administrative services.

2.1 The Review is important because:

- *The current model of delivery is unsustainable, fragmented and in need of investment and modernisation*
- *The Service is under recovering its costs (due to budget cuts)*
- *The future model needs to change to support the Council in providing clean Environments/Buildings for our employees and customers.*

## 3.0 Review Findings

3.1 The findings from each stage of the Review are set out in the Gateway reports 2 & 4.

3.2 The table below provides a **high level** summary of the key points:

Stage	Key Points
1 Defining Future Service Outcomes	<p><b>“Clean Buildings for our employees and customers”</b></p> <ul style="list-style-type: none"> <li>• Meets H&amp;S standards</li> <li>• Maintains the good reputation of the Council</li> <li>• Acceptable levels of cleanliness in priority areas</li> </ul>

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	<ul style="list-style-type: none"> <li>• Delivering a cost effective service</li> <li>• Meeting reasonably the expectations of our Workforce and Customers</li> </ul>
2 Service Assessment	<ul style="list-style-type: none"> <li>• The current cost of the service is circa £1.1m with projected income for 14/15 approximately £820k. Specific attention is drawn to the already committed budget savings to meet the 20% reduction and also an expected further savings of 30% across the Service area as part of this commissioning review. This raises serious questions about the delivery method, performance, productivity, and T's and C's (Terms and Conditions)</li> <li>• A new output based specification may be required based on a prioritisation process</li> <li>• There is good performance evidence via the Council's participation in the APSE performance networks, which draws comparisons across the UK and historically shows the service was performing well amongst its peer group</li> <li>• There is a critical link with the reputation of the Council and its assets, when used by the public, where there is a need to have high levels of cleanliness particular when this forms part of the "offer"</li> <li>• Evidence shows that failure to maintain an effective standard of cleaning can increase levels of sickness absence and have serious health and safety implications for staff</li> </ul>
3 Comparison	<ul style="list-style-type: none"> <li>• APSE Performance networks analysis found the City and County of Swansea cleaning figures for small offices is higher than other Councils in the same group; whereas large offices and libraries are at or near top quartile</li> <li>• As part of the review process, a high-level soft market testing exercise was carried out to compare the current service model, cost provision. A further exercise was carried out to collate data from other comparable Local Authorities, on how they deliver their Building Cleaning services</li> </ul>
4 Options Appraisal	<ul style="list-style-type: none"> <li>• The four main options that were investigated were Transformed in house, TECKAL Company, Shared Service &amp; Private sector providers</li> </ul>

	<ul style="list-style-type: none"> <li>Preferred option was Transformed in-house however there is recognition that there is a significant amount of transformation required e.g. change of culture and current working practices, which will be built into the redesign in order to achieve cost effectiveness and efficiencies</li> </ul>
5 Proposals (see further below)	<ul style="list-style-type: none"> <li>A strong preference for the Transformed in-house model was identified by Stakeholders as part of the commission review process.</li> <li>The future service model will provide an opportunity to explore income generation and to consider a mixed service model where appropriate, to ensure the service is sustainable</li> <li>To facilitate transformation, a need to accelerate some elements from Phase 2 of implementation plan, <b>however committed resources are essential to achieve this outcome.</b></li> <li>Establish a transition team to develop and implement the new Service</li> </ul>
6 Implementation	<ul style="list-style-type: none"> <li>The proposed high level approach to implementation is set out in 11.1 below, however this needs further planning and consultation with the team and staff.</li> </ul>

#### 4.0 Alternative Models

The four areas that were evaluated in detail by using specific criteria were:-

- **Transformed in house.** This model would maintain direct provision of the service, and would seek to make savings through more efficient use of resources and to generate income from other sources and external trading (e.g. Void properties).
- **Private Sector.** This model would require the procurement of one or more external organisations to deliver the service under contract. Compliance with the European public procurement regime would require European wide competitive tendering.
- **Shared service.** This model would involve formal collaboration with another local authority. This could be through a jointly owned company (see below) or via a joint committee approach.
- **Teckal Company.** This model must meet the activity test set out in the procurement regulations 2015, which allows contracts to be awarded directly i.e. without competition, to a company that is under the control of the local authority (or authorities) and which carries out at least 80% of its activity for the authority (or the authorities).

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Please find the results of the alternative delivery models scoring matrix, these were carried out by the stakeholder group at the workshop

- The scoring matrix which was carried out by the stakeholder group shows that the transformed in house service had the highest score and was the preferred option, followed by the private sector with shared services and the Teckal company model of delivery scoring the same to finish a joint 3<sup>rd</sup>. This was also verified independently by Finance officers.

## 5.0 Preferred Model - Transformed in-house

5.1 The review has recommended that the Transformed in-house service model should be implemented for cost effectiveness and efficiency; however there is a significant amount of 'transformation' that is required as part of this process, as this is required whatever the long term solution may look like, listed below are some key outputs for the service redesign:

- **Determine extent of amalgamation of schools and non-schools cleaning services** – 'one service' – link this with the wider SLA review and consult with the Schools Budget Forum and Task and Finish Group - *This change is essential to enable the successful implementation of a transformed building cleaning in-house service.*
- Clear cleaning requirements based on **site by site & client needs analysis – develop output specifications**
- Explore other **commercial opportunities** e.g. provision for Cleaning Services for Older People, schools (janitorial service) to expand Trading in the service area
- Changing and modernising current **working practises** (site pilots)
- **New Staff Structures** (drive cultural change)
- **Building Cleaning Manual** – Develop and promote with Council employees an educational Programme
- **Monitor cleaning materials spend** by apply a coding system to materials to establish exact costs per establishment

## 6.0 Non-Financial Benefits

- Revised Staff Structures and working practises to continuously drive change in the service area
- Commercial opportunities for external trading can be explored within the new service model.
- Re-branding and Service Modernisation
- Clear output specifications for Service Areas
- **'One Service'** – amalgamated service with schools and non-schools building cleaning.

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## 7.0 Risks &amp; Impact

Risk	Mitigation	Risk Owner	Impact
<ul style="list-style-type: none"> <li><b>Capacity &amp; Capability:</b> We have insufficient resources to implement the transformed in-house service.</li> </ul>	<ul style="list-style-type: none"> <li>Identify the required resources to implement <i>Phase 1</i> – (Amalgamation of schools and non-schools Building Cleaning - back office function)</li> </ul>	Chief Operating Officer	Failure to Transform the service and achieve sustainability
<ul style="list-style-type: none"> <li><b>Change Management:</b> Service may not have the desire, ability or capacity to transform</li> </ul>	<ul style="list-style-type: none"> <li>Ensure all staff are part of the service redesign and rebranding through staff workshops and briefings</li> </ul>	Service Manager	Trade Union & Staff resistance  Failure to Transform the service and achieve sustainability
<ul style="list-style-type: none"> <li><b>Timescales:</b> The pace of change could be too slow to produce desired outcomes (savings and processes)</li> </ul>	<ul style="list-style-type: none"> <li>Ensure all staff are part of the service redesign and timescales set are achievable</li> <li>Amalgamation of schools and non-schools Building Cleaning - back office function)</li> </ul>	Service Manager and Team	Failure to Transform the service and achieve sustainability
<ul style="list-style-type: none"> <li><b>Systems &amp; Processes:</b> Failure to invest in systems, staff, new working practices and technology</li> </ul>	<ul style="list-style-type: none"> <li>Training/Education programme for staff and building users to be developed</li> <li>Innovative and new ways of working to be identified during service redesign</li> <li>Output Specifications to be produced for all sites to develop working practices</li> </ul>	Service Manager	Working practises will not change and remain unsustainable  Service will not modernise

## 8.0 Legal Implications

- 8.1 There are no legal implications under the preferred option of the Transformed in-House model
- 8.2 Ensure there is clarity over powers to generate external income, charge for services at full cost recover and to charge public sector bodies at a profit as part of the Cleaning Service redesign.
- 8.3 Maintain Cleaning to a level that is consistent with Health and Safety statutory requirements.

## 9.0 Financial Implications

- 9.1 The Medium Term Financial Plan includes a target reduction of 50% over the next 3 years for the Non-schools Building Cleaning Service:

	2015/16 £000	2016/17 £000	2017/18 £000	Sub Total
<b>New Model</b>	218K (20%)	87k (10%)	-	£305K
<b>Asset Reduction Targets *</b>		75k (10%)	75k (10%)	£150K
<b>Total</b>				<b>£455K</b>

- 9.2 The proposed service model would need to achieve these levels of savings (net of any additional income generated) over the 3 years as described above. *\*However, it is noted that the savings identified within the Asset Reduction Strand could be duplicated by other strands within the Sustainable Swansea Programme resulting in a risk of double counting.*

## 10.0 HR Implications

10.1 As a result of actions listed in this report, there will be reductions in posts, but this will be built into the redesign to mitigate staffing reductions.

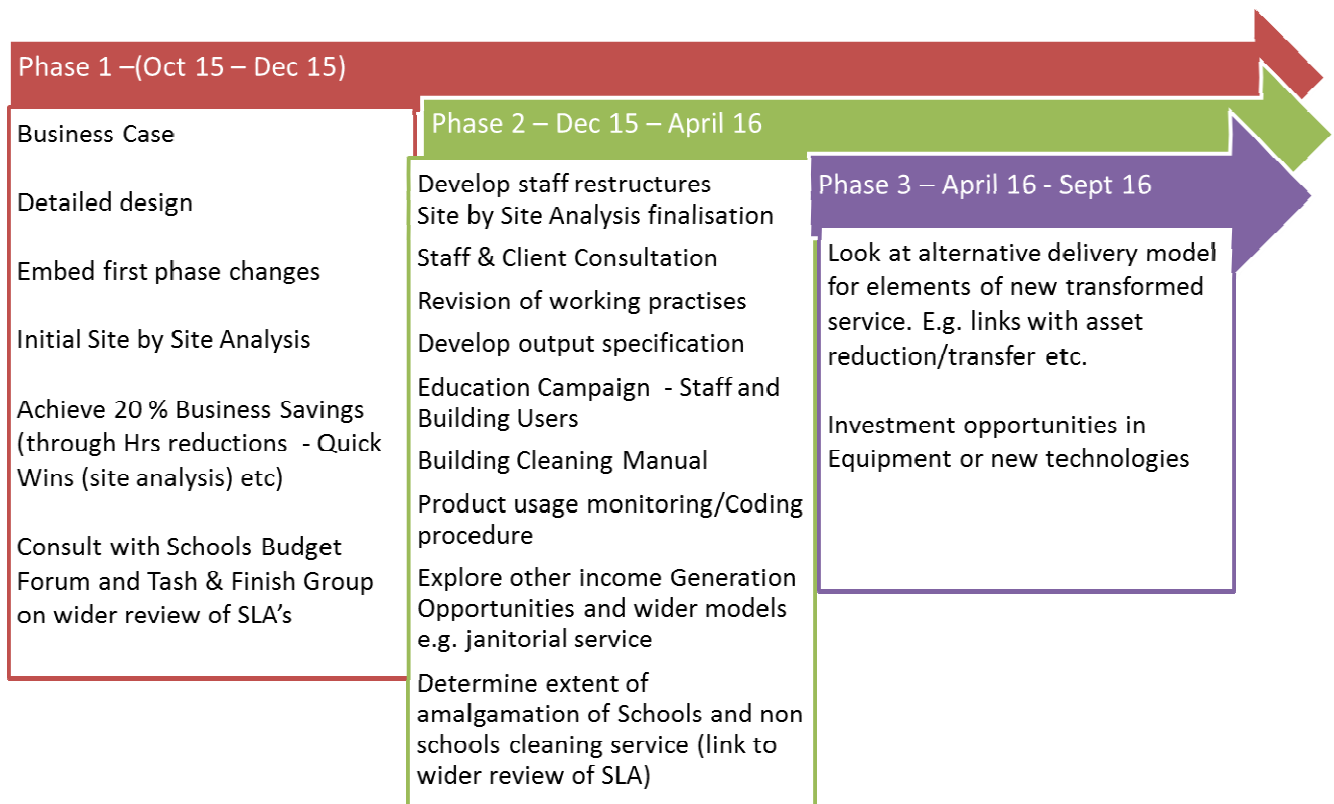
10.2 In relation to the preferred option of In House Transformation:

- ER/VR opportunities will need to be explored
- New Staff Structures and new job descriptions will be required for all posts within the new model
- Revised T's and C's for Cleaning Service employees
- New working practises will be introduced (pilots/testing in specific zones)

10.3 Under the preferred option, consultation with staff and Trade Unions will need to take place and HR procedures followed, to ensure that all staff have the opportunity to comment on the new service model and structure.

## 11.0 Implementation

### 11.1 High-Level Plan





## **12 EIA**

12.1 An EIA Screening Form has been completed with the agreed outcome that a full EIA report was not required (Appendix 1)

### **Appendices:**

- Appendix 1 – EIA Screening

### **Background Papers:**