



Derby City Council

Scrutiny Management Commission
13 December 2011

Report of the Strategic Director of
Neighbourhoods

ITEM 10

Cleaning and Caretaking Review – Draft Business Case

SUMMARY

- 1.1 The Cabinet report on 19 July 2011 approved the principle of putting in place outsourcing arrangements for the cleaning of the Council's public buildings, subject to the development of a detailed strategy and the approval at a future Cabinet meeting of a sound business case.
- 1.2 This report sets out the further work that has been done in this area, and a draft business case is attached at Appendix 2 for presentation and discussion at this Scrutiny Management Commission meeting, prior to it being presented to Cabinet on 10 January 2012.
- 1.3 The draft business case report sets out a range of options for taking the service forward and achieving the £444,000 budget savings target.

RECOMMENDATION

- 2.1 To consider and discuss the content of the Public Buildings Cleaning and Caretaking Review – Draft Business Case and provide comments for consideration.

REASONS FOR RECOMMENDATION

- 3.1 To ensure that SMC have been involved in the development and consideration of the options for moving forward with the cleaning and caretaking review.

SUPPORTING INFORMATION

- 4.1 The Cabinet report on 19 July 2011 approved the principle of putting in place outsourcing arrangements for the cleaning of the Council's public buildings, subject to the development of a detailed strategy and the approval at a future Cabinet meeting of a sound business case.

- 4.2 This issue was discussed at Scrutiny Management Commission in July and it was agreed that progress on this work would be presented to SMC before being reported back to Cabinet.
- 4.3 The draft business case report, attached as Appendix 2, sets out a range of options for taking the service forward and achieving the £444,000 budget savings target.
- 4.4 The draft business case document follows the standard template for the transformation programme. It includes;
- background information on the current situation with regard to the service, in relation to, staffing, operational arrangements and finances
 - the objectives and scope of the project and the benefits that we expect to gain
 - a description and discussion on the options considered
 - recommendations for the way forward
- 4.5 Three main options have been considered;
- Option 1)** To continue to deliver the service through directly employed cleaners and caretakers, and achieving the savings target through implementing new and innovative approaches, including new equipment where appropriate
- Option 2)** To outsource both the cleaning and caretaking services, either to a number of contractors or one main contractor depending on the procurement approach
- Option 3)** To outsource the cleaning services only and to retain the caretaking/ site management service within the Facilities Management Division

- 4.6 The draft report sets out the advantages and disadvantages of each of the options and currently recommends that Option 3 is progressed. The overall recommendations from the draft business case are;
- to centralise the cleaning and caretaking budgets into one cost centre managed by the Facilities Management Division,
 - to redesign of current workspace processes and to engender ownership of workspace cleanliness, especially with regard to the future use of the Council House
 - to work with services to redefine the cleaning specifications for different types of buildings to reflect the minimum appropriate levels of cleanliness required for the service and its users
 - to outsource the delivery of the cleaning services that are currently provided by the in-house Cleaning and Caretaking team.
 - To ensure there is scope in the outsourced contract to add other premises if required in the future.
 - To use an open tender procurement process, designed appropriately to support local businesses in being able to submit competitive tenders
 - To retain a redesigned caretaking/ site management function through directly employed staff within the Facilities Management Division
 - To develop and implement a consistent corporate approach to the operational management of the Councils buildings, including statutory duties and responsibilities.
 -
- 4.7 It is currently felt that pursuing this option provides us with the best opportunity to deliver the budget savings, whilst also developing improvements to the current building management approach. This option would allow us to progress with the procurement of an outsourced cleaning contract, in parallel with the development and implementation of the corporate approach to building management. The latter will incorporate the responsibilities that are currently being carried out by the caretaking part of the in-house service.
- 4.8 Members of SMC are asked for their comments and views on this draft document and the emerging recommendations.

| |
|---------------------------------|
| OTHER OPTIONS CONSIDERED |
|---------------------------------|

- 5.1 These are set out above and discussed within the draft business case.

This report has been approved by the following officers:

| | |
|---|---|
| Legal officer Financial officer Human Resources officer Service Director(s) Other(s) | Stuart Leslie/ Emily Feenan Michael Kirk Susan Farmery Christine Durrant Neil Sheard, Surinder Kahlon |
|---|---|

| | |
|---|--|
| For more information contact: Background papers: List of appendices: | Christine Durrant 01332 256004 e-mail Christine.durrant@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Cleaning and Caretaking Review – Business Case |
|---|--|

| |
|---------------------|
| IMPLICATIONS |
|---------------------|

Financial and Value for Money

- 1.1 Included in the current council budget are savings of £444,000 (split £173,000 2011/12 and £271,000 for 2012/13) relating to the revised specification and service delivery of the cleaning and caretaking service.
- 1.2 The draft Business Case sets out the funding within each directorate that is currently allocated to the in-house cleaning and caretaking service and this is proposed to be centralised.
- 1.3 The draft Business Case discusses the strategy of accepting as many voluntary redundancies in this work area as possible, and the funding to manage these exits is proposed to be funded through the ODOC transformation reserve.
- 1.4 Any under-recovery against 2011/12 saving target is to be funded from the Trading Account contingency reserve.
- 1.5 For 2012/13, it is proposed to under-write any overspends arising in the service from the Trading Account contingency reserve to allow time for the changes to be implemented.

Legal

- 2.1 It is currently proposed that if a decision is made to outsource part of the service then the tender of the contract would be through an open procurement process, with the contract and specification set out in such a way as to provide maximum opportunity to local firms to submit competitive tenders.

Personnel

- 3.1 There are approximately 128 staff employed within the public buildings cleaning and caretaking functions.
- 3.2 Around 20 of these staff have requested to leave the Council on Voluntary Redundancy and due to the significant budget savings target and the high likelihood of future compulsory redundancies, whatever option is approved to change the service delivery model, service managers are aiming to support the VR requests from as many of these individuals as possible.
- 3.3 If an outsourced cleaning arrangement is progressed then TUPE, the transfer of undertaking for the protection of earnings, will apply to the staff that are carrying out the work at the time of transfer.
- 3.4 There are some caretaking employees who deliver cleaning services as part of their responsibilities and consideration would need to be given to these posts to determine how TUPE would apply to these individuals.

3.5 There has been consultation with staff and unions over the last 12 months.

Equalities Impact

4.1 An Equalities Impact Assessment is currently being finalised.

Health and Safety

5.1 Improving our approach to building management would help with overall health and safety issues.

Environmental Sustainability

6.1 None arising directly from this report.

Asset Management

7.1 Improving our approach to building management would help to overall asset management.

Risk Management

8.1 Improving our approach to building management would help to reduce the risks around health and safety and other legislative requirements.

Corporate objectives and priorities for change

9.1 Developing this approach would take forward the Corporate priority to ensure that we provide good-quality services that meet local needs.