

EXECUTIVE 10th November 2022

Report Title	Provision of Building Cleaning Services
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Lead Member	Cllr Graham Lawman, Executive Member for Highways, Travel and Assets

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	

List of Appendices

None

1. Purpose of Report

- 1.1. This report summarises the work undertaken to analyse the options to secure cost-effective, medium-term Building Cleaning Services across North Northamptonshire Council's buildings.
- 1.2. The report recommends a preferred way forward and seeks permission to use an established framework agreement to appoint a suitable Cleaning Services provider to deliver Building Cleaning Services across the Council's operational property estate¹.

¹ This does not extend to HRA-funded housing properties, the schools estate or leisure properties operated by the Leisure Trust. The intention is that any new arrangements may have flexibility to be extended to these other parts of the estate in due course.

2. Executive Summary

- 2.1 The Council arranges for Building Cleaning Services to be provided to a large number of Council-owned buildings. These cleaning services were formerly commissioned by the legacy authorities, with some directly delivered and others outsourced. These have been transferred over to NNC, either as in-house resources or as novated contracts. Currently, within the Assets & Environment service there are 12 cleaning contracts and a headcount of 16 inhouse cleaning staff employed on permanent contracts, covering 56 buildings across various services. The total cost of this service is in the order of £800,000 per annum.
- 2.2 The Council wishes to move to a more integrated and consistent approach. While this primarily aims to ensure consistency, it also provides an opportunity to reduce fragmentation in both procurement and delivery; releasing efficiencies accordingly. This paper:
- summarises the anticipated building blocks of the cleaning service moving forward.
 - considers whether this is best delivered as a standalone service or as part of a more integrated approach to facilities management.
 - explores options for either direct delivery or procurement of third-party providers for the preferred approaches.
 - Proposes a preferred way forward that allows the new arrangements to be scoped, procured and mobilised in early/mid 2023.

3. Recommendations

- 3.1 It is recommended that the Executive:
- a) Confirm the preferred procurement route for a cleaning service contract via an appropriate framework agreement.
 - b) Delegate authority to the Executive Member for Highways, Transport and Assets, in consultation with the Assistant Director of Assets & Environment to:
 - i. finalise the scope of services, list of buildings and the preferred service standards to be specified.
 - ii. ensure scalability and willingness of the supplier to invest are included as key requirements.
 - iii. to enter into the necessary contractual arrangements to secure best value for delivering the cleaning service.
- 3.2 Reasons for Recommendations:
- The recommendation provides a cost-effective solution, which can be deployed to suit the changes in service need and delivery throughout the contract period.
 - The proposed option will provide a reliable cleaning service, provision to monitor contractor performance, providing quality services for North Northamptonshire residents.

- The proposed framework route will allow flexibility to add and remove the buildings covered by the contract as the Council's estate is reviewed and evolves over the coming years.

3.3 Alternative Options Considered: A number of alternative options were considered by both operational managers and procurement colleagues, including building an in-house team or undertaking the bespoke procurement of a new Cleaning Services contract. The preferred option was deemed to offer the best value for money to the Council in terms of time to deploy the new arrangements, access to established providers, procurement costs, risk and overall value for money.

4. Report Background

4.1 There is currently a breadth of different service standards, costs, processes, and delivery arrangements in place for building cleaning across the Council. This reflects the legacy service arrangements in place prior to vesting day, and has resulted in a blend of in-house, outsourced, and employment agency supported models across the Council.

4.2 The current 12 contracts are considered to be sub-optimal and inefficient, with a fragmented approach and differing performance expectations presenting difficulties in managing any contractor underperformance. Fragmentation of arrangements has meant there is little resilience within the cleaning workforce (across the provider pool), with turnover and absences impacting significantly on service quality.

4.3 In this context, the Council wishes to identify both the optimum forward arrangements and the preferred procurement route for accessing a more consistent, appropriately integrated, harmonised and (if required) rationalised building cleaning service across the Authority. There is an expectation that Transfer of Undertakings (Protection of Employment) regulations (TUPE) will apply, thus protecting employment rights of cleaning staff already employed by the Council.

4.4 The new service delivery arrangements are intended to be in place as soon as possible in 2023 (as some of the current contracts expire as early as January 2023). It is likely that existing arrangements will need to be extended beyond their expiry date to allow a thorough and rigorous procurement process to take place. Procurement advice has confirmed this is permissible on a rolling basis, until the new contract is in place.

5. Issues and Choices

5.1 The new service arrangements seek to provide the current cleaning service activities, this time to common service standards, provided to the existing pool of properties, but, with clear service standards established as required for the use of each building. It will involve no diminution of specified service standard in public-facing buildings and aims to improve the attainment of those standards.

5.2 In doing so, the Council's client-side technical team are revisiting the cleaning standards for each building to devise a narrow range of standards which can be used across the property estate. The arrangements will meet a number of operational objectives including:

- harmonisation of approaches and standards.
- adequate capacity to deliver the specified standards (frequencies, locations and service quality expectations).
- resilience in people, plant and materials/consumables.
- Address any contract under-performance.
- potential for cost savings.
- investment in management systems/production of robust business intelligence, and performance data.
- investment in operating plant and equipment.
- improved materials/consumables management, including use of environmentally friendly consumables where possible.
- scalability (to add additional services or/and services to additional buildings).

5.3 An option identification and appraisal has been undertaken to identify how best to access the most appropriate set of arrangements available to the Council to meet its operational expectations. These arrangements include:

- Access to an affordable and sustainable cleaning solution.
- In-scope buildings being cleaned to an acceptable level.
- Sufficient capacity being available to deliver services to the specified standard.
- Investment in plant and materials/consumables to optimise service delivery.
- Investment in appropriate management systems to allow services to be planned and managed effectively making systematic use of data/business intelligence.
- Scope for scalability to extend to other parts of the Council estate in due course if so desired.

5.4 Acknowledging the desire for a consistent service and a that TUPE will apply, the headline options explored were as follows:

- Direct in-house delivery of services through a Council employed Cleaning Team.
- Procuring a single Cleaning Services provider through a dedicated competitive tendering exercise to deliver all services on a contractual basis for an agreed period (this could be either be as one contract covering the whole of the Council or broken into smaller lots).

- Appointing one or more cleaning services providers via an established framework agreement, thus avoiding the need for and cost of a separate dedicated procurement exercise.

5.5 The procurement routes will be fully compliant with the UK Procurement Regulations and will be approved by the Authority's Procurement and legal teams.

5.6 Drawing on a detailed SWOT analysis, the preferred option is appointing a single cleaning services provider via an established framework agreement. This route identifies several potential advantages, including:

- The Council's cleaning requirements can be accommodated in the technical specification issued to suppliers on the framework.
- Frameworks offer more discretion around adding and removing services from the contract (if required) than a single service provider contract route. This creates scope for additional capacity and resilience in the medium to long term.
- Use of an established framework is less demanding (for the Council) and for providers on the framework to participate in (increasing market interest and subsequent competitive benefits).
- The use of a framework removes delays and can reduce procurement and management costs associated with setting up something new.
- It is expected that TUPE will apply when a single provider approach is being taken, thus protecting employment rights of cleaning staff already employed by the Council.
- It is also less likely that there would be contractual 'events' if changes were needed, although this would be kept under close review, as changes may still need to be undertaken through formal contract variation, to comply with the Public Contract Regulations 2015 and the Authority's own Contract Procedure Rules.
- Current arrangements (with associated Strengths and Weaknesses) can likely endure until the exercise has been completed (although these may be sub-optimal and there may be costs to extend).
- A significant level of management time would be required to manage, deploy and organise an inhouse team across the breadth of the Council's estate. Securing an external supplier that has an existing operational management structure and wider pool of cleaning resource from which to draw is considered more cost effective than the Council establishing such a structure.
- An external supplier will have a wider pool of resource from which to draw on in the event of staff absence, provision of staff training, along with existing arrangements for the supply of materials and cleaning consumables.

5.7 There are some potential downsides of the proposal, however, these are considered to not outweigh the above benefits, including:

- there may be some charges to access the preferred framework and the framework would still be subject to appropriate diligence by the Council's Procurement and legal team's, to ensure its compliance and usability.
- any established framework focus and ambitions will already have been articulated (so there will be a need to seek an appropriate framework in terms of alignment or ability to specify requirements within any direct awards or mini-competitions).
- the Council would wish for TUPE to apply to protect existing employee rights. Some frameworks assume otherwise, so the application of TUPE position would need to be emphasised in selecting the preferred framework.
- while inclusion on a framework demonstrates both compliance and an element of assumed value for money, the Council will ideally run a further mini-competition to select the preferred provider. This leads to a short delay in award – though much less significant than completing a dedicated procurement exercise. The Council has the option to extend the existing contracts on a rolling month by month basis until this exercise has been completed.

5.8 Potential framework options are currently being explored by the Procurement Team in discussion with Service Managers. It is anticipated that a framework such as the Crown Commercial Service will be selected, as the framework enables further competition to be undertaken amongst eligible suppliers, ensuring best value as achieved, as well as inclusion of social value measures, such as supporting local employment. Local suppliers are also able to sign up to the Crown Commercial Service framework, subject to meeting the requirements of framework.

6. Next steps

6.1 The next steps involve:

- Completing the scoping of service standards
- Identifying the most appropriate established framework agreement to use
- Specifying the Council requirements within the scope of the framework
- Completing the preferred supplier through a mini-competition
- Awarding to contract to the successful bidder.

7. Implications (including financial implications)

7.1 Resources, Financial and Transformation

7.1.1 The proposed arrangements seek to work within the allocated revenue budgets for the impacted service.

7.1.2 The delivery routes (including the procurement options) were subject to a SWOT analysis considering a breadth of issues around affordability, deliverability and flexibility; as well as both value for money and potential risk.

7.2 Legal and governance

7.2.1 There is a requirement to comply with Public Contract Regulation 2015 and the Council's financial and constitutional procedures regarding any of the future options.

7.2.2 The Public Contracts Regulations 2015 requires contracts for supplies and services of more than £213,477 to be tendered in accordance with the regulations.

7.2.3 The preferred route involves use of an established framework agreement including providers who qualified through a standard public procurement process, with credibility, viability, sustainability and competitive positioning implicit to the process.

7.3 Relevant Policies and Plans

7.3.1 The proposed way forward aligns with the Council's Corporate Plan and key commitment to provide modern public services, through efficient, effective and affordable services that make a real difference to all our local communities.

7.4 Risk

7.4.1 Failure to provide appropriate arrangements and associated resources for this service may contribute to deterioration of the Council's estate and associated health and safety and reputational risks.

7.4.2 Failure to secure sufficient capacity via a third-party provider is likely to continue to lead to under-performance of the service.

7.4.3 Continuation of the current fragmented arrangements could lead to underperformance of the service and will have both management and cost implications.

7.4.4 Failure to enter into affordable and flexible arrangements may see the Council unable to fulfil its commitments to service continuity, customer service and value for money.

7.4.5 Proceeding with a contracted service could see a rise in vacancies for inhouse cleaning roles. This will be mitigated through briefings and consultation with staff and Unions.

7.5 Consultation

7.5.1 No public consultation is required as part of this process. Consultation with service areas on the cleaning specification required for location will be undertaken, along with consultation with staff impacted by the proposed contract procurement.

7.6 Consideration by Executive Advisory Panel

7.6.1 This item has not been considered by an Executive Advisory Panel.

7.7 Consideration by Scrutiny

7.7.1 This item is eligible for call in by Scrutiny, as part of their workplan.

7.8 Equality implications

7.8.1 An Equality Impact Assessment has been undertaken, and no negative impacts have been highlighted. Equality implications for individual staff will be considered via the TUPE transfer process and the terms of the selected framework agreement.

7.9 Climate and Environment Impact

7.9.1 Appointing a single provider is intended to have a number of climate change mitigation benefits arising from:

- Improved resource deployment
- Better consumables/materials management (including closer scrutiny of suitable products)
- More modern (and environmentally friendly) plant and equipment
- Enhanced use of management information to plan and deliver services.

7.10 Community Impact

7.10.1 Improved building cleaning will help to maximise benefits for customers and community-oriented service delivery through clean public buildings. The proposed route aims to provide flexibility to change service delivery arrangements as product innovation emerges to further improve cleanliness and value for money moving forward.

7.11 Crime and Disorder Impact

7.11.1 There are no crime and disorder matters arising from this report.

8. Background Papers

8.1 None