

Report To: Cabinet

Date of Meeting: 4th January 2021

Report Title: Agreeing the delivery model for Building Cleaning Services from April 2022.

Report By: Mike Hepworth
Assistant Director for Environment and Place

Key Decision: Yes

Classification: Public (Part 1)

Purpose of Report

To agree the delivery method for building cleaning services from April 2022.

Recommendation(s)

Cabinet considers the options set out in the report, and agrees the option to be implemented.

Reasons for Recommendations

A full procurement exercise has been undertaken to establish the market rate of carrying out building cleaning through a contractor. Simultaneously, a price to add building cleaning to the Hastings Borough Council Direct Services Organisation (HDSO) has been provided.

As a result cabinet can compare the 2 models of delivery and agree the preferred way forward for the building cleaning service from April 2022.

INTRODUCTION

1. Facility cleaning is an essential part of managing any council building. Not only does it help to stop the spread of disease and provide pleasant facilities for customers to use; clean offices, commercial buildings and sports facilities re-enforce a positive view of those facilities, ultimately improving the reputation of the council and town to staff, residents, and visitors alike.
2. Building cleaning is currently a contracted service and has been for more than 30 years. The current contract with Specialist Hygiene Services (SHS) comes to an end on 31st March 2022.
3. The renewal of this contract has given Hastings Borough Council an opportunity to review the delivery model currently in place and decide whether an alternative model might be advantageous – specifically whether the service should be taken in house and added to Hastings Borough Council's established Direct Services Organisation (HDSO).
4. In preparing this report a number of business analysis methods have been carried out including options analysis, soft market testing, followed by a full procurement exercise and the production of an in-house service proposal.

BACKGROUND TO BUILDING CLEANING

5. Hastings Borough Council is currently responsible for seven office buildings across Hastings and St Leonards, the largest of which is Muriel Matters House, as well as three sports pavilions. The buildings provide office accommodation for a number of HBC tenants, as well as the council itself, and shared facilities for the general public.
6. Currently Muriel Matters House, Carlisle Base, the Cemetery and Crematorium, two office buildings in Stirling Road and the Town Hall are each cleaned by an attendant and a further four satellite offices are part of a mobile round.
7. Along with office cleaning, the building cleaning service caters for a number of additional activities including stairwell cleaning in public car parks and cleaning certain bus shelters and road signs.

Delivery Method

8. In terms of service delivery methodologies, there are two main options available to HBC, contracted and in-house. The contracted service would be via an appointed contractor, chosen through the normal procurement process, and the in-house service could be added to the Hastings DSO. What follows is an appraisal of each option.

Contracted Services

9. As previously mentioned, building cleaning has been a contracted service for more than 30 years. The main benefit to it remaining outsourced is that it would enable us to procure a high-quality service from an experienced contractor, without introducing additional risk to HBC relating to the direct provision of the service.
10. At present the building cleaning contract costs circa £100k pa. On top of the annual fee, additional funding was provided to SHS to make adjustments to cleansing schedules to ensure that facilities remained COVID-19 secure.

11. In April 2021, a soft market test (SMT) exercise was carried out by the East Sussex Procurement Hub (ESPH) to obtain high level information relating to the cost of providing these services in the future. The information provided for the SMT was a basic overview of the services delivered by each contract, with a list of indicative frequencies to achieve the desired standard. Three contractors responded to the SMT. Of the three contractors, two were relatively small, inexperienced companies that are unlikely to have the resources required to carry out the job. This was reflected in the estimates that they submitted which were between £190,000 and £217,000 pa for both public toilet and building cleaning (that currently have a combined value of c.£400,000). The third contractor was unwilling to submit a price, stating that they would need detailed TUPE information to give an accurate estimate.
12. Since the costs returned from the SMT exercise were so much lower than even the current contract price, it was felt that they could not be relied upon to give an accurate estimate of current market rates.
13. As a result, and following discussion with the leadership of the council, a full procurement exercise was undertaken to obtain an accurate market test of the cost of contracting building cleaning services, and to simultaneously develop and submit an in-house bid for comparison. Eight contractors expressed an interest in providing the service.
14. Each Contractor was required to submit both a price and a method statement that included supporting information relating to how they were best suited to carry out this function. The specification for the service was the same as that used to price the in-house bid. The quality and financial elements of the tenders were assessed by two independent panels made up of HBC staff within waste services, business support, finance and overseen by a representative of the East Sussex Procurement Hub (ESPH).
15. A summary of the results of the assessment of the tenders can be found in the associated part 2 report.

In- house (DSO)

16. An alternative delivery model for carrying out building cleaning is via the HDSO. As has been demonstrated by the current street cleansing service, the HDSO has given the desired freedom and flexibility to make changes and adapt to situations as they occur, while providing a high-quality service within budget.
17. The HDSO has the potential to take on the additional function of building cleaning, while streamlining some of the activities currently carried out by building cleaning services. A copy of the method statement outlining how the HDSO would carry out the work of building cleaning is included as Appendix 1.
18. A breakdown of the costs associated with carrying out building cleaning via the HDSO is included in the associated part 2 report.

In- House vs. Contracted

19. There are clear potential benefits to both delivery models. A contracted service provides experience, with each bidding contractor comprehensively outlining how they plan to fulfil the requirements of the service, and opportunities to benefit from economies of scale. The HDSO on the other hand provides more flexibility, makes good use of the resources that are currently in service, while providing key benefits to operational staff. It also presents HBC with the opportunity to diversify the services provided in-house, thus reducing its

reliance on contractors. There are however some drawbacks to using the DSO, most notable of which is HBC's current lack of experience operating building cleaning services.

20. Another short-term concern with the HDSO option is that the short mobilisation period would be very challenging. Unlike the contractor option, the council doesn't have a bank of potential staff in the area, that can be redeployed into the building cleaning service to ensure continuity of cleaning for our buildings and tenants. Initially the HDSO would be reliant on agency staff depending upon the number and quality of staff that TUPE across.
21. In deciding the appropriate delivery model, further consideration needs to be given to the opportunity to significantly change the scale/level of service over time. If, as a result of its financial position or other opportunities, the council was to significantly change the scale of the buildings it operates from, and/or relocate to different premises, it would be beneficial to have the flexibility afforded by an in-house service to reduce the service levels. The flexibility to change a service contract is usually limited to about 10% of the total cost and therefore locks the council into maintaining the same cost level for the life of the contract.

POLICY IMPLICATIONS

22. There are policy implications arising from these proposals, and they are outlined below under the appropriate headings.

Equalities or community cohesiveness

23. As noted in the opening paragraphs of this report, the offices and sport facilities included within the building cleaning contract are used by numerous staff and members of the public.
24. In all cases, customers expect these buildings to be kept in a clean state, thus giving them peace of mind, allowing them to carry out their work, leisure activity, or visit to the town without worrying about the safety of making use of the facilities.

Risk Management

25. There are a number of different risks associated with the way we deliver building cleaning. If facilities are poorly cleaned there could be a considerable impact on the reputation of the council as well as elevating service costs and possibly introducing an additional health risk to customers if the service isn't operated well.

Environmental and Climate Change Issues

26. As with any cleaning activity, there are a number of chemicals that are used as part of that process. Whether contracted or DSO, HBC would want to ensure that chemicals that could be harmful to the environment are not used in our facilities. Any chemicals included within the service would need to be used in the way directed to protect the environment, the cleaning operative and customers using the facilities. These requirements have been built into the service specification, irrespective of the model of delivery.
27. The building cleaning services also gives HBC the opportunity to consider using ultra-low emission vehicles (either directly or by specifying them through the tender process) in place of traditional diesel or petrol vans. Choosing this option is likely to increase the overall cost of the service, but will reduce the council's carbon foot-print and set an example to other service providers across the borough. It was therefore made a condition

of operating this service from April 2022, and was considered through the tenderers quality submissions under sustainability.

Economic/Financial Implications

28. The details of the bids received are included in the associated part 2 report on the agenda.
29. The lowest tender received (commencing 1 April 2022), which meets all of the quality criteria (and scored the highest) is £4,000 p.a. more than the existing contract price of some £100,000 pa.(2021/22). Once inflation is considered they are effectively the same.
30. The in-house costs for providing the service have been estimated at £167,000 pa. and would entail the purchase of an electric vehicle at an estimated cost of £35,000 – this cost being spread over 3 years. Alternatively, a leasing arrangement would be considered. It should be noted that Capital purchases require the approval of full Council.
31. The Council applies service charges or has fully inclusive rents for offices and shared spaces/common parts that are rented out, and as such does not bear all these costs itself.
32. The financial position faced by the Council is serious and costs need to be minimised wherever possible - whilst not taking risks to health and safety due to inadequate or inexperienced companies being employed.

Organisational Consequences

33. As with any other front-line service used by a high number of customers, getting building cleaning right is essential. Failing to do so not only gives a negative impression of the service to customers, but it could also result in the spread of infection (e.g. COVID-19), all of which could damage the reputation of HBC.
34. Lastly, the council's current financial situation is very challenging. Excessive amounts of additional cost could have a major impact on the council's ability to fulfil its main functions, leading to a forced re-evaluation of service provision to identify areas that could be discontinued.

Legal Implications

35. Legal services have been involved in this project from the outset, to ensure compliance with standing orders relating to procurement, and to advise on matters such as contract terms and conditions.

URGENCY

36. As noted in the introduction, the current building cleaning contract comes to an end in March 2022. The contract does not have the option to be extended. To allow enough time for service mobilisation, an urgent decision is required, without which building cleaning will cease on 31st March 2022.

TIMETABLE OF NEXT STEPS

37. Table 1 provides a list of future activities relating to building cleaning services.

Table 1 – Building Cleaning Timetable, November 2021- June 2022.

Action	Key milestone	Due date (provisional)	Responsible
Cabinet Approval	Allows approval to appoint contractor or move to in-house provision	06/12/21	Mike Hepworth
Service Award	Contract awarded or in-house agreed.	14/12/21	ESPH/ Cameron Morley
Alcatel if applicable	Cooling off period	10 days from award if applicable	ESPH/ Cameron Morley
Mobilisation	Service commences	01/04/22	Cameron Morley

Wards Affected

N/A

Reading Ease Score: 7.8

Have you used relevant project tools?: Yes

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Y
Crime and Fear of Crime (Section 17)	N
Risk Management	Y
Environmental Issues & Climate Change	Y
Economic/Financial Implications	Y – Included in part 2 report
Human Rights Act	N
Organisational Consequences	Y
Local People's Views	N
Anti-Poverty	N
Legal	Y

Additional Information

Appendix 1 - DSO Building Cleaning Method Statement

Officer to Contact

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