

## **WEST DUNBARTONSHIRE COUNCIL**

**Report by Director of Housing, Regeneration and Environmental Services**

**Community Safety and Environmental Services Committee: 03 May 2006**

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**Subject: Best Value Review of Cleaning Services**

### **1. Purpose**

- 1.1** To advise the Committee of the outcome of the Best Value Review of Cleaning Services and outline the preferred option for future service delivery.

### **2. Background**

- 2.1** Within West Dunbartonshire Council, Cleaning Services comprises the operation of building and window cleaning within the majority of Council buildings including schools, libraries, community centres and office accommodation.
- 2.2** Cleaning Services falls within the management responsibility of the Land Services division of Housing, Regeneration and Environmental Services. The total available funds for the service in 2004/2005 was £2,438,278
- 2.3** Management of the Council's building and window cleaning services was previously delivered by Strathclyde Regional Council, Dumbarton District Council and Clydebank District Council following a process of Compulsory Competitive Tendering under the terms of the Local Government Act 1988. West Dunbartonshire Council's in-house contractor has managed cleaning services since local government re-organisation in 1996.
- 2.4** During 1997, the Scottish Office/Scottish Executive deferred the introduction of Compulsory Competitive Tendering (CCT) whilst the best value regime was developed.
- 2.5** The Local Government in Scotland Act 2003 provides the statutory framework for Best Value. Local Authorities are required to make arrangements to secure continuous improvement in performance while maintaining an appropriate balance between cost, quality and price. Any review should be carried out in a robust manner and a fair and open approach should be taken when evaluating alternative forms of service delivery. The Council is required to conduct its business in a manner which demonstrates appropriate competitive practice.
- 2.6** Since 1997, Best Value has been progressing within the Council and the Cleaning Service has been subject to review as a rolling programme of Best Value Service Reviews.

**2.7** The review was conducted in accordance with the process set out in the Departmental Best Value Review Toolkit. A project team comprising of senior managers, the supervisory team and trade unions completed the following sections:-

- Stage 1 Preparing for the Review
- Stage 2 The Current Position
- Stage 3 Consultation and Comparison
- Stage 4 Analysis and Review
- Stage 5 Reporting and Action Planning

**2.8** The purpose of the review was to:-

- (a) Challenge why and how the service was being provided.
- (b) Compare performance with others.
- (c) Consider competition as a means of securing an efficient and effective service.
- (d) Consult with stakeholders.

**2.9** The best value review team considered service operation via the following management options and evaluated the effects of implementing these against a list of appraisal criteria.

- a) Status Quo
- b) Modify the existing in-house cleaning service
- c) Transfer to the private sector
- d) Work in partnership with other local authorities
- e) Public Private Partnership (PPP) & Private Finance Initiative (PFI)

### **3. Main Issues**

**3.1** The options considered by the Best Value Service Review Team at the conclusion of the review comprised of:-

- a) The service could be retained in-house without change.
- b) The service could be retained in-house with improvements implemented.
- c) The service could be provided by a commercial/private contractor.
- d) The service could be provided in partnership with other local authorities.
- e) The service could be provided via a Public/Private Partnership or Private Finance Initiative.

**3.2** The assessment of alternative management options is a complicated process which requires the assessment team to have a clear rationale and a high degree of objectivity. Given that appraisals are based upon general methods of service delivery rather than service delivery by specific organisations with previous trading histories, a number of assumptions, based upon the general performance of such types of organisations have been made by the team.

**3.3** There are a variety of methods which can be used for assessing alternative management options. The review team considered methods used by several service providers within the department. The criteria used for appraisal of the various options, as detailed below, was selected by the review team on the basis that it encompassed issues considered to be of importance to the Council.

- a) Reduce cost to the council
- b) Capital investment
- c) Sustainability
- d) Continuous improvement
- e) Service provision
- f) Contributions to council objectives
- g) Security of employment
- h) Contractual risk
- i) Stakeholder acceptability
- j) Member's influence
- k) Effect on support services

**3.4** The results of the evaluation of the management options against the appraisal criteria are shown in Appendix A. The ranking of this evaluation demonstrates that the option of in-house management offers the Council overall best value.

1<sup>st</sup> - Modified in-house

2<sup>nd</sup> - Status Quo

3<sup>rd</sup> Equal - Public Private Partnership (PPP) & Private Finance Initiative (PFI)

3<sup>rd</sup> Equal - Work in partnership with other local authorities

4<sup>th</sup> - Commercial/Private Sector Operator

**3.5** A modified in-house service would provide reduced costs to the Council for cleaning services following modernisation of equipment and cleaning methods and changes to productivity levels. It will take into consideration consultation results from stakeholders and customers and provide continuous improvement. A modernised service will also contribute to the Council's corporate aims and objectives.

#### **4. Personnel Issues**

**4.1** There are no personnel issues.

#### **5. Financial Implications**

**5.1** Capital investment will be required to implement a rolling programme of replacement of ageing cleaning equipment. A detailed audit of equipment is being carried out however it is estimated that investment will be required over the next three years.

**5.2** Other planned improvements will be achieved from existing resources.

## 6. Conclusions

- 6.1 Following analysis of the options and evaluation criteria, it was the conclusion of the review team that the service be retained in-house with improvements. (Ref: 3.1 (b) above).
- 6.2 A Service Improvement Plan outlining actions which will deliver increased performance has been prepared as part of the Best Value Review and is attached to this report as Appendix B. The plan was founded upon the following:-
- (a) The commitment of employees to deliver continuous service improvements.
  - (b) Results of consultation and benchmarking exercises.
  - (c) Identified gaps in current service.
  - (d) Strengths of the current service.
  - (e) Quality, cost effective standards and performance management systems which provide information for the service and its users.

## 7. Recommendations

- 7.1 **The Committee is invited to note the outcome of the Best Value review of Cleaning Services and the preferred option for future service delivery detailed in 3.1(b) of this report. That the service be retained in-house with improvements implemented.**

**David McMillan**  
**Director of Housing, Regeneration and Environmental Services**  
**Date: 20 April 2006**

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<b>Wards Affected:</b>	All
<b>Appendix A:</b>	Assessment of Alternative Methods of Service Provision
<b>Appendix B:</b>	Building Cleaning Best Value Service Improvement Plan
<b>Background Papers:</b>	Best Value Review of Cleaning Services
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**Building Cleaning and Window Cleaning Best Value Service Review**

**Assessment of Alternative Methods of Service Provision**

Having identified other methods of service delivery and considering these as possible options for change, the best value review team utilised a scoring matrix in order to assess the effect of changing the method of how services are presently provided.

The review team examined each identified option and assessed the effect of implementing these against a list of appraisal criteria considered by the team to be of importance to ongoing service provision and scored these options from 0 to 5 with zero reflecting a 'negative' compliance and 5 being full compliance.

Given that appraisals are based upon general methods of service delivery rather than service delivery by specific organisations with previous trading history, a number of assumptions, based upon the general performance of such types of organisations have been made by the review team.

A summary of the results is as follows:

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
<b>Reduce Cost To Council</b>	3	3	1	4	2
<p>This criteria considers the perceived ability of each option to reduce net revenue costs of the cleaning service.</p> <p>It is possible that delivery of the service via the Private Sector would be effective in reducing net revenue costs where a pre-determined contract sum would be agreed in advance for the duration of the contract, however, the Private Sector tend to charge inflated costs for contract variations.</p> <p>Partnership working with other local authorities may result in savings in areas of support services and bulk purchases.</p> <p>If the existing service is to remain unchanged then there is little scope for further reduction in costs</p> <p>It is considered that modifying the existing cleaning specification will achieve savings on expenditure and reduce the net operating costs.</p>					

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
<b>Capital Investment</b>	2	3	3	4	5
<p>This criteria reflects the perceived ability of each option to introduce capital expenditure into the operation of cleaning services.</p> <p>It is believed that although Private Sector operators may have easier access to commercial investment, the medium term nature of most contracts would result in this providing a more costly option than any capital investment provided by the Council via public sector borrowing arrangements.</p> <p>Any capital funding invested through partnership with other local authorities would require to be shared equally amongst the partners.</p> <p>Current capital funding is sporadic and the service requires a regular source of funding to maintain existing operational level.</p> <p>The PPP option is considered as offering the best ability to provide long- term capital investment.</p>					

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
<b>Sustainability</b>	2	4	3	4	3
<p>This criteria reflects the perceived sustainability of the cleaning services via the various providers.</p> <p>The Private Sector is considered to offer the most significant risk, particularly where any lack of profitability can reflect on the long-term security of the service.</p> <p>Partnership working with other local authorities can offer long-term sustainability through sharing of resources.</p> <p>The Status Quo is considered to have an element of risk attached given the increasing requirements for the Council to make annual savings.</p> <p>Modifications to the existing service will make the service more competitive.</p> <p>Services transferring to PPP are taken on mid to long term contracts and there are often operational risks involved in such arrangements.</p>					

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
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<b>Continuous Improvement</b>	4	4	4	5	3
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This criteria reflects the perceived level of quality improvement which would be delivered.

Any Private contractor would have to have a quality assurance system in place as part of the tender criteria.

The sharing of knowledge where working with other local authorities can produce mutual improvements to local services.

Existing services are subject to best value review processes.

Modifying the service to include service improvement actions highlighted through the best value review process is considered the best option.

Where PPP is concerned it will depend on who is operating the cleaning service operations.

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
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<b>Service Provision</b>	2	3	3	5	3
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This criteria considers the most suitable option in providing the cleaning service.

Past experience had shown that the Private Sector have a poor track record in providing cleaning services to local authorities in Scotland.

Working with other local authorities would add little added value to the existing cleaning operation in terms of local delivery of the service.

There would be limited opportunity to develop the cleaning service if the Status Quo were to apply.

Service modifications provided through a service improvement plan would provide an enhanced cleaning service.

PPP would focus on profitability and local flexibility to provide the service may diminish.

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
<b>Contributions to Council Objectives</b>	2	3	4	4	4
<p>This criteria reflects the ability of each provider to contribute fully to delivering the Council's desired outcomes.</p> <p>It is believed that the Private Sector would focus mainly on contractual obligations and be less interested in the Council's corporate objectives.</p> <p>Other local authorities would only be interested in the Council's objectives if they directly matched their own objectives.</p> <p>The existing service is obliged to meet any council objectives.</p> <p>Any modified in-house cleaning services would be obliged to meet any Council objectives that were applicable.</p> <p>PPP service providers would have to have any relevant Council objectives included in terms of any contractual agreement to provide the services and they may be less responsive in complying with any new Council objectives.</p>					

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
<b>Security of Employment</b>	3	4	5	4	2
<p>This criteria reflects the perceived level of job security with each of the operators.</p> <p>Employees transferring to the Private Sector would be protected for a limited period under current T.U.P. E. Regulations.</p> <p>Employment with the Council generally offers the highest level of job security for all employees although there is a risk, when revising service delivery options, that posts can become surplus to requirements. In instances of staff reduction, every effort is made to transfer or redeploy staff.</p> <p>Employees transferring to the PPP provider would be protected for a limited period under current T.U.P. E. Regulations.</p>					



<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
<b>Contractual Risk</b>	1	3	5	5	2
<p>This criteria considers the perceived level of contractual risk including contractual failure, breach of contract between Council and the various operators and the long term implications of service delivery and asset management.</p> <p>There is considered to be no risk with the in-house options given that the Council has direct control. There is an low element of risk with partnership working with other local authorities and a perceived higher element of contractual risk dealing with the Private Sector and PPP arrangements.</p>					

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
<b>Stakeholder Acceptability</b>	3	2	3	4	3
<p>This criteria considers the stakeholders perception of the cleaning services provided in each of the options.</p> <p>It is generally believed that stakeholders have a fairly positive attitude towards in-house service provision but there is a degree of uncertainty regarding the delivery of cleaning services by Private contractors and PPP operators.</p>					

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
<b>Member's Influence</b>	1	2	5	5	2
<p>This criteria reflects the perceived level of input which Elected Members will have into the management and delivery of service provision.</p> <p>In-house service provision offers Elected Members full influence and input.</p> <p>Elected Members influence where Private Contractors and PPP providers are in place may be limited due to contractual and legal terms and conditions of any signed agreements with the private sector providers.</p>					

<b>Appraisal Criteria</b>	<b>Private Sector</b>	<b>Partnership with Other Local Authorities</b>	<b>Status Quo</b>	<b>Modified in-house</b>	<b>PPP</b>
<b>Effect on Support Services</b>	3	2	4	4	4
<p>This criteria reflects the perceived impact that each of the various options will have on the corporate and departmental support services currently provided by the Council.</p> <p>It is considered that there will be little change to existing support service as provided for in-house operators at present.</p> <p>It is likely that Private Sector providers would be part of larger organisations who would provide their own support services</p> <p>In terms of PPP there is likely to be the opportunity for support staff to transfer to the PPP provider under T.U.P.E. regulations.</p>					
<b>Total Score</b>	<b>26</b>	<b>33</b>	<b>40</b>	<b>48</b>	<b>33</b>



<b>Name of Review: Building and Window Cleaning</b>							
<b>Lead Officer: Bob Davidson</b>							
<b>No.</b>	<b>Improvement Action</b>	<b>Purpose</b>	<b>Measure</b>	<b>Timescale</b>	<b>Planning Link</b>	<b>Responsibility</b>	<b>Resource Implications</b>
1.	Review pay and conditions for all staff via introduction of corporate Pay Modernisation agreement	Standardise staff pay & conditions in line with corporate pay modernisation agreement.	Agreement reached between Corporate Personnel and Trade Unions.	Oct 2006	Corporate Plan Priority 6	Reach agreement - Corporate Personnel  Implementation - Section Head, Facilities Management.	Dependant on job evaluation results.
2.	Attain Charter Mark Accreditation	Demonstrate achievement of quality standards and customer service levels	Attainment of Accreditation standards	March 2007	Corporate Plan Priority 6	Section Head, Facilities Management.	Costs associated with research, registration and staff time
3.	Introduce an effective local performance monitoring system. This will be achieved by the development of local performance indicators which will be monitored on a quarterly basis.	Monitor and review performance on a quarterly basis	Development and achievement of quarterly performance indicators	April 2006	Corporate Plan Priority 6	Section Head, Facilities Management.	Staff time

<b>No.</b>	<b>Improvement Action</b>	<b>Purpose</b>	<b>Measure</b>	<b>Timescale</b>	<b>Planning Link</b>	<b>Responsibility</b>	<b>Resource Implications</b>
4.	Undertake equipment audit with a view to creating an equipment plan with consideration given to replacement and/ or leasing	Improve budget planning process and introduce efficiency via modernisation of cleaning methods	Improved efficiency, increased productivity	Oct 2006	Corporate Plan Priority 6  Business Plan	Section Head, Facilities Management	Staff time & Capital investment
5.	Implement P.D.P. programme for supervisory staff	Development for staff	Production of PDP plans for Area Managers	March 2007	Corporate Plan Priority 3	Section Head, Facilities Management and Area Managers.	Staff time.
6.	Identify improved methods of delivering training at site level.	Improve the way that we deliver training.	Improved efficiency, increased productivity	July 2006	Corporate Plan Priority 6	Section Head, Facilities Management and Area Managers.	Staff time.
7.	Review IT provision inc. process maps and DIP/ Workflow	Explore more effective and efficient ways to improve paperwork processes	Improved efficiency	Oct 2006	Corporate Plan Priority 6	Section Head, Facilities Management and Area Managers.	Staff time

<b>No.</b>	<b>Improvement Action</b>	<b>Purpose</b>	<b>Measure</b>	<b>Timescale</b>	<b>Planning Link</b>	<b>Responsibility</b>	<b>Resource Implications</b>
<b>8.</b>	Review the need to improve the client management information system. (CLIPPER)	Transfer the current client management system to a more modern and sustainable system.	Introduction of an effective and robust management information system	Sept 2006	Corporate Plan Priority 6	Section Head, Facilities Management and Area Managers	Staff time and any costs associated with new system.
<b>9.</b>	Review cover for sickness absence	To improve service provision	Reduced absence cover costs	Sept 2006	Corporate Plan Priority 6	Section Head, Facilities Management and Area Managers.	Staff time and the associated costs.
<b>10.</b>	Improve the profile of the cleaning service by introducing an annual staff awards scheme.	To portray a more dynamic service in building cleaning and to generate staff interest in the service.	Effective staff involvement in service delivery initiatives and service development ideas	Sept 2006	Corporate Plan Priority 6	Section Head, Facilities Management and Area Managers.	Staff time and the associated costs of additional improvements.

