

Feasibility Report on Moving to an In-House Cleaning Service

Report From: Alex Collins, Business Manager

Report To: Finance & Staffing Committee

1.0 Evaluation of the Current Service

1.1 Strengths

Current arrangements provide an adequate service to the school, which regularly meet the floor standard of 95% compliance on inspection. The quality of day to day cleaning is generally reasonable, and the team includes some effective staff. The supervisor is hard working and committed.

1.2 Weaknesses

There are persistent problems in some aspects of the service (e.g. high level cleaning, horizontal surfaces), which have proven hard to address. Periodic cleaning is unsatisfactory, as jobs frequently get postponed because of lack of staff during holidays. Some staff have lower standards of work and conduct.

1.3 Systemic Problems

The management structure of the service is complicated, making it difficult to hold staff accountable for their work. HR procedures (e.g. sickness, holidays, recruitment) are cumbersome, making cover for absence problematic. The 'distance' between staff and the school community means that staff do not identify closely with Millthorpe, do not have a shared sense of purpose and consequently are less likely to be committed to doing a great job for the school.

1.4 Price

The service currently costs £139k per annum, including all management fees. The monitoring service is charged separately at £500 pa. Using industry standard percentages and estimates of staffing costs, the breakdown is approximately as follows:

- Staffing (direct costs + on costs @ 25%) = £99k
- Supervision (cost of supervisor time not spent on cleaning) = £3k
- Equipment = £8k
- Materials = £5k
- Training = £3k
- Other = £4k
- Management fees = £17k

All of these costs are considered fixed costs with the exception of supervision and management fees.

1.5 Value for Money

Overall, the service provides reasonable to poor value for money. Neither the quality nor the cost is a significant problem in isolation but taken together, there is clear scope for improvements.

2.0 Evaluation of Options

2.1 The table below summarises the key benefits and detriments / risks of different options regarding the service:

Table 1: Summary of Benefits and Detriments of Different Solutions

Option	Benefits	Detriments / Risks
Retain current service	<ul style="list-style-type: none"> • No work / expense required to arrange • No disruption to service • Proven 'acceptable' standards of service • No ongoing impact on management time within school • Possibility of a large-scale tendering exercise by CYC in the future, which could deliver a competitive service • Few ongoing management responsibilities 	<ul style="list-style-type: none"> • Currently standard is just acceptable and value for money is reasonable/poor • Limited scope to improve either quality or cost effectiveness • Uncertainty over future of service owing to internal changes in CYC – not confirmed what kind, if any, of tendering is now planned
Tender for third party	<ul style="list-style-type: none"> • Opportunity to get best value for money available on the market • School has control over the decision • Opportunity to design service to closely match needs of school • Few ongoing management responsibilities 	<ul style="list-style-type: none"> • Expense / work required to organise a full OJEC compliant tender (around £5,000 in consultancy fees) • Some issues on standards and accountability may not be improved (e.g. on site presence of managers likely to be limited)
Bring service in house	<ul style="list-style-type: none"> • No formal tender process required • Opportunity to design service to closely match needs of school • Easier to get the best out of cleaning staff: identify more closely with school, more accountable, easier 	<ul style="list-style-type: none"> • Cost / work involved in transfer process • Additional management responsibility • Added HR burden • Added responsibility for covering absence, recruitment etc. • Added responsibility for

	<p>to give timely feedback etc.</p> <ul style="list-style-type: none"> • Strong on site management presence • Control over HR systems 	<p>equipment, materials, training</p>
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2.2 Benefits of In House Solution in Detail

- 2.2.1 The school can design a cleaning service which closely matches its needs and which can be flexible and responsive to changes throughout its duration
- 2.2.2 As directly employed staff, it is expected that staff will feel a stronger sense of belonging and loyalty to the school. Other schools have reported that this is apparent in the willingness of staff to change their routine, for example to cover absent colleagues, be flexible with hours and above all their desire to do a good job.
- 2.2.3 Being part of the school team will make it easier to give feedback to cleaning staff, both positive and negative, which is timely and specific, helping them to improve.
- 2.2.4 Having the cleaning manager based on site will be hugely advantageous on the effective management of the service, allowing issues to be addressed promptly and improving communication.
- 2.2.5 Cleaning staff will be able to access the same HR systems as other staff, and the school will be able to make informed decisions about covering absence, recruiting etc.

2.3 Risks of In House Solutions with Mitigating Measures

- 2.3.1 The transfer process will require some work or expense on the part of the school. An external consultant would charge around £1,000 to manage the process. It is proposed that this process be carried out in house, potentially with some back filling of existing roles (e.g. Bursar).
- 2.3.2 An onsite cleaning manager is a critical aspect of this solution. The proposed model would apportion part of the existing Site Manager's time to this role, with additional resource added to the caretaking team to compensate. The advantages of this approach are:
- Makes use of existing member of staff with proven management ability and potential to develop
 - Time allocated to the service can be calibrated to reflect changing needs of school, controlling costs and delivering optimum value for money

- Because he is on site full time, the Manager can respond quickly to any urgent issues arising.
- Suitable line management training would be provided to the Site Manager and the Cleaning Supervisor to make sure they are well equipped to meet the requirements of their revised roles

2.3.3 As the staff will be working in the school, there will be additional HR responsibilities. These include managing planned and unplanned absence, overtime and the recruitment process for new staff. A payroll and HR service is procured from the LA, limiting the impact on school staff. It would represent roughly a 10% increase in HR work within the school, which should be possible to absorb into current structures.

2.3.4 The school will not be able to draw upon a pool of staff to cover absence or unfilled vacancies. Measures available to address this include: over-staffing, flexible contracts and/or overtime to allow existing staff (including site staff) to cover; use of agency staff or temporary contracts for longer periods of cover.

2.3.5 The school will need to purchase and maintain suitable equipment – this will involve an initial outlay but after that, this should be a straightforward addition to the existing site staff responsibilities, as should purchase of cleaning materials.

3.0 Financial Model of In House Solution

3.1 The tables below show the projected operating costs, set-up costs and net impact over the next three years.

Table 2: Projected annual operating costs

Item	Annual operating costs
Core staffing	250 hours p/w x 39 weeks + 650 hours holiday work = 10,400 hours pa 10,400 annual hours @ £7.65ph = £79,560 On costs @ 25% = £19,890 Total = £99,450
Additional staffing + overtime	£2,000
Management time	Supervisor time not spent on cleaning = £2,000 30% of Site Manager salary + on costs @ 25% = £8,226

	Total = £14,809
Equipment	£8,000
Materials	£5,000
Training	£3,000
Other	£4,000
Total	£136,259
Saving from backfill of Site Manager role with caretaker	£8,226 - £6,581 (Caretaker 0.3FTE) = £1,645
Net cost	£134,614

Table 3: Additional costs for first year

Item	Additional costs Year 1
Purchase of equipment + uniforms (in addition to £8000 annual cost)	£5,000
Consultancy / Cover for staffing to manage transition	£1,000

Table 4: Net financial impact over next 3 years

	2014/15 (£000)	2015/16 (£000)	2016/17 (£000)
Current	139	141	143
In House	141	137	139
Difference	+2	-4	-4
Cumulative	+2	-2	-6

- 3.2 Table 4 makes the prudent assumption that the operating costs will rise by approx. 1.5% pa (in line with recent annual changes to the cost of the existing service). The school would in fact expect to identify a number of efficiencies once the service was established.

4.0 Recommendation

- 4.1 The in house solution is recommended to governors on the basis of improved value for money as a result of a higher quality service, which is more flexible and responsive to the needs of the school, delivered by a more effective and better motivated team. Whilst significant cost savings have not been

identified, once the service is established it is anticipated that further efficiencies will be possible. This solution will also give the school greater certainty and control at a time when the future of the current provision is uncertain.

APPENDIX 1: Timeline

Decision to go ahead given by Governors	9 th January 2014
Consultation with affected staff	Commence 13 th January
Notice given to CYC not to continue with current service	By end of January
Notification of need for TUPE arrangements to commence*	By end of January
New job descriptions, person specifications, staff handbooks etc.	By end of March
Devise specification of works	By end of March
Purchase of new equipment, materials and uniform	By end of March
Recruit staff to meet any shortfall in cleaning staff / backfill caretaker role	By end of March
Current contract expires	31 st March
New staffing contracts take effect	1 st April

*CYC are responsible for completing the changes needed to satisfy TUPE regulations, e.g. transfer of pension arrangements