

Report for:	Cabinet – 12 th June 2012	Item Number:								
Title:	Provision of Cleaning Service Buildings	es for the Council's Operational								
Report Authorised by:	·									
Malcolm Greaves - Corporate Landlord Manger Lead Officer: Tel: 2900 e-mail Malcolm.Greaves@haringey.gov.uk										
Ward(s) affected	d: N/A	Report for:Key Decision								

1. Describe the issue under consideration

1.1. The external procurement of cleaning services for the Council's operational buildings was included in the measures contained in the budget package agreed in February 2011. Following a tendering process and preparation of an Equal Opportunities Impact Assessment, Cabinet is asked to confirm its earlier decision to proceed with the outsourcing of this service, to agree an approach to future pension contributions in relation to Haringey Local Government pension scheme members transferring under TUPE arrangements, and to approve the award of the proposed framework agreement and call-off contract for cleaning services.

2. Cabinet Member introduction

2.1 I am delighted to recommend this contract for Cleaning Services with an assurance of paying at least the London Living Wage and securing an agreement with the supplier to promote this commitment.

3. Recommendations

- 3.1. To confirm the externalised procurement of cleaning services as agreed in principal as part of the Council's budget of 2011-12.
- 3.2. That approval be given under Contract Standing Order 9.07.1 (d) to award the Cleaning Services framework agreement to the supplier identified in exempt Appendix A, paragraph 8.2, for a period of four years, and award a call off contract under the framework for cleaning services to the same supplier for a period of four years.
- 3.3. That the approach set out in exempt Appendix B, be adopted in respect of employer contributions for those employees that would be subject of TUPE transfer as a result of the award of the Framework Agreement and who are active members of the London Borough of Haringey Pension Scheme.

4. Other options considered

4.1. Prior to this procurement a value for money review was undertaken on the inhouse cleaning service and recommended market testing of the service. An inhouse bid has not been submitted for this procurement opportunity as the service is unable to compete with the established external market.

5. Background information

- 5.1. In 2010/11 a value for money review was carried out on the cleaning service and a number of efficiency savings were implemented. It was further recommended that the service be market tested.
- 5.2. As part of the 2011/12 budget setting process a savings proposal was accepted by Cabinet on the basis the service was subjected to market testing.
- 5.3. This procurement has been undertaken using a formal OJEU restricted tender procedure.
- 5.4. As part of the Haringey/Waltham Forest shared service reviews it was agreed to explore a jointly tendered cleaning service. Whilst Waltham Forest are not intending to enter into a contract at this time they were named in the OJEU advert and are therefore able to "call off" a contract under the proposed framework anytime during the framework period, should they so wish.
- 5.5. A notice was published in the Official Journal of the European Union (OJEU) on 28th October 2011, inviting suppliers to express an interest in competing for this framework agreement. Suppliers who expressed an interest were invited to complete a Pre-Qualification Questionnaire (PQQ), which resulted in a long list of 28 suppliers submitting PQQ's from which six suppliers were selected to tender.

- 5.6. Six tenders were received on 23rd January 2012, which were evaluated in terms of quality and price. The tenders received scores based on a 60%/40% price/quality ratio as a result of the evaluation process.
- 5.7. Emphasis has been placed on the supplier's ability to demonstrate their competence in managing and delivering cleaning services in the public sector and in particular proposals for the transfer and integration of existing cleaning staff under the TUPE regulations 2006.
- 5.8. Following completion of the evaluation process it is recommended the framework agreement be awarded to supplier 1 in the table in Appendix A (exempt), paragraph 8.1, for a period of four years and award a call off contract under the framework for cleaning services to the same supplier for a period of four years.

Staffing Implications

- 5.9. Please refer to paragraphs 7.1 to 7.3 in exempt Appendix A
- 6. Comments of the Chief Financial Officer and financial implications
- 6.1 As part of the HESP budget process indicative savings of £300,000 were envisaged from this procurement exercise. This was based on the buildings portfolio at the time the saving was offered. This saving was split across the 2011-12 and the 2012-13 budget processes.
- 6.2 As the Accommodation Strategy and wider Council savings have taken effect the quantum of building cleaning required has substantially reduced making the saving more difficult to achieve. As the level of cleaning required by the Council will be in constant flux in coming years, as the Accommodation Strategy proceeds, the contract has been structured so that there is a clear 'price' for each building meaning that as buildings are taken out of the portfolio the total payable under the contract can be easily revised.
- 6.3 Based on the current buildings portfolio, the recommended bid would allow the Council to fully achieve the saving providing that all relevant cleaning budgets can be reclaimed from services and related savings within the wider Property service budget are included.
- 6.4 Externalisation of the service also provides for greater cost certainty for the Council as the risk in relation to variations and control of input costs is transferred to the contractor.

7. Comments of the Head of Legal Services and legal implications

7.1. Further to Cabinet's decision in principle in February 2011 to outsource the cleaning service, the Framework Agreement for cleaning services was advertised in the Official Journal of the European Union using the restricted tender procedure, a process whereby expressions of interest are invited and a selection of contractors who have expressed an interest are invited to submit tenders.

- 7.2. The Council now wishes to award the Framework Agreement to the contractor identified in the appendix to this report.
- 7.3. Subject to Cabinet's agreement to award the Framework Agreement, the Council wishes to recommend award of a call-off contract for a period of four years to the contractor identified in the appendix to this report.
- 7.4. The award is a key decision and as such needs to be included in the Forward Plan in accordance with CSO 3.01 (d). Property Services has confirmed that this has taken place.
- 7.5. The recommendation to award the Framework Agreement is based on the most economically advantageous tender submitted, in accordance with Regulation 30 of the Public Contracts Regulations 2006 and CSO 9.07.1 (b).
- 7.6. Because of the value of the Framework Agreement and the call-off contract, the award needs to be approved by Members in accordance with CSO 9.07.1 (d).
- 7.7. Additional comments of the Head of Legal Services are contained in exempt Appendix A.
- 7.8. The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

8. Equalities and Community Cohesion Comments

- 8.1. An equalities impact assessment (EIA) has been completed and particular consideration given to addressing the impact on the existing workforce. The transfer of all existing cleaning staff will be carried out under the requirements of the TUPE regulations 2006, which safeguards their terms and conditions. Equally continuity of existing pension arrangements has been ensured through the conditions of contract.
- 8.2. It is not possible to control the employment terms and conditions beyond the TUPE requirements as this will pass to the supplier on the date of transfer.
- 8.3. The Council currently pays all cleaning staff at least the minimum London Living Wage which is protected under TUPE. The tender document encourages suppliers to pay at these levels for all staff employed on this framework, however in accordance with EU court judgements it is not possible to make this a contractual term. The recommended supplier does however operate other public sector contracts in London and has provided information on their application of the London Living Wage to those contracts. The recommended supplier has agreed to promote their commitment to pay the London living Wage on this contract in a joint statement with the Council if successful.
- 8.4. Whilst it is not possible to require the contractor to employ local people it is usual for a cleaning workforce to live locally. The suppliers have provided a commitment to encouraging local people to apply for any vacancies and engaging with the Council to recruit through the Haringey Guarantee scheme.

9. Head of Procurement Comments

- 9.1. This contract opportunity has been competed under an OJEU restricted procedure.
- 9.2. The framework agreement will enable the London Borough of Haringey and London Borough of Waltham Forest to "call off" cleaning services from the proposed supplier at any time during the four year arrangement.
- 9.3. The recommended bidder is prepared to apply the London Living Wage to transferred employees, and therefore satisfies Council aspirations in this regard.
- 9.4. The tendered cost of the contract represents Value for Money and will result in a significant saving for the Council.

10. Policy Implications

11.1 The service was subject to a value for money review concluded in 2010 which recommended the service be market tested. The framework has been tendered in the open market and produces a saving to the Council. A "call off" contract under the framework to a single supplier for Haringey will also be available to London Borough of Waltham Forest.

11. Use of Appendices

- 11.1. Exempt information (Appendix A and B).
- 12. Local Government (Access to Information) Act 1985

13.1 Background Papers

Cabinet report, Medium Term Financial Planning 2011/12 to 2012/13 (8th February 2011)

OJEU notice 28th October 2011

- 13.2 The report contains exempt information. Exempt information is contained in Appendix A and B and is **not for publication**. The exempt information is under the following category (identified in amended schedule 12A of the Local Government Act 1972):-
 - S(3) Information relating to the financial or business affairs of any particular person including the authority holding the information.





Haringey Council

Equalities Impact Assessment (EqIA) for Organisational Restructures

Date: Started 31 January 2012

1

Department and service under review: Cleaning Service/ Corporate Property Services/ Places and Sustainability

Lead Officer/s and contact details: Malcolm Greaves 2900

Contact Officer/s (Responsible for actions): Trevor Smith 3929

Summary of Assessment (completed at conclusion of assessment to be used as equalities comments on council reports)

Subject to Cabinet approval, the Council intends to outsource the cleaning service to an external contractor under a framework contract. It is intended all staff currently employed by the service, with the exception of one client officer, are transferred to the successful contractor.

An equalities impact assessment (EIA) has been completed and particular consideration given to addressing the equality impact on the existing workforce where such impact is identified. The proposal under consideration includes the transfer of all existing cleaning staff under the requirements of the TUPE regulations 2006, which safeguards their terms and conditions. Equally continuity of existing pension arrangements has been ensured through the conditions of contract.

It is not possible to control the employment terms and conditions beyond the TUPE requirements as this will pass to the supplier on the date transfer.

The Council currently pays all cleaning staff at least the minimum London Living Wage which is protected under TUPE. The tender document encourages suppliers to pay at these levels for all staff employed on this framework, however in accordance with EU court judgments it is not possible to make this a contractual term. The recommended supplier does operate other public sector contracts in London and has provided information on their application of the London Living Wage to those contracts.

Whilst it is not possible to require the contractor to employ local people it is usual for a cleaning workforce to live locally. The suppliers have provided a commitment to encouraging local people to apply for vacancies and engaging with the Council to recruit through the Haringey Guarantee scheme.

A.

The Equalities Impact Assessment for service restructures should assess the likely impact of restructuring on protected equalities groups of employees by: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex (gender), sexual orientation.

The assessment is to be completed by the business unit manager with advice from HR. It is to be undertaken by an assessment of the basic employment profile data and then answering a number of questions outlined below.

PART 1 TO BE COMPLETED DURING THE EARLY STAGES OF CONSULTATION WITH STAFF/ UNIONS ON THE STRUCTURE

Step 1 – Aims and Objectives

- 1. Purpose What is the main aim of the proposed/new or change to the existing service?
 - Reduce service costs to meet HESP budget savings proposals.
 - Deliver a revised service specification and delivery model for cleaning service following market testing.
- 2. What are the main benefits and outcomes you hope to achieve?
 - Cost reductions, cost certainty and investment in improved cleaning services/outcomes
- 3. How will you ensure that the benefits/ outcomes are achieved?
 - The tender has been advertised through an OJEU process on a revised output specification. The tender provides for the contractor to propose a delivery solution that meets the aims and objectives.
 - The tender evaluation process includes assessment and verification of the quality delivery proposals and costs.
 - The tender requirements include full TUPE compliance and on-going monitoring.

Step 2 – Current Workforce Information & Likely Impact of your proposals

Note – there is an Excel template that accompanies the EIA Service Restructure template on Harinet. This is to help you complete the tables of staff information and % calculations. You will also find the latest Annual Council Employee Profile on Harinet (based on data for a financial year) to help complete the council and borough profile information. Ask HR if you cannot find it.

1. Are you closing a unit?

No; it is being transferred to an external contractor

- If No, go to question 3.
- If Yes, please outline how many staff will be affected broken down by race, sex (gender), age and disability.

In addition if you have information on the breakdown of your staff by the following characteristics: gender reassignment, pregnancy and maternity, religion or belief, sexual orientation; you must consider the impact on these groups.

No information is currently available on these protected characteristics.

2. Can any staff be accommodated elsewhere within the service, business unit or directorate?

All staff, with the exception of <u>one</u> of the three existing Area Cleaning Managers, will be transferred under TUPE arrangements. The third Area Cleaning Manager will be accommodated elsewhere in the service and recruited to a newly created client contract monitoring officer post.

• If Yes, identify how many by race, sex, age and disability. And where possible identify the number by gender reassignment, pregnancy and maternity, religion or belief, and sexual orientation.

3X Area Cleaning Managers will be ring fenced to 1x FM contract monitoring Officer post.

Race

3. Provide a breakdown of the current service by Grade Group and Racial Group following the format below.

		Black	(As	sian	 M	lixed	Other		White Minor		BME		Whit	e	Not Dec d			
Grade Group	Total No. Staff	No.	% Grade Group	No.	% Grade Group	No.	% Grade Group	No.	% Grade Group	ÖZ	% Grade Group	, o	% Grade Group	No.	% Grade Group	No.	% Grade Group	% BAME in Council Grade Group	% BAME in
SC1 SC5	126	108	86	0	0	0	0	4	3	1	1	113	90	5	4	8	6	70	
SC6 - SO2	3	2	67	0	0	0	0	0	0	0	0	2	67	4	33	0	0	58	
-P01	0	0	L#DL	0	#DtV/0!	Lo	#DI	0	L#DL-	0	L#DL	0	#	Lo	#DI -	lg.	#D!-	48	<u>.</u>

PO3			V/0!				V/0!		V/0!		V/0 !		DI V/ 0!		V/0!		V/0!		
PO4 - PO7	0	0	#DI V/0!	0	#DIV/0!	0	#DI V/0!	0	#DI V/0!	0	#DI V/0 !	0	# DI V/ 0!	0	#DI V/0!	0	#DI V/0!	39	
PO8 +	0	0	#DI V/0!	0	#DIV/0!	0	#DI V/0!	0	#DI V/0!	0	#DI V/0 !	0	# DI V/ 0!	0	#DI V/0!	0	#DI V/0!	20	
TOT AL	129	110	85	0	0	0	0	4	3	1	1	115	89	6	5	8	6	55	*34

* 2009 Mid year estimates

- 4. Highlight any grade groups that are very under represented (10% or more difference) compared with the council profile and where relevant the borough profile.
 - Sc1-5: Significant under representation of White at this grade band compared with their representation in the Council;
 - Sc6-SO2: Significant under representation of White at this grade band compared with their representation in the Council;
- 5. Do any ring fences disproportionately impact on staff from one ethnic minority group (white, white other, asian, black, mixed race) or Black & Minority Ethnic (BME) staff only?

Yes the one fence disproportionately impacts on black Sc6-SO2 staff. However, given the very small number of posts to be ring fenced to (only one post of FM contract monitoring officer post) and the small number of staff who will be potentially affected (3xArea Cleaning Managers, 2 of whom are black and 1 white), the impact on either of these two racial groups will be statistically meaningless.

- If No, go to question 8.
- If Yes, how many of these staff might be displaced?

None

6. By how much does these staff change the % (percentage) of BME staff in the structure? Show start and end %.

None

7. Can any of these staff be accommodated elsewhere within the proposed new structure or can you amend the structure to accommodate them e.g. consideration of flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc.?

• If Yes, how many and what effect do they have on the BME %? Show start and end %.

N/A

Gender

8. Provide a breakdown of the current organisation by Grade Group and Gender breakdown following the format below

Grade Group		Ma	le	Fem	ale	% Females in Council	% Females	
	Total No. Staff	No. Staff	% Grade Group	No. Staff	% Grade Group	Grade Group	in Borough	
SC1-SC5	126	36	29	90	71	71		
SC6-SO2	3	1	33	2	67	76		
PO1-PO3	0	0	#DIV/0!	0	#DIV/0!	63		
PO4-PO7	0	0	#DIV/0!	0	#DIV/0!	65		
PO8+	0	0	#DIV/0!	0	#DIV/0!	56		
TOTAL	129	37	29	92	71	69	*49	

9. Highlight any grade groups that are very under represented (10% or more difference) compared to the % of females/males in the council.

Sc6-SO2: Slight under representation of women compared to their profile at this grade band in the Council.
Sc1-Sc5: Corresponds exactly to the profile of women in the Council.

10. Do any ring fences disproportionately impact on female or male staff?

No - staff within the ring fences are proportionate to the borough profile.

- If No, go to question 13.
- If Yes, how many female / male staff might be displaced?
- 11. By how much do these staff change the % (percentage) of female/male staff in the whole structure? Show start and end %.
- 12. Can any of these staff be accommodated elsewhere within the proposed new structure or can you amend the structure to accommodate them e.g. consideration of flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc.?

• If Yes, how many and what effect do they have on the female/male%? Show start and end %.

Age

13. Provide a breakdown of the current organisation by Grade Group and Age breakdown following the format below

Age Analysis													
		16	16-24		25-34		-44	45	-54	55	-64	65+	
Grade Group	Total No. Staff	No. Staff	% Grade Group										
SC1- SC5	126	0	0	13	10	21	17	49	39	41	33	2	2
SC6- SO2	3	0	0	0	0	3	100	0	0	0	0	0	0
PO1- PO3	0	0	#DIV/0!										
PO4- PO7	0	0	#DIV/0!										
PO8+	0	0	#DIV/0!	. 0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
TOTAL	129	0	0	13	10	24	19	49	38	41	32	2	2
Council Profile	3613	52	1	622	17	908	25	1332	37	665	18	34	1
*Borough Profile	225,000	26,300	11	46,700	21	41,100	18	29,100	13	17,600	8	20,600	10

^{* 2010} Mid year estimates

14. Highlight any grade groups with a high level of staff from a particular age group compared to the council profile.

Sc6 to SO2: 100% of staff in 35-44 age group compare to 29% in the Council)
Sc1 to Sc5: 33% in 55-64 age group compared to 22% in the Council; 39% in
45 – 54 age group compared to 37% in the Council
Sc1 to Sc5: Higher level of staff in 65+ age group (Compare with group profile in the Council)

15. Do any ring fences disproportionately impact on staff from one age group only?

Yes - The current holders of the three Sc6 – SO2 posts are all within the 35 – 44 age group

- If No, go to question 18.
- If Yes, how many of these staff might be displaced?

None

16. Does the displacement of these staff result in no representation of staff from a particular age group within the structure as a whole?

N/A

- 17. If Yes, can any of these staff be accommodated elsewhere within the proposed new structure or can you amend the structure to accommodate them e.g. consideration of flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc.?
 - If Yes, how many and what effect do they have on a particular age group? Show start and end %.
 N/A

Disability

18. Identify the total number of disabled staff in the service following the format below:

Disability Analysis						****
	Total No.	Disabled Staff		Non Disa	% Disabled in Council	
Grade Group	Staff	No. Staff	% Grade Group	No. Staff	% Grade Group	Grade Group
SC1-SC5	126	12	10	114	90	8
SC6-SO2	3	0	0	3	100	10
PO1-PO3	0	0	#DIV/0!	0	#DIV/0!	7
PO4-PO7	0	0	#DIV/0!	0	#DIV/0!	7
PO8+	0	0	#DIV/0!	0	#DIV/0!	3
TOTAL	129	12	9	117	91	8

19. Do any ring fences disproportionately impact on disabled staff?

No - None of the staff affected by the ring fence is disabled.

- If No, go to question 21.
- If Yes, how many of these staff might be displaced? Show start and end numbers and %.
- 20. Can any of these staff be accommodated elsewhere within the proposed new structure or can you amend the structure to accommodate them e.g. consideration of

flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc.?

- If Yes, what effect will this have on the number of disabled staff? Show start and end numbers and %.
- 21. In addition to the above analysis of race, sex, age and disability you will need to consider the impact on groups with the following characteristics: gender reassignment, pregnancy and maternity, religion or belief, sexual orientation. Please ask HR for help with the data on:
 - Gender Reassignment
 - Religion/Belief
 - Sexual Orientation
 - Maternity & Pregnancy

Only Maternity & Pregnancy available.

22. If you provide services to residents please also identify the potential impact/ issues relating to the change in service delivery as a result of your proposals.

Date Part 1 completed - 17 February 2012

PART 2 TO BE COMPLETED AT THE END OF CONSULTATION WITH STAFF/ UNIONS ON THE STRUCTURE

Step 3 – Consultation

In December 2011 an informal briefing note was sent to all cleaning services staff and immediate colleagues confirming the market testing of cleaning services was commencing and the likely impact for the existing service.

Informal meetings with trades union raised concerns about the outsourcing of cleaning services, particularly in relation to the effect on transferees and potential two tier workforce should the contractor not pay the London living Wage to any new staff employed on the contract. Whilst this cannot be a contractual requirement, a series of clarification questions were raised with the highest scoring bidder to seek assurances on these matters. The results of which provided evidence of such payments on other

reference contracts and a clear commitment to do so on the Haringey framework. This is information has been shared with the Union and no further questions have been raised at this time.

A period of formal staff consultation will be commenced following the Cabinet decision, programmed for 12th June 2012, to award the framework agreement. This will include meetings jointly attended by management and trades unions. During this period both employees and trade union representatives will have the opportunity to ask questions about the impact on their roles and the transfer process. Individual meetings will be offered to all staff on request.

A further session will be arranged jointly with the successful contractor to meet with staff as part of the TUPE transfer process and contract implementation. It is anticipated the contractor and Unions will hold separate meetings with staff.

Step 4 - Address the Impact

1. Are you in a position to make changes to the proposals to reduce the impact on the protected groups e.g. consideration of flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc. - please specify?

No changes as all posts except one are transferring under the TUPE regulations

2. What changes or benefits for staff have been proposed as a result of your consultation?

None

3. If you are not able to make changes - why not and what actions can you take?

N/A

4. Do the ringfence and selection methods you have chosen to implement your restructure follow council policy and guidance?

Yes

5. Will the changes result in a positive/ negative impact for service delivery/ community groups – please explain how?

The changes will impact positively on service delivery which is to be delivered to a revised output specification with customer satisfaction being at the heart of performance monitoring.

6. How can you mitigate any negative impact for service users?

The cleaning service will be subject to a contract specification with performance measured against Key Performance Indicators. The contract requires evidence of customer satisfaction and continuous improvement.

Date Steps 3 & 4 completed 31 March 2012

Step 5 - Implementation and Review

1. Following the selection processes and appointment to your new structure are there any adverse impacts on any of the protected groups (the eight equalities characteristics). Please identify these.

Due to the very small number of posts to be ring fenced to and the small number of staff who will be potentially affected, there is not expected to be any adverse impact.

- 2. If there are adverse impacts how will you aim to address these in the future? N/A
- 3. Identify actions and timescales for implementation and go live of your new service offer.

The implementation is expected to be completed by September 2012 following a lead in period of consultation and set up by the successful contractor.

4. If you are not in a position to go ahead on elements of your action plan – why not and what actions are you going to take?

N/A

5. Identify the timescale and actions for review of the restructure to ensure it achieved the expected benefits/ outcomes.

There will be ongoing contract monitoring, however the responsibility for compliance with the Equalities Act rests with the contractor. Addressing equalities impacts will rest with the Contractor; therefore Haringey can monitor but not guarantee what the contractors will do with regard to equalities implications post transfer.

This impact assessment will be reviewed post framework award to consider any changes that may be made. It is considered there is limited scope for change as when the service is transferred the responsibility for addressing any issues will become the responsibility of the contractor.

Step 6 - Sign off and publication

There is a legal duty to publish the results of impact assessments. The reason is not simply to comply with the law but to make the whole process and its outcome transparent and have a wider community ownership. You should summarise the results of the assessment and intended actions and publish them.

COMPLETED BY (Contact Officer Responsible for undertaking this EqIA)

NAME:

Malcolm Greaves

DESIGNATION: Corporate Landlord Manager

SIGNATURE:

DATE 02.05.12

QUALITY CHECKED BY (Equalities,)

NAME: Inno Amadi

DESIGNATION: Senior Policy Development Officer, Policy & Equalities Team

SIGNATURE:

DATE: 4 May 2012

SIGNED OFF BY Director/ Assistant Director

NAME:

DESIGNATION:

SIGNATURE: <

DATE:

SIGNED OFF BY Chair Directorate Equalities Forum

NAME:

TO44 HORES

DESIGNATION: AGAISTANT DIRECTOR (LOSSURE)

SIGNATURE:

DATE:

28.5/12.

Note - Send an electronic copy of the EqIA to equalities@haringey.gov.uk; it will then be published on the council website

