

### Corporate Cleaning Contract Full Business Case and Options Appraisal

Programme/Project/Service Redesign Information	
Project Name	Provision of Corporate Cleaning Services
Directorate/Service	Environment, Economy & Culture, Property & Design
Full Business Case Author	Martin Hedgecock – Facilities and Building Services Manager
Date Full Business Case drafted	09/10/2020
Senior Responsible Owner/ Project Executive	Angela Dymott
Programme or Project Manager	David Bond

#### 1. Executive Summary & Recommendations

This business case explores opportunities and options to provide the currently extended and outsourced building cleaning services through 5 options:-

Option 1:- the direct employment of cleaning staff, supervisors and managers by Brighton and Hove City Council.

Option 2:- to divide the properties into 3 separate lots based on the geographical locations of the buildings to encourage local SME cleaning contractors to participate in a compliant tender process, resulting in three contracts with three different providers.

Option 3:- to proceed with a compliant tender process which includes the provision of cleaning services to all buildings currently provided for under the current contract resulting in a single supplier contract..

Option 4:- conduct a mini competition process via an existing third party compliant framework and enter into a call off contract with the a single supplier .

Option 5:- Do nothing.

The current outsourced contract provides cleaning services to 103 buildings, employing staff with 248 site based cleaning roles (predominantly employed on a part time basis and paid the foundation living wage as a minimum), 3 Full time area supervisors, 4 Full time mobile cleaners and 1 Full time contract manager at a contracted annual cost of £2.124m

The non-core or ad-hoc elements of the current contract offers several support services to Schools via a variation for caretaker support, locking and unlocking and provision of temporary cleaners to Schools that clean in house, a mobile response service trained to deal with bodily fluids, deep cleans, COVID-19 deep cleans, jet washing, cleaning of heavily soiled external areas and window cleaning.

The cost of providing these non-core or ad-hoc services in the financial year 2019 - 2020 totalled £0.220m

The council's budget is supported by a fee income from Schools to manage and administer the cleaning provision.

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#### **2. Objectives**

- To provide a cost effective and operationally efficient cleaning and sanitisation service to various types of corporate buildings throughout the Councils portfolio and provide an option for Schools to also access these services.
- Support the council's City Plan for a fairer city and a sustainable future through employment of local people and local SME's.
- Support the council's budget strategy by reducing cost while increasing revenue

#### **3. Background and context**

This business case explores the options available for the future of Corporate Cleaning Services when the current contract ends on 30<sup>th</sup> April 2022.

Approval to extend the current contract for a period of 18 months was agreed by Members at both the PAB committee meeting and the P&R Committee in September/October 2020. This extension not only allows the service to continue maintaining a high standard of cleanliness and sanitisation during the Covid 19 outbreak but provides sufficient time for the service to prepare and present this business case to Members, following which the service will proceed with implementing the agreed option

Four of the five options presented in this business case will enable the Council to continue maintaining a high standard of cleaning allowing alterations to the cleaning specification in accordance with the Government's latest guidance and advice around cleaning in non-healthcare settings as a result of Covid 19 or future pandemics as they arise.

#### **4. Preferred Option**

The preferred option is Option 2, as agreed at the Procurement Advisory Board held on December 7<sup>th</sup> 2020 and detailed on page 12, to continue with an outsourced Corporate Cleaning service and run a restricted tender process based on dividing the estate into 3 separate geographical lots in order to encourage local SME cleaning contractors to participate.

## APPENDIX A

### Corporate Cleaning Contract Full Business Case and Options Appraisal

Forecast financial 4 Year contract cost overview of all options:

Option	4 Year Forecast cost	Forecast increase against current contract 4 Year cost of £8.50M
option 1:- the direct employment of cleaning staff, supervisors and managers by Brighton and Hove City Council	£9.33M	£0.83M
option 2:- to divide the properties into 3 separate geographical lots in order to encourage local SME cleaning contractors to participate in a compliant tender process	£9.12M	£0.63M
Option 3:- to proceed with a single supplier compliant tender process encompassing all buildings as currently contracted	£8.75M	£0.25M
Option 4:- to join an established framework	£8.75M	£0.25M
Option 5:- Do nothing	£Nil	

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*An option appraisal should be completed for each option. The option to 'do nothing' must be included unless this has been disregarded in the Outline Business Case stage.*

#### OPTION 1

##### 1. Description of the option

*Describe the option that is being explored. Including any evidence base, this should include benchmarking data and needs analysis undertaken.*

In order to bring this service in house, Brighton & Hove City Council would be required to directly employ the cleaning operatives, supervisors and managers currently employed by the contractor to provide the cleaning services. This would require engagement with the current contractor to understand TUPE obligations in terms of which staff from the incumbent contractor are eligible to transfer under TUPE to the council. At this stage it is assumed that all operational staff would transfer. Recruitment would be required to ensure a full complement of 190 staff plus 10 additional staff to provide holiday and sickness cover and 4 management and administration staff to replace the TUPE ineligible staff in the incumbents head office who carry out these functions.

##### 2. Is this the preferred option?

*Yes or no and a brief explanation why.*

No, as the forecast financial cost will be in the region of £9.33m over a 4-year period compared to the current cost of £8.500m as the need to employ 10 additional cleaning staff, vehicles, cleaning equipment, materials, uniforms and the operational management of the directly employed staff would also necessitate the employment of 4 additional management and administrative staff, as currently there is lack of capacity to directly manage a cleaning workforce and a labour intensive function. There is an increased cost due to staff being automatically enrolled into the Local Government Pension Scheme from day 1 of the transfer.

This option would require additional support from within existing Corporate Support teams. Learning from previous TUPE processes suggest this will require an increased level of resource to deliver the insourcing TUPE project, and also increased resource on an ongoing basis following completion of the project as this represents a large increase in workforce.

The consequences of insourcing staff on different terms and conditions include the possibility of having a two-tier workforce, where existing employees may be required to work alongside those transferring from the private sector who are on different and potentially more favourable terms and conditions of employment. Bespoke payroll build would be required to maintain a different set of terms and conditions (coinciding with the current payroll system contract renewal April 2022).

There is very likely to be pressure to undertake a harmonisation process quickly after transfer to bring all staff onto the same set of terms and conditions, which will increase staff costs, In addition to budget pressure for the council, this could be problematic for Schools as existing

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customers of the service, and would make potential future outsourcing options expensive for potential contractors, ultimately further increasing the cost to the council in the future.

#### 3. Cashable benefits

*What are the anticipated financial savings from the programme or project? Profile the savings over the lifetime of the programme or project.*

	Year 1	Year 2	Year 3	Year 4	Total
Savings	£0	£0	£0	£0	£0

#### 4 Non-cashable benefits

*Every non-cashable benefit (or improvement) should be expressed in measurable terms, and the current situation understood and baselined before the programme or project is implemented. Include benefits from the perspective of the customer*

<b>Current situation</b>	<b>Benefit expected</b>	<b>Measured outcome that you hope to achieve</b>	<b>How will the benefit be measured?</b>
Outsourced contract that is managed by a local office (Hove) and employs c.200 local staff.	Better direct management control by BHCC Officers.	Maintain or improve on the low number of staff and client complaints	Number of staff and client complaints about cleaning standards

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<b>5 Costs (capital and revenue)</b>					
<i>What are the capital <u>and</u> revenue costs of the programme or project? Profile these costs over the lifetime of the programme or project.</i>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
<b>Capital costs</b>	£82,500	£82,500	£82,500	£82,500	£330,000
<b>Revenue costs</b>	£2,184,000	£2,227,680	£2,272,324	£2,317,678	£9,001,592
<b>Totals (per year) &amp; grand total</b>	£2,266,500	£2,310,180	£2,354,734	£2,400,178	£9,331,592
<i>When will payback occur? What is the Return on Capital Employed?</i>					
<p>There will be an initial capital cost of £330,000, repayable over the 4 year period, to provide the cleaning equipment, vehicles and uniforms required. This capital cost will repeat on a 4 year cycle.</p> <p>This option may deliver operational efficiency improvements in the delivery of the standard daily cleaning specification but not savings. The delivery of reactive cleaning services, such as utilising the mobile service to deal with incidents of bodily fluids, deep cleans, COVID-19 deep cleans, jet washing, cleaning of heavily soiled external areas and window cleaning, caretaker support, locking and unlocking and the provision of temporary cleaners to Schools that clean in house, will provide cost recovery revenue estimated at £220,000 p/a based on the expenditure on these types of works during the financial year 2019/2020.</p>					

<b>6 Funding</b>					
<i>Have the budgets to fund the programme or project been identified? Specify which budgets.</i>					
<p>Yes, there are 2 funding sources for the Corporate BHCC buildings, but most of the funding is derived from the non-Corporate BHCC services and schools. The corporate building cleaning budget code is PPT086 and the corporate building reactive budget PPT252.</p>					
<i>Will the programme or project be in receipt of any funding? Profile the funding over the lifetime of the programme or project.</i>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
<b>Funding</b>	n/a	n/a	n/a	n/a	n/a
<i>Please identify the funding source(s)</i>					
PPT086	£287K				
PPT252	£105K				
Externally funded through recharge to non-Corporate clients (predominantly schools)					£1.73M

<b>7. Resources</b>					
<i>What staffing resources are required to deliver the programme or project?</i>					
<b>Service</b>	<b>Why are they required?</b>	<b>Quantify the requirement (mix of fte and pte)</b>	<b>When are they required?</b>	<b>Has the service been consulted and what did they say?</b>	<b>Are the staff available?</b>
Communications	Consult services and schools before Communicating changes internally and externally	Within existing capacity of P&D team with assistance of HR and Comms teams	From P&R approval and through the planning and mobilisation stages	Not to date.	Yes
Finance	Finance maintain the accounts to reflect the agreed income and	Additional Payroll and finance admin	Business case financial review and finance administration	Yes	Yes

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	expenditure budgets	staff will be required	throughout contract term.		
Human Resources & Organisational Development	To consider TUPE obligations with advice from legal, and ensure TUPE regulations are met To confirm actual costs in conjunction with the finance team	Additional resource required to manage this programme and personnel issues arising during the term of the transfer programme and the contract :  1 x HRBP 1 x HR Consultant, tbc Business Operations Officer  Reducing to post-transfer 0.5FTE x HR Consultant Tbc Business Operations Officer	From P&R approval, through the planning and mobilisation stages and for the term of the contract.	Yes, additional resource will be required	No
ICT	Establish network and infrastructure for new management and administration staff	TBC	Project mobilisation stage and for the term of the contract.	Yes	TBC
Internal Audit	Internal Audit will be required to provide assurance on the governance and process/ authorisations for the service	TBC	TBC	No	N/A
International Team (knowledge of funding opportunities)	N/A	N/A	N/A	No	N/A
Legal & Democratic Services	Commercial and procurement legal advice to advise on TUPE, procurement and form the contract.	Possible employment legal advisor required.	From P&R approval and through the planning and mobilisation stages	Not to date.	Yes
Performance, Improvement & Programmes	Review specification / ways of working to maintain or improve productivity.	Additional resource required to manage this programme	From P&R approval and through the planning and mobilisation stages and at regular intervals following commencement	Yes	No

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Policy, Communities & Equalities	Review and advise on Equalities Impact	May be within the existing capacity of the Equalities team	From P&R approval and through the planning and mobilisation stages and at regular intervals following commencement	Yes	No
Procurement	Yes, support required to procure the goods outlined as part of the initial capital investment. (cleaning equipment, vehicles and uniforms)	Potential requirement for additional PTE support procurement officer to manage the resulting procurements	From P&R approval and up to the mobilisation stage as well as support for additional procurement requirements once the new service is established.	Yes	There may be a requirement for additional procurement staff to support this option.
Property & Design	Facilities Management team for the project management	No, the Contract manager, administration and financial officers will be required to be in place as part of the mobilisation process.	During the procurement process, mobilisation and for the duration of project	No	No
Sustainability	Yes to advise on cleaning products	May be within the existing capacity of the Sustainability team	From P&R approval and through the planning and mobilisation stages and at regular intervals following commencement	No	TBC

*Are any specialist skills required to deliver the programme or project (beyond those identified above)? If so, how will these be acquired?*

The Contract Manager to be recruited and must be a qualified and experienced specialist in cleaning processes and procedures, the finance and administration resources will also need to be recruited.

### 8. Risks and opportunities

*Assess the risks and opportunities associated with the programme or project by using the council's Risk Management Framework and risk register template. List the most significant risks in the table below and the initial mitigating actions.*

<b>Risk description</b>	<b>Potential consequences</b>	<b>Likelihood</b> (1 = almost impossible, 5 = almost certain)	<b>Impact</b> (1 = insignificant, 5 = catastrophic/fantastic)	<b>Mitigating controls and actions</b>
Increased cost of the cleaning contract may lead many schools to	The schools have financial responsibility	4	5	Communicating the benefits of the BHCC management and service quality delivery



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consider terminating the BHCC provision for cleaning and sourcing their own contractors.	and manage their own budgets. They could procure their own individual contracts which, if they chose to withdraw from the BHCC cleaning provision, would severely affect the revenue income received by BHCC			to all Heads and Bursars prior to implementation.
Risk of shortfall in staffing levels, if staff decide not to TUPE to BHCC	Could result in a rushed recruitment process and a failure to recruit and deliver the service at commencement of project.	5	5	Ensure consultation meetings with prospective TUPE staff are held very early in the process to advise staff of the benefits of transferring to BHCC and identify possible shortfall so recruitment process can be implemented early on.
Lack of current capacity for the operational management, induction and BHCC training of c.200 TUPE'd staff	Without additional resources the result could be inadequate management and corporate support, leading to poor service provision	4	5	Ensure additional resource is quantified and funded during the planning stages of this project.
Unable to procure the correct cleaning equipment to facilitate the contract commencement	Contractors equipment will be removed from site and replaced by BHCC procured equipment, any delay in procurement, access to the required equipment and delay in delivery to site would leave cleaning staff unable to provide the service to the standard specified	3	5	Facilities manager and Procurement team will identify and procure new equipment for delivery on day of commencement by starting the procurement process 6 months prior to the project start date.
There are risks associated with the TUPE transfer of staff, where challenge to the legal process could be made by the transferring staff, the outgoing contractor, Trade Unions, or all three.	Failure to meet TUPE obligations could result in a maximum award of 13 weeks' pay to affected staff. The liability is shared between the incoming and outgoing employer, unless there is one employer at fault in which case the employer at fault is liable.	2	5	Early planning of the information sharing and consultation phase of the TUPE process, early engagement with the outgoing employer, with affected staff and Trade Unions. Programme Board to manage the governance and escalation of issues. The risk is increased if there is lack of engagement from the outgoing employer, which could reduce the councils ability to meet its TUPE obligations as the incoming employer.

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There are risks associated with an additional workforce, including complexity of employee relations issues that may transfer,	These issues should be identified through the due diligence process	2	5	As above, plus legal advice on the due diligence process
Pressure to undertake a harmonisation process quickly after transfer	Highly likely to increase staff costs,. This could be problematic for Schools as existing customers of the service, and would make potential future outsourcing options expensive for potential contractors, ultimately further increasing the cost to the council in the future.	5	5	Industrial Relations strategy

### 9. Outline programme or project plan

*Indicate the timeline for the programme or project with key milestones, including when decisions are needed and by whom, and deliverables.*

### 10. Stakeholder consultation

*List any consultations with stakeholders and the findings. Examples of stakeholders include citizens, staff, partner organisations, Members.*

Consultations will be carried out with:

School Headteachers, Bursars, Business managers and BHCC Education services

EEC Modernisation Board

Corporate Modernisation Board

Operational Services

### 11. Equalities

*Has an Equalities Impact Assessment been conducted for the programme or project? Is one required? When will it be undertaken?*

This will be completed as part of the consultation phase March 2021

### 12. Sustainability

*What significant environmental impacts is the project likely to have?  
Are there any implications for the local economy and local communities?*

This will be completed as part of the consultation phase March 2021

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**13. Data Protection**

*Has a Data Privacy Impact Assessment been conducted for the programme or project? Is one required? When will it be undertaken?*

This will be completed as part of the consultation phase March 2021

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<b>OPTION 2</b>
<p><b>1. Description of the option</b>  <i>Describe the option that is being explored. Including any evidence base, this should include benchmarking data and needs analysis undertaken.</i></p>
<p>Continue with an outsourced Corporate Cleaning service and run a restricted tender process based on dividing the estate into 3 separate geographical lots in order to encourage local SME cleaning contractors to participate.</p> <p>Regulation 46 of the Public Contracts Regulations 2015 (PCR2015) sets out the rules on division of contracts into lots. This approach aims to promote participation by small and medium-sized enterprises (SMEs) and to make procurement easier, more accessible for smaller suppliers by dividing contracts into smaller chunks.</p> <p>It can however impact on the value of aggregation by increasing the transaction costs for the contracting authority, it is recommended not to take this approach.</p> <p>A contracting authority may decide to award a contract in the form of separate lots and may determine the size and subject-matter of such lots. Contracting authorities may, even where tenders may be submitted for several or all lots, limit the number of lots that may be awarded to one bidder. In this instance it is proposed that the tender opportunity will be broken down into 3 lots and a different contractor will be selected to deliver the services for the geographical area of each lot. This will result in the service being required to manage three different contractors as opposed to one and consideration should be given to the subsequent increase in administration cost that may be incurred as a result.</p> <p>Consideration should be given to what arrangements should be put in place if one or multiple contractors are unable to meet their obligations in delivering the service in accordance with their lot. Given the overall value of this contract and the proposed value of each lot, a tender procedure in accordance with the PCR 2015 would need to be undertaken.</p>

<p><b>2. Is this the preferred option?</b>  <i>Yes or no and a brief explanation why.</i></p>
<p>Yes as recommended by PAB December 2020 , although there will be increased costs due to the financial and operational requirements of the option .From a City Plan perspectiveit fulfils some of the corporate strategic objectives.</p> <p>The management and administration of 3 separate contractors will increase the department resource requirement for auditing, monitoring and financial management as the incumbent contractor staff may be ineligible for TUPE.</p> <p>This route to market is likely to be more time consuming than calling off from an existing framework and may take up to 18 months. This would include robust pre-market engagement, drafting of tender documentation, evaluation of the Selection Questionnaire (SQ) responses, followed by the Invitation to Tender (ITT), evaluation of the tender responses and the formation of three contracts.</p> <p>This can be resource intensive across the service area, Procurement and Legal teams and can result in the duplication of services that are already available via a compliant third party framework.</p>

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There is also a risk that this option may not offer best value due to the benefits lost in relation to economies of scale achieved under a framework, however it may be an opportunity for SMEs to provide further savings in the event their overheads are smaller than a larger organisation; any potential cost benefits should become more widely understood following the pre-market engagement process.

### 3. Cashable benefits

*What are the anticipated financial savings from the programme or project? Profile the savings over the lifetime of the programme or project.*

	Year 1	Year 2	Year 3	Year 4	Total
Savings: possible but not easily forecastable	£0	£0	£0	£0	0

### 4. Non-cashable benefits

*Every non-cashable benefit (or improvement) should be expressed in measurable terms, and the current situation understood and baselined before the programme or project is implemented. Include benefits from the perspective of the customer*

Current situation	Benefit expected	Measured outcome that you hope to achieve	How will the benefit be measured?
The current cleaning contract encompasses all buildings and the company headquarters are in Hampshire although they have a local office (Hove) and employ local staff 100%	By splitting the buildings into 3 geographical areas it will encourage smaller, locally based SME cleaning contractors to tender	Each lot will be contracted to locally based SME cleaning contractors.	Determining the most economically advantageous tender by applying both quality and price criteria outcome

### 5. Costs (capital and revenue)

*What are the capital and revenue costs of the programme or project? Profile these costs over the lifetime of the programme or project.*

	Year 1	Year 2	Year 3	Year 4	Total
<b>Capital costs</b>					
Not Applicable	£0	£0	£0	£0	£0
<b>Revenue costs</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
Tender outcome forecast showing increased costs reflecting the need to include 4 x management and administration roles to the current BHCC Facilities team in order to manage, monitor	£2,213,600	£2,257,870	£2,303,000	£2,349,100	£9,123,600

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<i>and audit 3 contracts..</i>					
<i>When will payback occur? What is the Return on Capital Employed?</i>					
N/A					

<b>6. Funding</b>					
<i>Have the budgets to fund the programme or project been identified? Specify which budgets.</i>					
Yes, there are 2 funding sources for the Corporate BHCC buildings, but most of the funding is derived from the non-Corporate BHCC services and schools. The corporate building cleaning budget code is PPT086 and the corporate building reactive budget PPT252.					
<i>Will the programme or project be in receipt of any funding? Profile the funding over the lifetime of the programme or project.</i>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
<i>Funding</i>	n/a	n/a	n/a	n/a	n/a
<i>Please identify the funding source(s)</i>					
PPT086	£287K				
PPT252	£106K				
Externally funded through recharge to external clients predominantly schools					£1.73M

<b>7. Resources</b>					
<i>What staffing resources are required to deliver the programme or project?</i>					
<b>Service</b>	<b>Why are they required?</b>	<b>Quantify the requirement (fte)</b>	<b>When are they required?</b>	<b>Has the service been consulted and what did they say?</b>	<b>Are the staff available?</b>
Communications	Consult services and schools before Communicating changes internally and externally	Within existing capacity of P&D team with assistance of HR and Comms teams	From P&R approval and through the planning and mobilisation stages	Not to date.	Yes
Finance	Finance maintain the accounts to reflect the agreed income and expenditure budgets	May be within the existing capacity of the Finance team	Business case financial review and checking.	Yes	Yes
Human Resources & Organisational Development	. There is a limited potential role for the council to facilitate the the sharing of information between	Expected to be within the existing capacity of the HR service	From P&R approval and through the planning and mobilisation stages	Yes	Yes

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	contractors to enable TUPE between 2 contractors to take place.				
ICT	Establish network and infrastructure for new management and administration staff	Project mobilisation stage	Yes	No	TBC
Internal Audit	Internal Audit will be required to provide assurance on the governance and process/ authorisations for the service	TBC	TBC	No	TBC
International Team (knowledge of funding opportunities)	N/A	N/A	N/A	No	N/A
Legal & Democratic Services	Commercial and procurement legal advice to advise on procurement and form the contract.	Possible employment and commercial contract legal advisor required.	From P&R approval and through the planning and mobilisation stages	Not to date.	Yes
Performance, Improvement & Programmes	Review specification / ways of working to maintain or improve productivity.	Additional resource required to manage this programme	From P&R approval and through the planning and mobilisation stages and at regular intervals following commencement	Yes	No
Policy, Communities & Equalities	Review and advise on Equalities Impact	May be within the existing capacity of the Equalities team	From P&R approval and through the planning and mobilisation stages and at regular intervals following commencement	Yes	No
Procurement	Yes, to manage the complete tender process,	Additional procurement resource would be required to manage a procurement of this scale and may impact on the delivery of other business critical procurements	From the point of project initiation until the preferred procurement process is complete and all contracts concluded.	Yes	Yes if utilising existing resource
<i>Are any specialist skills required to deliver the programme or project (beyond those identified above)? If so, how will these be acquired?</i>					
N/A					

### 8. Risks and opportunities

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*Assess the risks and opportunities associated with the programme or project by using the council's Risk Management Framework and risk register template. List the most significant risks in the table below and the initial mitigating actions.*

<b>Risk description</b>	<b>Potential consequences</b>	<b>Likelihood</b> (1 = almost impossible, 5 = almost certain)	<b>Impact</b> (1 = insignificant, 5 = catastrophic/fantastic)	<b>Mitigating controls and actions</b>
Increased cost of the cleaning may lead many schools to consider terminating the BHCC provision for cleaning and sourcing their own contractors.	The schools have financial responsibility and manage their own budgets. They could procure their own individual contracts which, if they chose to withdraw from the BHCC cleaning provision, would severely affect the revenue income received by BHCC	4	5	Communicating the benefits of the BHCC management and service quality delivery to all Heads and Bursars prior to implementation.
Unable to recruit to new operational management and administrative positions	Management resource not in place for mobilisation could lead to failure at commencement and put pressure on other staff.	2	4	Begin recruitment process early January 2022.

#### 9. Outline programme or project plan

*Indicate the timeline for the programme or project with key milestones, including when decisions are needed and by whom, and deliverables.*

January 2021 – Approval at P&R

February 2021 – June 2021 – Form Project team, develop draft specifications, carry out market testing and consultation with stakeholders. Develop and agree procurement timeline in accordance with the agreed procurement route and following completion of the market testing commence the procurement

June 2021 – Report to PAB to update to market testing and costings

July 2021 to February 2022 – Undertake procurement process resulting in the award of contracts to new providers, finalise contracts.

1st February 2022 – Start of 3 months mobilisation/transition to new providers

1st May 2022 – New service commences.

#### 10. Stakeholder consultation

*List any consultations with stakeholders and the findings. Examples of stakeholders include citizens, staff, partner organisations, Members.*



## APPENDIX A

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Procurement
Finance
Schools and Education services
EEC Modernisation Board
Corporate Modernisation Board
Operational Services

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#### 11. Equalities

*Has an Equalities Impact Assessment been conducted for the programme or project? Is one required? When will it be undertaken?*

This will be completed prior to the commencement of the detailed tender phase

#### 12. Sustainability

*What significant environmental impacts is the project likely to have?  
Are there any implications for the local economy and local communities?*

This will be completed prior to the commencement of the detailed tender phase

The living wage standards will be considered as a requirement of this contract. The Council is a real Living Wage employer and as such it is committed to ensuring its contractors, to the extent permitted by law, comply with the terms of its Living Wage Accreditation Licence.

#### 13. Data Protection

*Has a Data Privacy Impact Assessment been conducted for the programme or project? Is one required? When will it be undertaken?*

The DPIA screening process will be completed to identify whether any personal data will be processed under each of the three contracts.

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### OPTION 3

#### 1. Description of the option

*Describe the option that is being explored. Including any evidence base, this should include benchmarking data and needs analysis undertaken.*

To procure a single contractor to deliver all Corporate Cleaning services requirement via an Open or Restricted tender process encompassing all buildings in one contract as currently contracted.

Given the overall value of this contract, a tender procedure in accordance with the PCR 2015 would need to be undertaken.

This route to market is likely to be more time consuming than calling off from an existing framework and can take up to 12 months including the drafting of tender documentation

This option can be resource intensive across the service area, Procurement and Legal teams and can result in the duplication of something that is already available via a compliant framework.

There is also a risk that this may not result in the best value for money outcome due to the benefits lost in relation to economies of scale achieved under a third party framework.

#### 2. Is this the preferred option?

*Yes or no and a brief explanation why.*

No as BHCC will be required to procure the contract with PCR2015 more time consuming than calling off from an existing framework and can take up to 12 months including the drafting of tender documentation.

The process will be resource intensive across the service area, Procurement and Legal teams and can result in the duplication of something that is already available via a compliant framework.

There is also a risk that this may not result in the best value for money outcome due to the benefits lost in relation to economies of scale achieved under a third party framework.

#### 3. Cashable benefits

*What are the anticipated financial savings from the programme or project? Profile the savings over the lifetime of the programme or project.*

	Year 1	Year 2	Year 3	Year 4	Total
Savings: possible but not easily forecastable	£0	£0	£0	£0	0

#### 4. Non-cashable benefits

*Every non-cashable benefit (or improvement) should be expressed in measurable terms, and the current situation understood and baselined before the programme or project is implemented.*

*Include benefits from the perspective of the customer*

Current situation	Benefit expected	Measured outcome that you hope to achieve	How will the benefit be measured?
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## Corporate Cleaning Contract Full Business Case and Options Appraisal

The current cleaning contract encompasses all buildings and the company headquarters are in Hampshire although they have a local office (Hove) and employ local staff 100%	The larger national cleaning contractors generally have a greater purchasing power and lower overheads so you may see less of a financial increase in current costs	Little or no increase in cost of contract.	By tender outcome
Employment of local staff in the building cleaning role.	The larger companies are highly likely to continue the employment of the site based and mobile staff through TUPE.	All current staff are transferred under their current terms and conditions and that the successful company will operate from a local BN area office employing local managers and administration staff.	By tender outcome

### 5. Costs (capital and revenue)

*What are the capital and revenue costs of the programme or project? Profile these costs over the lifetime of the programme or project.*

	Year 1	Year 2	Year 3	Year 4	Total
<b>Capital costs</b>					
Not Applicable	£0	£0	£0	£0	£0
<b>Revenue costs</b>					
Cleaning Contract	£2,123,600	£2,166,100	£2,209,400	£2,253,600	£8,752,700
<b>Totals (per year) &amp; grand total</b>	£2,123,600	£2,166,100	£2,209,400	£2,253,600	£8,752,700

*When will payback occur? What is the Return on Capital Employed?*

N/A

### 6. Funding

*Have the budgets to fund the programme or project been identified? Specify which budgets.*

Yes, there are 2 funding sources for the Corporate BHCC buildings, but most of the funding is derived from the non-Corporate BHCC services and schools. The corporate building cleaning budget code is PPT086 and the corporate building reactive budget PPT252.

*Will the programme or project be in receipt of any funding? Profile the funding over the lifetime of the programme or project.*

	Year 1	Year 2	Year 3	Year 4	Total
Funding	n/a	n/a	n/a	n/a	n/a

*Please identify the funding source(s)*

PPT086      £287K

## Corporate Cleaning Contract Full Business Case and Options Appraisal

PPT252	£105K	Externally funded through recharge to external clients predominantly schools	£1,731M
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7. Resources					
<i>What staffing resources are required to deliver the programme or project?</i>					
Service	Why are they required?	Quantify the requirement (fte)	When are they required?	Has the service been consulted and what did they say?	Are the staff available?
Finance	Finance maintain the accounts to reflect the agreed income and expenditure budgets	May be within the existing capacity of the Finance team	Business case financial review and checking.	Yes	Yes
Human Resources & Organisational Development	There could potentially be a limited facilitation role if the outgoing and incoming contractors are not sharing TUPE information	Expected to be within the existing capacity of the HR team	From P&R approval and through the planning and mobilisation stages	Yes	Yes
ICT	Establish network and infrastructure for new management and administration staff	Project mobilisation stage			Yes
Internal Audit	Internal Audit will be required to provide assurance on the governance and process/ authorisations for the service	TBC	TBC	No	TBC
International Team (knowledge of funding opportunities)	N/A	N/A	N/A	No	N/A
Legal & Democratic Services	Commercial and procurement legal advice to advise on procurement and form the contract.	Possible employment legal and commercial contract advisor required.	From P&R approval and through the planning and mobilisation stages	Not to date.	Yes
Legal & Democratic Services	Liaison with HR on TUPE implications	Possible employment legal advisor required.	From P&R approval and through the planning and mobilisation stages	Not to date.	Yes

**Corporate Cleaning Contract Full Business Case and Options Appraisal**

Performance, Improvement & Programmes	Review specification / ways of working to maintain or improve productivity.	Additional resource required to manage this programme	From P&R approval and through the planning and mobilisation stages and at regular intervals following commencement	Yes	No
Policy, Communities & Equalities	Review and advise on Equalities Impact	May be within the existing capacity of the Equalities team	From P&R approval and through the planning and mobilisation stages and at regular intervals following commencement	Yes	No
Procurement	Yes, to manage the complete tender process,	Existing procurement resource can be utilised to manage this procurement	From the point of project initiation until the preferred procurement process is complete and the contract is concluded	Yes	Yes
<p><i>Are any specialist skills required to deliver the programme or project (beyond those identified above)? If so, how will these be acquired?</i></p>					
<p>No</p>					

## Corporate Cleaning Contract Full Business Case and Options Appraisal

### 8. Risks and opportunities

*Assess the risks and opportunities associated with the programme or project by using the council's Risk Management Framework and risk register template. List the most significant risks in the table below and the initial mitigating actions.*

<b>Risk description</b>	<b>Potential consequences</b>	<b>Likelihood</b> (1 = almost impossible, 5 = almost certain)	<b>Impact</b> (1 = insignificant, 5 = catastrophic/fantastic)	<b>Mitigating controls and actions</b>
Increased cost of the cleaning may lead many schools to consider terminating the BHCC provision for cleaning and sourcing their own contractors.	The schools manage their own budgets and can procure their own contract which would severely reduce the revenue income received by BHCC	4	5	Communicating the benefits of the BHCC management and service quality delivery to all Heads and Bursars prior to implementation.
Unable to recruit to new operational administrative position	Finance administration resource not in place for mobilisation could lead to failure at commencement and put pressure on other staff.	2	3	Start recruitment process in January 2022

### 9. Outline programme or project plan

*Indicate the timeline for the programme or project with key milestones, including when decisions are needed and by whom, and deliverables.*

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### Corporate Cleaning Contract Full Business Case and Options Appraisal

#### 10. Stakeholder consultation

*List any consultations with stakeholders and the findings. Examples of stakeholders include citizens, staff, partner organisations, Members.*

Procurement  
Finance  
Schools and Education services  
EEC Modernisation Board  
Corporate Modernisation Board  
Operational Services

#### 11. Equalities

*Has an Equalities Impact Assessment been conducted for the programme or project? Is one required? When will it be undertaken?*

This will be completed as part of the detailed tender phase

#### 12. Sustainability

*What significant environmental impacts is the project likely to have?  
Are there any implications for the local economy and local communities?*

This will be completed as part of the detailed tender phase

The living wage standards will be considered as a requirement of this contract. The Council is a real Living Wage employer and as such it is committed to ensuring its contractors, to the extent permitted by law, comply with the terms of its Living Wage Accreditation Licence.

#### 13. Data Protection

*Has a Data Privacy Impact Assessment been conducted for the programme or project? Is one required? When will it be undertaken?*

Not required as no new personal/sensitive data generated by the project



## Corporate Cleaning Contract Full Business Case and Options Appraisal

### OPTION 4

#### 1. Description of the option

*Describe the option that is being explored. Including any evidence base, this should include benchmarking data and needs analysis undertaken.*

To investigate established cleaning frameworks with a view to proceeding with a mini competition tender process encompassing all buildings in one contract as currently contracted.

This route to market would ensure compliance with the Council's Contract Standing Orders and the Public Contracts Regulations (PCR) 2015. As a contracting authority member of the framework there are no fees applied for the Council to access the framework and through a fair and transparent procurement process, suppliers on the framework have already undergone a pre-qualification and suitability assessment in relation to Public Contracts.

This option would allow the council to focus on developing the service requirements and key performance indicators within the contract as the call off contract terms and conditions have already been defined and agreed by each framework supplier.

There is also opportunity when conducting a further completion that the Council's Social Value, Sustainably and Living Wage requirements can be clearly defined, and suppliers assessed accordingly as part of the evaluation process to meet the specific needs of the Council.

This route to market is generally less time consuming (6-9 months) than a full OJEU tender process and in this instance would be beneficial to the Council and its end users

The framework has established clear quality standards and pricing competitiveness and due to national framework economies of scale is likely to result in securing further value for money for the Council. Most frameworks have template documents that provide ensure and efficient and robust a quick turnaround when drafting tender documents.

#### 2. Is this the preferred option?

*Yes or no and a brief explanation why.*

This option was originally recommended to Procurement Advisory Board as the preferred option but Option 2 has now been recommended for P&R approval as the benefits to the city plan outweigh the benefits of this option.

The benefits of option 4 were felt to be both financial and operational as this route to market would ensure compliance with the Council's Contract Standing Orders and the Public Contracts Regulations (PCR) 2015. As a contracting authority member of the framework there are no fees applied for the Council to access the framework and through a fair and transparent procurement process, suppliers on the framework have already undergone a pre-qualification and suitability assessment in relation to Public Contracts.

This option would allow the council to focus on developing the service requirements and key performance indicators within the contract as the call off contract terms and conditions have already been defined and agreed by each framework supplier and no additional staff would be required to manage and administrate the single contract.

#### 3. Cashable benefits

## Corporate Cleaning Contract Full Business Case and Options Appraisal

*What are the anticipated financial savings from the programme or project? Profile the savings over the lifetime of the programme or project.*

	Year 1	Year 2	Year 3	Year 4	Total
Savings: possible but not easily forecastable	£0	£0	£0	£0	0

### 4. Non-cashable benefits

*Every non-cashable benefit (or improvement) should be expressed in measurable terms, and the current situation understood and baselined before the programme or project is implemented. Include benefits from the perspective of the customer*

Current situation	Benefit expected	Measured outcome that you hope to achieve	How will the benefit be measured?
The current cleaning contract encompasses all buildings and the company headquarters are in Hampshire although they have a local office (Hove) and employ local staff 100%	The larger national cleaning contractors who feature prominently in frameworks generally have a greater purchasing power and lower overheads so you may see less of a financial increase in current costs	Little or no increase in cost of contract.	By mini competition tender outcome
Employment of local staff in the building cleaning role.	The larger companies are highly likely to continue the employment of the site based and mobile staff through TUPE.	All current staff are transferred under their current terms and conditions and that the successful company will operate from a local BN area office employing local managers and administration staff.	By mini competition tender outcome

### 5. Costs (capital and revenue)

*What are the capital and revenue costs of the programme or project? Profile these costs over the lifetime of the programme or project.*

	Year 1	Year 2	Year 3	Year 4	Total
<b>Capital costs</b>					
Not Applicable	£0	£0	£0	£0	£0
<b>Revenue costs</b>					
Cleaning Contract	£2,123,600	£2,166,100	£2,209,400	£2,253,600	£8,752,700
<b>Totals (per year) &amp; grand total</b>	£2,123,600	£2,166,100	£2,209,400	£2,253,600	£8,752,700

*When will payback occur? What is the Return on Capital Employed?*

N/A

### 6. Funding

## Corporate Cleaning Contract Full Business Case and Options Appraisal

<i>Have the budgets to fund the programme or project been identified? Specify which budgets.</i>					
Yes, there are 2 funding sources for the Corporate BHCC buildings, but most of the funding is derived from the non-Corporate BHCC services and schools. The corporate building cleaning budget code is PPT086 and the corporate building reactive budget PPT252.					
<i>Will the programme or project be in receipt of any funding? Profile the funding over the lifetime of the programme or project.</i>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
<i>Funding</i>	n/a	n/a	n/a	n/a	n/a
<i>Please identify the funding source(s)</i>					
PPT086	£287K				
PPT252	£106K				
Externally funded through recharge to external clients predominantly schools					£1.731M

<b>7. Resources</b>					
<i>What staffing resources are required to deliver the programme or project?</i>					
<b>Service</b>	<b>Why are they required?</b>	<b>Quantify the requirement (fte)</b>	<b>When are they required?</b>	<b>Has the service been consulted and what did they say?</b>	<b>Are the staff available?</b>
Finance	Finance maintain the accounts to reflect the agreed income and expenditure budgets	May be within the existing capacity of the Finance team	Business case financial review and checking.	Yes	Yes
Human Resources & Organisational Development	Potential limited facilitation role if the outgoing and incoming contractors do not share TUPE information	Likely to be within the existing capacity of the HR team	From P&R approval and through the planning and mobilisation stages	Yes	Yes
ICT	Establish network and infrastructure for new management and administration staff	Project mobilisation stage			Yes
Internal Audit	Internal Audit will be required to provide assurance on the governance and process/ authorisations for the service	TBC	TBC	No	TBC
International Team (knowledge of funding opportunities)	N/A	N/A	N/A	No	N/A
Legal & Democratic Services	Commercial and procurement legal advice to advise on	Possible employment and commercial	From P&R approval and through the planning and mobilisation stages	Not to date.	Yes

**Corporate Cleaning Contract Full Business Case and Options Appraisal**

	procurement and form the contract.	contract legal advisor required.			
Performance, Improvement & Programmes	Review specification / ways of working to maintain or improve productivity.	Additional resource required to manage this programme	From P&R approval and through the planning and mobilisation stages and at regular intervals following commencement	Yes	No
Policy, Communities & Equalities	Review and advise on Equalities Impact	May be within the existing capacity of the Equalities team	From P&R approval and through the planning and mobilisation stages and at regular intervals following commencement	Yes	No
Procurement	Yes, to manage the complete tender process,	Existing procurement resource can be utilised to manage this procurement	From the point of project initiation until the preferred procurement process is complete and the contract is concluded	Yes	Yes
<p><i>Are any specialist skills required to deliver the programme or project (beyond those identified above)? If so, how will these be acquired?</i></p>					
<p>No</p>					

## Corporate Cleaning Contract Full Business Case and Options Appraisal

### 8. Risks and opportunities

Assess the risks and opportunities associated with the programme or project by using the council's Risk Management Framework and risk register template. List the most significant risks in the table below and the initial mitigating actions.

<b>Risk description</b>	<b>Potential consequences</b>	<b>Likelihood</b> (1 = almost impossible, 5 = almost certain)	<b>Impact</b> (1 = insignificant, 5 = catastrophic/fantastic)	<b>Mitigating controls and actions</b>
Increased cost of the cleaning may lead many schools to consider terminating the BHCC provision for cleaning and sourcing their own contractors.	The schools manage their own budgets and can procure their own contracts which would severely reduce the revenue income received by BHCC	4	5	Communicating the benefits of the BHCC management and service quality delivery to all Heads and Bursars prior to implementation.
Unable to recruit to new operational management and administrative positions	Management resource not in place for mobilisation could lead to failure at commencement and put pressure on other staff.	2	4	Longer borrowing term to leverage additional capital required

### 9. Outline programme or project plan

Indicate the timeline for the programme or project with key milestones, including when decisions are needed and by whom, and deliverables.

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### 10. Stakeholder consultation

List any consultations with stakeholders and the findings. Examples of stakeholders include citizens, staff, partner organisations, Members.

Procurement  
Finance  
Schools and Education services  
EEC Modernisation Board  
Corporate Modernisation Board  
Operational Services

### 11. Equalities

Has an Equalities Impact Assessment been conducted for the programme or project? Is one required? When will it be undertaken?

**Corporate Cleaning Contract Full Business Case and Options Appraisal**

This will be completed as part of the detailed tender phase

**12. Sustainability**

*What significant environmental impacts is the project likely to have?  
Are there any implications for the local economy and local communities?*

This will be completed as part of the detailed tender phase

The living wage standards will be considered as a requirement of this contract. The Council is a real Living Wage employer and as such it is committed to ensuring its contractors, to the extent permitted by law, comply with the terms of its Living Wage Accreditation Licence.

**13. Data Protection**

*Has a Data Privacy Impact Assessment been conducted for the programme or project? Is one required? When will it be undertaken?*

Not required as no new personal/sensitive data generated by the project

## Corporate Cleaning Contract Full Business Case and Options Appraisal

<b>OPTION 5</b>
<b>1. Description of the option</b> <i>Describe the option that is being explored. Including any evidence base, this should include benchmarking data and needs analysis undertaken.</i>
Do nothing

<b>2. Is this the preferred option?</b> <i>Yes or no and a brief explanation why.</i>
No. The current contract has been extended until 30 <sup>th</sup> April 2022 and failure to replace the contract will result in the cessation of all cleaning services across the Corporate Landlord estate

<b>3. Cashable benefits</b> <i>What are the anticipated financial savings from the programme or project? Profile the savings over the lifetime of the programme or project.</i>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
Savings	£0	£0	£0	£0	£0

<b>4. Non-cashable benefits</b> <i>Every non-cashable benefit (or improvement) should be expressed in measurable terms, and the current situation understood and baselined before the programme or project is implemented. Include benefits from the perspective of the customer</i>			
<b>Current situation</b>	<b>Benefit expected</b>	<b>Measured outcome that you hope to achieve</b>	<b>How will the benefit be measured?</b>
N/A	N/A	N/A	N/A

<b>5. Costs (capital and revenue)</b> <i>What are the capital <u>and</u> revenue costs of the programme or project? Profile these costs over the lifetime of the programme or project.</i>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
Capital costs	£0	£0	£0	£0	£0
Revenue costs	£0	£0	£0	£0	£0
Totals (per year) & grand total	£0	£0	£0	£0	£0
<b>When will payback occur? What is the Return on Capital Employed?</b>					
N/A					

Remaining Sections not relevant to 'Do Nothing' option

**Corporate Cleaning Contract Full Business Case and Options Appraisal**

<b>8. Risks and opportunities</b> <i>Assess the risks and opportunities associated with the programme or project by using the council's Risk Management Framework and risk register template. List the most significant risks in the table below and the initial mitigating actions.</i>				
<b>Risk description</b>	<b>Potential consequences</b>	<b>Likelihood</b> <i>(1 = almost impossible, 5 = almost certain)</i>	<b>Impact</b> <i>(1 = insignificant, 5 = catastrophic/fantastic)</i>	<b>Mitigating controls and actions</b>
Failure to clean surfaces and buildings.	Will increase the risk of disease and virus transmission and create H&S issues.	5	5	Staff to be encouraged to clean their offices and shared areas.

Sections 9 - 13 not relevant to 'Do Nothing option

**Authority to proceed**

*This business case needs to be approved via the appropriate governance route before the programme or project can be implemented. Please complete the table below to confirm where this authority was obtained. Please ensure the agreement was minuted*

Meeting where authority to proceed was obtained	Date of meeting