

FROM: Audit and Risk Manager

TO: Head of Housing and Property Services
Repairs Manager
Estates Supervisor

C.C. Chief Executive
Head of Finance
Contract Services Manager

SUBJECT: Office Cleaning Services

DATE: 1 August 2013

1. INTRODUCTION

- 1.1. In accordance with the Audit Plan for 2013/14, an examination of the above subject area has been completed recently and this report is intended to present the findings and conclusions for information and action where appropriate.
- 1.2. Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2. SCOPE AND OBJECTIVES OF AUDIT

- 2.1. The audit examination was undertaken for the purpose of assessing the adequacy of structures and processes for sourcing cleaning services the Council's office buildings to secure economic, efficient and effective delivery.
- 2.2. An evidential risk-based evaluation was undertaken focusing on the following areas as applicable:
- § policies and strategies
 - § roles and responsibilities
 - § procurement process
 - § monitoring and reporting (compliance and financial).
- 2.3. The findings are based on consultations and discussions with key staff contacts and examination of relevant documentation and records. The principal contact for the audit was James Baker, Estates Supervisor (Housing and Property Services).
- 2.4. It quickly became clear that the recommendations from the previous audit (February 2009) have ceased to be relevant due to subsequent major contractual changes, and are therefore disregarded.

3. FINDINGS

3.1 General Comments

3.1.1 Previous audits of this area had been based on a scenario of discrete contractual arrangements in place for office cleaning services, a scenario which ceased to apply from April 2013. Office cleaning became incorporated into the major contract relet project led by Contract Services (Neighbourhood Services) culminating in new contracts for waste collection, grounds maintenance, street cleansing and building cleaning (designated as Lots 1 to 4 respectively).

3.1.2 The schedule for Lot 4 (Building Cleaning) is divided into six service categories:

- § Cleansing of Public Conveniences
- § Car Park Stairwells, Lifts, Access Bridge and Gates
- § Car Parks – Surface (Locking and Unlocking)
- § Cleansing Of Sports Pavilions
- § Cleansing Corporate Buildings
- § Cleansing Housing Stock.

3.1.3 The primary focus for this review is the fifth category listed above which encompasses the office premises covered under the previous office cleaning contracts (except for Wilton House which was disposed of in December 2011). With late variations brought in post-tender, the Cleansing Corporate Buildings element now covers:

- § Riverside House
- § Town Hall
- § Pageant House
- § Jubilee House
- § Royal Pump Rooms
- § Crematorium
- § Kenilworth Cemetery Chapel
- § Jephson Gardens Glasshouse
- § Althorpe Innovation and Enterprise Centre.

3.1.4 It is recognised that key elements in the structures and process are common across the six service divisions and have been evaluated, where applicable, in the context of the whole contract. The overall annual value of the contract is just under £390,000 of which the Cleansing Corporate Buildings element accounts for approximately £118,000 (30 per cent).

3.1.5 At the time of the audit, the service was in a transitional state with certain key management processes yet to become fully established. These are discussed as applicable in the following paragraphs.

3.2 Policies and Strategies

3.2.1 Policy provisions for office cleaning have been traditionally manifest in the specifications for the contracts and other agreements in place over the years. Elaborate and detailed specifications have been put together during the relet process forming the basis of competitive tender.

3.2.2 Other policy and strategic pointers can be found in the four key principles governing the process that had been agreed by the joint Member/officer group overseeing it:

- § To retain the current quality of service;
- § To investigate a range of service enhancements;
- § To make efficiencies wherever possible;
- § To reduce the Council's impact on climate change.

3.2.3 From information supplied on the relet process, no significant service improvement expectations specific to Lot 4 emerge. However, post-tender analysis showed a saving in the new contract of 15 per cent on the previous year's combined budget for the services that make up Lot 4.

3.3 Roles and Responsibilities

3.3.1 The client side for Lot 4 is managed by Housing and Property Services with the Estates Supervisor acting as effectively contract manager and contract administrator combined. It was advised that continuity cover would be provided by the Technical Administration team for routine matters and by the Repairs Manager for more major issues. A measure of day-to-day continuity assurance is also provided by the building cleaning call procedure for the Customer Service Centre which triggers automated e-mails to dedicated addresses on both the Council and contractor side.

3.3.2 The contractor's tender submission sets out their own resourcing structure including a dedicated contract manager who is the principal contact. Named officer contacts at each of the 'Corporate Buildings' sites are also established.

3.4 Procurement Process

3.4.1 The current contract is a culmination of the major contract renewal process where tenders were required on bills of quantities based on cleaning routine specifications. The contract was awarded to Ocean Cleaning Ltd in September 2012 to come into effect from 1st April 2013 (Ocean had already held the contract for housing communal area cleaning during the previous five years).

3.4.2 A formal Deed of Agreement has been completed based on the Council's Standard Contract Conditions.

3.4.3 At present, payments are made on monthly invoices rendered and processed in the Total Financial Management System against an annual purchase order. It was advised that migration of the process to the Housing and Corporate Property Management system (ActiveH) is planned, although no timetable has been set for this at the time of the audit.

3.5 Monitoring and Reporting

3.5.1 The arrangements for service monitoring are based on supervisory inspections by the contractor logged in real time on PDA devices and uploaded to a 'cloud' system. The system produces benchmarking summaries with tabulated weighted scores supporting an overall percentage assessment percentage (85 per cent is the minimum score for acceptance).

3.5.2 However, at the time of this report access to these summaries are limited as arrangements for Council staff to log on to the 'cloud' system have still to be made and monthly summaries format being received in the alternative manner (i.e. Excel spreadsheet) only cover housing communal area cleaning.

Risk

Quality assurance arrangements are not working effectively.

Recommendation

Council staff access to the contractor's 'cloud' system should be organised as soon as possible with appropriate training.

3.5.3 The Estates Supervisor advised that he undertakes site inspections on a rolling basis aiming to cover all relevant sites over period of one month. The tender submission provides for joint inspections and monthly client/contractor meetings, although in practice there has been little call for either to date as prevailing standards have been deemed satisfactory with few reported issues of any significance.

3.5.4 The principal avenue for reporting issues real-time in respect of each of the Corporate Buildings is the site log book (or Communication Book). For publicly accessible areas, the Customer Services Centre and the aforementioned dedicated e-mail address provide the main avenues.

3.5.5 It was confirmed from enquiry that cleaning logs sheets are displayed in the applicable public buildings and housing communal areas with the telephone contact number, subject to replacement with updated versions in progress at the time of the audit. It is noted that the contact details on the Council's website are shown only in the context of public conveniences and no links appear in the information resources for Council tenants, car park users or users of sport pavilions.

Risk

Reporting of cleaning defects is inhibited by lack of clear contact information.

Recommendation

Contact details and e-mail links should be clearly inserted on appropriate Council website pages for Council tenants, car park users and users of sports pavilions.

- 3.5.6 Service performance is not formally reported up the line of management or to Members as a matter of course. The preference is for informal consideration of performance within embedded management and supervisory processes (such as one-to-ones) unless major issues arise. In the circumstances, this is considered adequate for purpose.
- 3.5.7 Ongoing budget monitoring is generally straightforward with a dedicated subjective head for 'Contract Cleaning' established for the relevant cost centres. Comparison of payments to date against tender prices (subject to late approved variations) and budgets did not reveal any significant anomalies.

4 CONCLUSIONS

- 4.1 The findings have shown that the basic fabric of a sound management system for managing the new contract is in place, although some of the processes are yet to be fully rolled out. In particular full reporting of benchmark data to support ongoing quality assurance would be best served by enabling Council officer access to the contractor's 'cloud' system.
- 4.2 There is also a minor observation concerning limited publication of contact details for reporting issues at publicly accessible sites.
- 4.3 Notwithstanding the above reservations we are able to give SUBSTANTIAL assurance on the effectiveness of controls in place to mitigate against applicable risks.

5. MANAGEMENT ACTION

- 5.1 Recommendations to address the issues raised are reproduced in the appended Action Plan for management response.

Richard Barr
Audit and Risk Manager