

MUNICIPAL YEAR 2018/2019 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY:

OPERATIONAL DECISION OF:

REPORT OF:

Executive Director Place –
Sarah Cary
Director of Commercial
Nicky Fiedler

Agenda – Part:1	KD Num: 4844
Subject: Enfield Norse Ltd - provision of cleaning services	
Wards: All	
Cabinet Member consulted: Cllr Maguire & Cllr Oykener	

Contact officer and telephone number:

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1. EXECUTIVE SUMMARY

- 1.1 The Council currently has a contract with Enfield Norse Ltd (ENL) for the provision of cleaning services in civic buildings and other sites.
- 1.2 This contract terminates on 31st March 2019 and a decision regarding future provision is required to ensure service continuity.
- 1.3 ENL also provide cleaning services to schools and other organisations within the borough under separate but linked contractual arrangements.
- 1.4 Commercial services have undertaken a review of the options available for provision of cleaning services to the civic buildings from 1st April 2019. These are extremely limited due to the short timescale available.
- 1.5 Commercial services have undertaken a review of the ENL contract, governance and service standards which are the subject of the part 2 report.

2. RECOMMENDATIONS

- 2.1 To extend the existing contract for cleaning services with Enfield Norse Ltd for up to 9 months from 1st April 2019.

3. BACKGROUND

- 3.1 In 2008 Cabinet agreed to novate all building cleaning contracts to a Public Joint Venture Partnership for a ten-year term. In 2009 this work was completed and the Council entered into a Joint Venture with Norse Commercial Services Ltd, a local authority trading company controlled by Norfolk County Council. The joint venture is called Enfield Norse Ltd (ENL)
- 3.2 The Council entered into a contract for the provision of cleaning services with ENL for a period of ten years commencing 1st April 2009. The contract covers the cleaning of civic buildings and some tenanted council owned buildings. Approximately 80 sites are included within the contract.
- 3.3 In addition to the Council contract, ENL provide contracted cleaning services to many schools within the Borough and also to Independence and Well Being Enfield Ltd a company wholly owned by the Council providing social care and support services.
- 3.4 Prior to the termination date of the cleansing contract officers were exploring the potential to include the contract services in an integrated "Total Facilities Management" (Total FM) contract that would provide cleaning, maintenance, repairs and other management services for the Council buildings.
- 3.5 This process was halted in May 2018 as it became apparent that the Total FM solution would not be delivered in time to provide the repair and maintenance services required to ensure the Council were legally compliant with their Health and Safety/Landlord obligations. These services were subsequently separately procured.
- 3.6 As the Council was part of a joint venture partnership with ENL, officers began dialogue with the company to investigate opportunities for a significant extension of the existing contract as this could be mutually beneficial and potentially provide financial efficiencies and service level enhancements for the Council.
- 3.7 Despite a number of meetings and repeated requests for information by the Council, ENL have not provided any proposals that could be developed into a substantive contract variation and extension and so this opportunity is no longer viable.
- 3.8 There will however be a need to secure a short-term contract extension if possible as the process with ENL has been extremely protracted and there is therefore insufficient time to put in place other options for delivering the cleaning services before contract termination.

- 5.2 Up to 9 months contract extension will provide sufficient time for the most effective service delivery model in terms of cost/quality to be identified and implemented.
- 5.3 To transfer responsibility for all cleaning provision and budget management to Property and Economy.

6. COMMENTS OF THE EXECUTIVE DIRECTOR RESOURCES AND OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 The 2018/19 annual net budget for the contracted services is £0.988m compared to the net annual contract cost of £1.193m. The proposed up to 9 month extension would therefore represent a financial pressure of £0.154m for the 2019/20 financial year.
- 6.1.2 However, additional resources have been identified and allocated through the budget setting process for 2019/20 which will partly resolve this budget pressure and reduce it by £0.106m. This will be monitored and reported on through the regular Revenue monitoring process.
- 6.1.3 It is noted that Officers are currently working with ENL to identify ways to bring this spend back on budget.

6.2 Legal Implications

- 6.2.1 The Council has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles.
- 6.2.2 Section 111 of Law Government Act 1972 permits local authorities to do anything which is calculated to facilitate or is conducive or incidental to, the discharge of their functions.
- 6.2.3 All agreements (including all associated documentation) arising from the matters described in this Report must be approved in advance of contract commencement by the Director of Law and Governance.

6.3 Property Implications

See Part 2

7. KEY RISKS

- 7.1 The contract is not extended or not in time to ensure service continuity. Officers have received assurances from ENL that they are willing to extend the contract under the existing terms. As the workforce and other resources are already in place there should be no delay or disruption in transitioning to and extending the agreement.

- 3.9 The current annual contract sum is £1.2m per annum made up as follows:

Service Area	£	£
LBE Civic sites	1,191,864	
LBE Tenants sites	66,658	
Other Sites	79,109	
		1,337,630
Less LBE profit share		-144,032
Net Contract cost	1,193,598	

- 3.10 The 2018/19 annual net budget for the contracted services is £0.988m compared to the net annual contract cost of £1.193m. The proposed up to 9 months extension therefore represents a financial pressure of £0.154m for the 2019/20 financial year. Officers are currently working with ENL to identify ways to bring this spend back on budget.

- 3.11 As part of the preparation ahead of contract termination and to inform the dialogue process described at 3.6 above a review of the contract has been undertaken the outcomes of which are the subject of the part 2 report.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 As discussed at 3.6 and 3.7 above officers have undertaken dialogue with ENL to investigate opportunities for a significant extension of the existing contract. ENL have not provided any proposals that could be developed into a substantive contract variation and extension and so this option is not viable.
- 4.2 Framework contracts for cleansing services do exist and can provide a rapid method to procure services. In this case however TUPE obligations for the existing workforce means suppliers would likely require a minimum three year contract to cover these costs. This would also preclude a review of service requirements ahead of award and so tie the Council into a sub optimal contract specification.
- 4.3 Insourcing of the service could not be completed effectively within the timescales and again would preclude a review of service requirements ahead of implementation.

5. REASONS FOR RECOMMENDATIONS

- 5.1 To ensure service continuity to Council civic buildings and tenanted properties.

7.2 The contract is not extended and ENL withdraw from the service. The workforce could be transitioned into an insourced service. However, this is unlikely to be fully achieved within the available timescale and may result in some disruption to services.

8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.1 Good homes in well-connected neighbourhoods

The cleaning contract covers parts of the Council Housing estate and other public buildings. This ensures that these properties are cleaned to appropriate standards.

8.2 Sustain strong and healthy communities

By providing clean buildings this promotes healthy lifestyles.

8.3 Build our local economy to create a thriving place

The JV employs a large number of local people; which supports the local economy. It provides work opportunities for the local job market.

9. EQUALITIES IMPACT IMPLICATIONS

None

10. PERFORMANCE AND DATA IMPLICATIONS

None

11. HEALTH AND SAFETY IMPLICATIONS

None

12. HR IMPLICATIONS

See Part 2

13. PUBLIC HEALTH IMPLICATIONS

Cleaning is an important means of infection control and for maintaining the look and feel of an area. These contribute to both mental and physical health

Background Papers

None.

