Project Summary

Prepared for:

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Project summary

This summary follows the submission of the draft benchmarking reports produced after evaluating a representative proportion of sites cleaned by Nottinghamshire County Council (NCC).

The project has been instigated at a time that most public sector organisations are being challenged to compete with the private sector and demonstrate the value they offer. Following initial meetings and proposals, it was agreed that the key priorities of the project were to:

- Understand how NCC compares to other 'best in class' service providers
- Determine if and where efficiency improvements could be achieved
- Identify how to maintain a competitive advantage whilst delivering a central contribution of 14%
- Present a commercial offer that can increase retention and win new business
- Establish a process of continuous improvement

Sample sites were taken from a wide range covering commercial offices and education sectors including those considered as 'in-house' provision, where the service is delivered to the NCCs own properties, and those considered as 'contracted' sites where the client may choose from a number of providers, as in the case of the schools.

The reports acknowledge a number of positive areas and identify others where service delivery could be improved. The review process takes into account the standards of cleanliness achieved, costs, productivity rates and overall efficiency of the provision as a whole.

<u>Performance Summary - Schools</u>

Provider	Effectiveness	Efficiency
Benchmark	82.3%	64.9%
NCC	87.4%	72.0%
Best in Class	94.0%	87.9%

<u>Performance Summary – Commercial</u>

Provider	Effectiveness	Efficiency
Benchmark	81.4%	64.6%
NCC	86.3%	80.3%
Best in Class	97.0%	94.5%

Given the number of sites looked at, it is not surprising to find varying levels of these across the portfolio and it can often be difficult to summarise the findings when so many variables are measured. Overall, the service levels are above benchmark averages for both sectors in terms of efficiency and effectiveness. However, taken as a whole, they would not be considered as 'best in class' at this stage, largely due to the restrictions of being a local authority provider and the lack of resource available for investment in innovation and general business development.

Each report contains a colour coded 'Gap Analysis' and this is the simplest way to understand how the service compares to the best practice criteria found elsewhere. A number of areas for improvement had already been identified by the organisation prior to the start of the review and these are in the process of being developed. This includes the development of site specific schedules, accredited training provision and electronic auditing systems which are areas where other providers would clearly excel during a bidding process.

There are many areas where NCC perform better than its private sector competitors. These include the general terms and conditions it offers its staff, the overall stability of the management structure and the organisation as a whole, and the framework it uses to deliver the service. This is reflected in the low staff turnover and obvious positive relationships it has on a local level.

As is typical of other local authority providers, there is less transparency and management of individual cost elements that make up the overall charge to clients than is usually found within the private sector. Central overhead costs are not identified within the costing structure as would be the case with typical providers. Whilst NCC may have suffered in the past from a perception that it is 'more expensive' than a private sector contractor due to the enhanced pay rates and general employment conditions, the introduction of the National Living Wage in April 2016, and the consequent rise to more than £9 per hour by 2020, will allow it to become more competitive and sell the benefits of its established workforce in terms of lower staff turnover, training costs, etc. A central contribution of 14% of revenue would not make the organisation 'uncompetitive' and is within the range of that expected by any private sector provider.

Although the way NCC presents itself to potential clients is not within the general scope of a benchmark review, it should be acknowledged that cleaning, and FM services in general, are becoming increasingly competitive and often rely on a significant investment in sales and marketing activity to win new business. This, in turn, needs to be covered through increased margins which closes the gap between public and private sector providers.

Despite increasing pressures on public sector finances and the general drive to reduce headcount, there are opportunities for direct service organisations to compete in the market as the pay gap differential reduces.

Further discussion is needed to establish the resources required to address the gaps identified and then the best way to demonstrate professional and technical ability once best practices have been achieved.

SWOT Analysis

Strengths

- Good internal processes
- Positive client relationships
- Well established credible organisation
- High contract and staff retention
- Perception of 'one organisation' with other local authority clients

Weaknesses

- Very limited sales resources and structure
- 'Public sector' processes that can often be slow to implement
- Limited funding options to invest in capital equipment / IT / other innovation

Opportunities

- Living Wage Introduction will increase competitiveness in the sector
- Cleaning sector has a high level of dissatisfied clients
- PCR15 procurement changes make it easier to bid for contracts

- Significant ‘cross selling’ opportunities with other services

Threats

- Other ‘best in class’ providers with significant sales resource
- Other poor contractors offering unachievable cost savings

Please note:

The advice contained herein is produced in good faith and is based on observations made at the time of survey. Every effort has been made by the company to ensure that the information given is accurate and not misleading, but the company cannot accept loss or liability perceived to have arisen from the provision of any such information.

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