



meeting **ENVIRONMENT STANDING SELECT**

date **29th June 2004** agenda item

REPORT OF THE DIRECTOR FOR ENVIRONMENT

BUILDING CLEANING, LANDSCAPE & CATERING SERVICES

SERVICE PERFORMANCE PROGRESS – JUNE 2004

Purpose of Report

1. To bring to the attention of Members the latest and planned service developments within our DSO units.

Year End Service Results 2003/04

2. In order to safeguard future viability of services, landscape and building cleaning services adopted a pricing strategy of planned deficit in the year with the primary aim of maintaining/enhancing turnover whilst looking to reach a break-even trading position over the medium term. This strategy has proved successful as the turnover has increased and the deficits for the services were lower than envisaged at one stage. In this regard Members should note that the actual turnover for these services was £11.01million and the deficit on the accounts stood at £206,000 compared to £369,000 in the original budget.
3. Members are reminded that the pricing strategy outlined above was underpinned by a sum of £400k earmarked in the County Council approved Medium Term Financial Strategy to support Direct Services provided by Environment Department for the reasons set out above. The 2004/05 budget indicates a total turnover of £11.5 million, and a deficit of £135,000 for Landscape Services, with Building Cleaning aiming for a break even position.
4. Catering services achieved its budget target of £85k surplus with returns to schools in investment and paybacks of approximately £200k.
5. Further details of final financial trading positions will be included in future reports from the Cabinet Member for Resources.

Contract Buy Back Levels in 2004/05

6. Building Cleaning Services continues to maintain high levels of customer buyback. Over 80% of Nottinghamshire's schools continue to buy into the building cleaning service through annual service level agreements. Turnover during the 2003/4 financial year increased to £8m.

Successes this year include a new service level agreement to provide cleaning services to Toothill Comprehensive School (work won back from the private sector).

External works continue to prosper with five large Nottinghamshire Colleges receiving their cleaning services from Building Cleaning Services. Other works tendered and won in direct competition from the private sector includes contracts with Nottinghamshire's Fire Service and Bassetlaw District Council.

7. Landscapes Services has through annual service level agreements retained 76% of the Education Schools maintenance market.

A further projected increase in the retention of development projects has been identified for 2004/2005, adding to the successful increase in turnover for 2003/2004 in this area of work.

This newly acquired level of workload is targeted to replace any adjustments/losses made by schools against maintenance works.

8. Catering Services has again retained most of the primary schools and will in 2004/05 provide services to 97% of schools via the buy-back service level agreement. It is anticipated that the planned work on the introduction of the Passport to Health scheme, which is aimed at improving pupils choice of foods at lunchtime together with initiatives involving local food, will all add to the value offered to schools in this sector.

Self Management of Services

9. School self-management of services continues to be the greatest threat to the future of our facility management services. Within Building Cleaning on average, approximately four to six schools each year move to this form of operation. Six schools (two comprehensive and four primaries) have decided to self manage their building cleaning services from 1st April 04. Therefore the new aim for the services are to develop comprehensive combined packages for longer periods, offering added value in investment and service delivery rather than the current year on year buy-back arrangements. A pilot is being developed for joint working in the Rushcliffe area.

Education Management Choices (Caretaker Cover Scheme)

10. Demand for the additional services published within the Management Choices Document has remained constant this year with regards to building cleaning

services. 156 Schools in Nottinghamshire have bought back the caretaker cover scheme and 130 schools have bought back the janitorial advice and inspection service. This service area equates to an additional £500k of income. Difficulties with the preception of 'value for money' from school customers remain. In reality the scheme is a costly one to administer and further progress is required to work alongside Education to determine long term viability of the caretaker cover scheme. In order for the scheme to become financially viable an increased percentage in buy back (school numbers) is ideally required.

Quality Systems

11. Building Cleaning Services has been accredited with ISO9002 since 1993. In July 2003 the service was officially accredited by the British Standards Institute with the new 2000 accreditation. The Schools Catering Service similarly achieved the required standards of the Hospitality Accreditation Scheme.
12. Development work is now being undertaken to improve the quality of the services inspection programme with the introduction of a hand held ICT format. It is envisaged that this development will improve the quality of performance management information supplied to customers and identify gaps in underperformance allowing a targeted approach through the training and development of staff to improve service delivery.
13. The services continue to register with the Association of Public Service Excellence (Performance Networks) in an effort to develop its benchmarking techniques. The latest report covering the 2002/3 financial year confirms that the services continue to mostly perform within the top quartile of many performance indicators such as cost per cleaning hour and cost per square metre cleaned, meal take-up etc. The services are benchmarked against a number of similar public sector providers.

Annual Service Awards

14. On 1st April 2004 the Property Services Division introduced, with significant success, its building cleaning and catering teams of the year award during the annual awards ceremony. Sixteen written statements from school Headteachers complimenting the quality of the service were received for cleaning together with a corresponding number of entries for Catering. Customers greatly appreciated the opportunity of singling out their service teams for the accolades. The overall winners were Carr Hill Primary School for building cleaning, Quarrydale Comprehensive and Lowes Wong Junior School for the two catering team awards. Attended by both frontline employees and Head teachers from a variety of sites this event is now set to be a permanent part of the annual calendar.

Private Finance Initiatives

15. Services have now been provided successfully within the East Leake PFI scheme for over twelve months. Currently negotiations are underway for one of the two preferred bidders to be included in the Bassetlaw PFI scheme.

Recruitment and Retention

16. The recruitment and retention of frontline cleaning and catering operatives is the most significant operational challenge for the building cleaning and catering services for the foreseeable future. The organisation employs over 2700 part time employees with an annual turnover figure in excess of 20%. Development works directly with the post office, highlighting advertising opportunities within specific postcode areas and increased programmes of development with local recruitment agencies, has been undertaken over the last twelve months. Despite this a number of vacancies remain unfilled across the County. The introduction of NVQ qualifications together with training and initiatives such as the Team of The Year awards are supporting the process of retention however turnover levels will continue to cause operational pressures to achieve improvement to services.

Summary

17. Although entering the financial year 2004/05 from a position of increasing strength the main challenges facing the services are :
 - a). the increased levels of self managed operations;
 - b). improving both the recruitment and retention of frontline employees
 - c). caretaker cover scheme
 - d). maintaining/enhancing turnover levels in the context of increasing pressures.
18. Regular reports will be brought to the Environment Select Committee on how the services will respond to the significant challenges that lie ahead.

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