

18 September 2024

Agenda Item 4

REPORT OF THE CABINET MEMBER FOR COMMUNITIES AND PUBLIC HEALTH

IMPLEMENTATION OF THE RECOMMENDATIONS OF THE SCRUTINY REVIEW OF THE CATERING AND FACILITIES MANAGEMENT SERVICE

Purpose of the Report

1. To update the Committee on the progress to implement the recommendations from the scrutiny task and finish review of the Catering and Facilities Management Service.

Information

2. Members will recall that the Catering, Cleaning and Facilities Management Service is a large and complex set of services that offers a range of provision to a variety of customers, both internal and external to the Council. The services offered are all discretionary in nature and are not statutory services of the Council.
3. The Service is a Traded Service of the Council and is expected to cover the full costs incurred through service delivery. Current forecasts suggest that the cost of delivering the services this year will exceed the income generated by £2.7m.
4. As a traded service, the Service is subject to market conditions and competition. Many external competitor organisations are thought to be able to operate with a lower cost base than the Council. Global events such as the Covid-19 pandemic and more recent inflationary pressures have meant the service has faced unprecedented financial challenges.

Scrutiny Review

5. At the December 2023 Place Select Committee, members received a report regarding the Catering and Facilities Management Service and resolved ***“That further scrutiny work be undertaken through the establishment of a task and finish group to consider the issues being faced by the Catering and Facilities Management Service and to offer subsequent recommendations to the Cabinet Member for Public Health and Communities.”***
6. Following the completion of the task and finish process, the report ‘*Outcomes of the Scrutiny Review of the Catering and Facilities Management Services*’ detailing the findings of the review was considered at Place Select Committee on 22 May 2024. The report set out 5

recommendations that were accepted by the Committee to be made to the Cabinet Member. It also recorded the dissenting views of one of the Members of the Review Group.

Cabinet

7. On the 25 July 2024, a report was presented to Cabinet that provided an update on the ongoing review and the findings and recommendations of the Place Select Committee's scrutiny task and finish review group. The report also sought approval to commence a procurement exercise to find a partner(s) for the Service and to develop a partnership operating model.
8. Cabinet approved:
 - The commencement of a procurement exercise and other work to identify a preferred partner and partnership operating model for the future delivery of the catering and facilities management services currently offered by the Council.
 - That the key commercial parameters for the detailed design of the procurement exercise be determined by the Executive Director for Place in consultation with the Cabinet Member for Communities and Public Health.
 - The authorisation of the Interim Service Director Place and Communities to conduct negotiations required during the procurement process, consulting at regular milestones with an officer Senior Steering Group consisting of the Executive Director for Place, the S151 Officer and the Monitoring Officer and supported by appropriate procurement, legal, financial, and technical advice relevant to the project.
 - That the outcome of the procurement exercise be reported back to a future Cabinet Meeting for the formal approval of any proposed new Operating Model and preferred partner.

Progress To Date

9. An appropriate procurement exercise, complying with the Public Contract Regulations 2015, has now been designed and has already commenced. The approach follows expert procurement and legal advice and will enable the Council to gain a detailed understanding of the potential benefits and limitations of a partnership.
10. To ensure a flexible and responsive approach, key commercial parameters for the detailed design and delivery of the procurement process are being determined by the Executive Director, Place in consultation with the Cabinet Member for Communities and Public Health. Work is being prioritised so that any new partnership can commence in Spring 2025 with a view to the partnership being fully operational for the 2025/26 academic year.
11. The outcome of the procurement exercise will be reported back to the Cabinet meeting in February 2025, for formal consideration and approval. This would include any proposed future operating model for the services involved, and the partner or partners that the process identifies as being the most suitable for the Council, by reference to tender criteria.
12. The key steps in the process and timelines are:

Contract Notice/Invitation to Tender	2 August 2024
Deadline for initial proposals	2 September 2024
Completion of evaluation & shortlisting initial proposal	9 September 2024
Dialogue commencement	10 September 2024
Dialogue end and call for final bids	5 November 2024
Deadline for final tenders	16 December 2024
Completion of evaluation and moderation of final tenders	15 January 2025
Cabinet Decision	6 February 2025
Standstill	26 February 2025
Enter into contract	27 February 2025
Completion of Mobilisation of Service	1 September 2025

13. Proportionate engagement and communication with staff and customers will continue to be a priority. As such, the communication strategy and supporting plans continue to be reviewed to ensure customers and staff are informed of progress. Trade Unions colleagues have been invited to engage in the review and redesign process.

14. A key part of the specification that has been issued as part of the exercise details the importance of future growth within the Service and that any suitable partner works with the Council to identify new business and look to develop, grow and maximise opportunities for County Enterprise Foods operations and assets, thereby realising its full potential.

15. Further, a building rationalisation programme is underway within the Council. A review of the 15 landscape depots that form part of the Facilities Management service will be included within the programme.

Key Partner Requirements

16. As part of the procurement exercise, Members will recall that several key requirements have been identified that will be critical in determining the appropriate partner:

- **Reduce/Eliminate the Financial Risk** – minimise or eliminate the future financial risk to the Council through a partner that allows us to achieve cost efficiencies, reduced overheads, and improved performance. A partner that is able to demonstrate and develop a commercially sustainable model in the short, medium, and longer term.
- **Robust Governance of the Partnership** – the Council would retain an ongoing interest in, and influence over, the operation of the partnership through appropriate commercial and governance documentation setting up any arrangements, allowing input on key

strategic decisions, such as school meal pricing, quality, and Meals at Home. In addition, the Council would expect to have an appropriate presence on the Board of Directors.

- **Assurances for Existing Staff, a Smooth Transfer, and the Local Government Pension Scheme** – full adherence to the Transfer of Undertakings (Protection of Employment) Regulations, admitted body status to the Local Government Pension Scheme and a commitment to the ongoing development of the workforce.

17. It is proposed that a further progress report will be brought to the Place Select Committee in December.

Reason/s for Recommendation/s

18. To provide a progress update on the implementation of the scrutiny review recommendations, approved by Cabinet on 25 July.

Statutory and Policy Implications

19. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

20. The current financial pressures faced by the Service and the Council are unsustainable and require action to mitigate as soon as practical. A joint venture partnership presents the potential opportunity to manage the services within the current budget envelope whilst ensuring service continuity and quality.

21. Financial provision has been made by the Council for this financial year to meet the expected £2.7m deficit against the existing budget whilst the proposed work proceeds.

Best Value

22. The Best Value Duty relates to the statutory requirement for local authorities and other public bodies to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget, provide statutory services, including adult social care and children’s services, and secure value for money in all spending decisions.

23. The challenge of operating the various services with its current cost base and limited income sources will continue to challenge the Council’s Best Value duty. The work of the Place Select Committee task and finish group, and the approach to date has considered a number of options, including retaining the current model and has included the testing of those options through structured soft market testing. It is the Council’s view that any solution to limit/remove deficit, through partnership, offers a better value proposition than the current operating model.

RECOMMENDATIONS

- 1) That the Committee notes the progress made on the implementation of the scrutiny review recommendations.
- 2) That the Committee considers how they would like to receive further progress reports on the implementation of the recommendations from the scrutiny task and finish review of the Catering and Facilities Management Service.

Cllr Scott Carlton
Cabinet Member for Communities and Public Health

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Constitutional Comments (CM 04/09/2024)

24. The report falls within the terms of reference of the Place Select Committee.

Financial Comments (PAA29 05/09/2024)

25. The financial implications are set out in paragraphs 20 and 21 of the report. The proposed course of action is recognised as an effective way of ensuring the Services can be operated within the resources available.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

[Report to Place Select Committee 22 May 2024](#)

[Report to Cabinet 25 July 2024](#)

Electoral Division(s) and Member(s) Affected

- All