

## Item 2B: Integrated Cleaning Contract

### Extract from Overview and Scrutiny Minutes, 13 July 2004:

#### 1. **CALL-IN: EXECUTIVE DECISION [ITEM 9, 22 JUNE 2004] IN RESPECT OF THE INTEGRATED CLEANING CONTRACT** (see pages 1-20)

- 1.1 The Committee received deputations from Southwark Group of Tenants Organisations (SGTO) and Leaseholders' Council.

The key concerns of the deputations were that:

- Financial information requested by Tenants' Council had not been provided;
- Tenants had not been properly consulted on the report before it went to the Executive;
- The breakdown of charges between the Housing Revenue Account and the General Fund needed clarification;
- Cleanliness of estates was not satisfactory and the measurement of cleanliness was not reliable; and
- The standard of internal cleaning on estates was not acceptable.

- 1.2 Members who had requested the call-in expressed concern that evidence demonstrating the success of the contract was insufficient and inaccurate and that performance information was open to challenge. It was their view that stakeholders' comments had not been adequately reported, that better measurements of cleaning were needed and that there were questions over the financial management of the service including increased expenditure.

- 1.3 The Leader of the Council stated that the cleaning service was better than a year ago and that there was widespread satisfaction with performance. He commented that the report to the Executive had been included in the Council's Forward Plan.

- 1.4 In response to issues raised by the deputations and members of the Sub-Committee, Officers commented that, since the introduction of Southwark Cleaning, over 200 unsolicited compliments had been received from various sources including tenants, residents and leaseholders and from key external organisations such as IDEA and the Pool of London. In respect of the externally validated Local Environmental Quality Standard (BVPI 199), which assesses cleanliness of all land within the borough, the Council was now joint 5<sup>th</sup> in terms of borough cleanliness across London boroughs.

- 1.5 In terms of benchmarking, the Council had used the best available data to provide comparisons for similar services with both London and National performance. However, Officers acknowledged that additional information should be sought for future annual reviews and that the Council had a commitment to establishing a benchmarking programme to facilitate this. The performance indicators for the service area were subject to rigorous inspection from external auditors in relation to Best Value Performance Indicators, and internal audit in the case of local performance indicators.

- 1.6 Performance during 2003/04 against key local performance indicators, for example the clearance of dumped rubbish and removal of graffiti, had been excellent and represented a significant improvement compared to that previously experienced. Complaints in relation to service delivery on highways and housing estates had reduced during the first year of operations of Southwark Cleaning.
- 1.7 In its first year of operation, Southwark Cleaning had delivered some considerable performance improvements and some very valuable learning for all involved. However, Officers recognised that this was only the start and that the standards achieved not only need to be sustained but also needed to be built upon and integrated into a more overarching strategy for improving cleanliness standards. The overarching strategy to achieve sustained improvements in borough cleanliness would be based on a three-strand approach; Improved service delivery, education and awareness raising and enforcement.
- 1.8 Officers highlighted a particular area for the Southwark Cleaning to concentrate on delivering improvements during 2004/095 as being internal cleaning on housing estates. The processes for monitoring of internal cleaning were being strengthened to ensure all aspects of the service were robust and accountable.
- 1.9 The report to Executive on 22 June contained the latest stakeholder consultation views available and the reducing number of complaints, particularly in housing estates, did not suggest that there was a significant change in perceptions of the services being delivered. The Executive decision to extend the current service arrangements was subject to satisfactory performance and an annual review and the justification for a 3 year period centred around staff morale, delivered through enhanced security and a sense of investment in them as individuals, and a realistic timescale for the delivery of change through the implementation of the borough cleanliness improvement strategy.
- 1.10 Officers confirmed that the financial management of the service was robust both through Environment & Leisure internal procedures and through the partnership arrangements between Housing and Environment and Leisure. A detailed internal audit by Price Waterhouse Coopers, which included extensive fieldwork, had been undertaken. The audit had covered all aspects of the financial management of the service and in particular the split between the General Fund (GF) and the Housing Revenue Account (HRA). The report concluded that the financial management of the service been satisfactory and the GF/HRA split of funding had been allocated on a reasonable basis. Officers explained that any additional expenditure had resulted from variations to the service specification.
- 1.11 The Strategic Director of Housing explained the transparency of the HRA budget growth that was widely consulted upon through Tenant & Leaseholder Council before agreement by the Executive as part of the HRA budget proposals for 2004/05. The consultation framework was established at the beginning of the new service arrangements (Joint Tenants'/Leaseholders' Councils and Neighbourhood Forums) as was the review and monitoring framework involving tenants and residents that had followed.

**RESOLVED:**

1. That the Executive notes concerns shared by Councillors, tenants and leaseholders regarding:
  - Insufficient justification for a three-year contract extension;
  - Accuracy of performance information in the report;
  - Absence of current stakeholder views of the service;
  - Accuracy of consultation results in the report; and
  - Financial management of the service.
2. That, following receipt of legal advice, the Executive circulates the recent audit of Southwark Cleaning accounts by Price Waterhouse Coopers to Councillors and Tenants' and Leaseholders' Councils (both this year and ongoing);
3. That progress on internal cleaning contract monitoring be brought to Tenants' and Leaseholders' Councils for their input; and
4. That reports on estate cleanliness be brought to Housing Scrutiny Sub-Committee and Tenants' and Leaseholders' Councils.

**Extract from Executive Minutes, 27 July 2004:**

15 **CALL-IN INTEGRATED CLEANING CONTRACT** (see pages 96 to 99)

- RESOLVED:**
1. That Overview and Scrutiny Committee (OSC) be thanked for its report.
  2. That following receipt of legal advice, officers be instructed to release as much of the auditors report as possible relating to the recent audit of Southwark Cleaning accounts by Price Waterhouse Coopers to Councillors, Tenants' and Leaseholders' Councils (both this year and ongoing).
  3. That progress on internal cleaning contract monitoring be brought to Tenants' and Leaseholders' Councils for their input.
  4. That reports on estate cleanliness be brought to Housing Scrutiny Sub-Committee and Tenants' and Leaseholders' Councils.

5. That the following concerns of OSC be noted:
  - Insufficient justification for a three-year contract extension;
  - Accuracy of performance information in the report;
  - Absence of current stakeholder views of the service;
  - Accuracy of consultation results in the report; and
  - Financial management of the service.
  
6. The Executive finds these concerns at odds with the evidence OSC considered and emphasises the following points:
  - a. The success of Southwark Cleaning means that LBC is now joint 5<sup>th</sup> among London boroughs for the Local Environmental Quality Standard (BVPI 199) performance data for street cleaning assessed by EnCams;
  - b. The £6.7 million street cleaning budget for Southwark Cleaning remains below the London average of £7.37 million, (excluding Westminster with a budget of £19 million);
  - c. The dramatic step change of borough cleanliness has been achieved after only one year;
  - d. The stability provided by a three year contract avoids the patchwork and extreme inconsistencies of cleaning in Southwark that led to the dire performance prior to Southwark Cleaning and can continue to foster the motivation, team pride and investment in human capital as commended in the IDEA report of this year;
  - e. The introduction of the three-year contract enables Southwark Cleaning to further build upon ownership and accountability for teams on Estate Cleaning;
  - f. The introduction of the three-year contract is subject to performance review and enables the introduction of benchmarking in order to assess better future performance especially regarding estate cleaning;
  - g. That delivery via Southwark Cleaning enables the Council to integrate further a “more overarching strategy for improving cleanliness standards” (Executive report, 22/6/04);

- h. That any criticisms of both quantitative and external qualitative performance information must be presented with some attempt to explain what these failings are in order for the Executive to take recommendations from OSC on board;
  - i. Much of the qualitative evidence is based on input from stakeholder groups and the Executive wishes to reiterate that 84% of Tenants and Residents Associations believe that cleaning of estates is improved under Southwark Cleaning after only one year;
  - j. That the accounts for Southwark Cleaning have been audited by PWC who have passed them as satisfactory;
  - k. That consultation on the HRA has widely been consulted upon through Tenant & Leaseholder council;
  - l. That the concerns of leaseholders have been noted and that performance in this area will be part of the annual review but that it should be noted also that cleaning up the mess left by previous arrangements has come at a cost;
  - m. That the alternatives provide little to no evidence of being more effective means of delivering borough-wide cleaning;
7. The Executive regrets the uncertainty caused by the call-in and the impact of this uncertainty on staff morale.
8. The Executive reaffirms its decision and congratulates the entire staff of Southwark cleaning for its undoubted success in the past year.