

A Case for Social Procurement

The purpose of this report is to outline a case for social procurement based on experience in providing cleaning services on the Kensington Redevelopment.

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The document incorporates two additional reports, one prepared by Charter Keck Cramer, Strategic Property Consulting and another by AMES Research and Policy Unit. These reports are referenced in the main report and included as attachments.

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Australian Government
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VicHealth

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The following organisations have contributed to compiling this report.

- Urban Communities
- AMES
- Charter Keck Cramer

ATTACHMENTS

1. Charter Keck Cramer Cost Benefit & Social Impacts Assessments
2. AMES Social Impact Assessment

ABBREVIATIONS

AMES	Adult Multicultural Education Services
CALD	Culturally and Linguistically Diverse
CBA	Cost Benefit Analysis
CKC	Charter Keck Cramer
DEEWR	Department of Education Employment and Workplace Relations
DHS	Department of Human Services
ILM	Intermediate Labour Market
MGC	Magic Green Clean
UC	Urban Communities

EXECUTIVE SUMMARY

This report reflects on the social enterprise established as part of the operation of the Kensington Redevelopment as a case for social procurement.

The report finds, based on the observations, management practices and benefits drawn from this project, that through the establishment or expansion of similar enterprises, housing estate services can be delivered at a market competitive cost and should be encouraged as a means for leveraging additional economic and social benefits off the delivery of estate services. These benefits include:

- deriving long term value through sound asset management practice in social housing environments
- contributing to community wellbeing and social cohesion
- reducing unemployment with the associated economic and social benefits

The existing commercial cleaning contract at Kensington provided an opportunity for Urban Communities and AMES to accelerate a social enterprise through investment provided through both federal and state government funding. The investment made available through the Federal Government Jobs Fund in 2009 provided seed capital to establish the enterprise at Kensington. The project also accessed training funds under an established program - the Victorian Training Guarantee (an initiative of the Victorian Government). As a result the enterprise was able to fulfill the service contract for Kensington whilst employing and training a number of long term unemployed job seekers.

The project aimed to establish an evidence base for social procurement. As a baseline it was established that by adopting a social enterprise model the delivery of a service contract to industry standards was achievable alongside the economic and/or social benefits accrued to government, the community and individuals.

A review of cleaning services delivery under the enterprise with incumbent contractual conditions provided a market comparison for social procurement. This review also highlighted the value propositions for property and asset management of a housing estate whilst contracting with a social enterprise including:

- delivery to the estate in commercially comparable terms
- no perceived additional exposure to risk of service delivery or failure
- greater asset protection through interaction between service provider and management
- a perception that the useful life of finishes (carpet, tiled surfaces, etc) is prolonged providing a forecast 11% efficiency in the use of capital over time¹

¹ Given that only a short period has passed only theoretical examples of increased useful asset life are possible at this stage of the project.

The economic analysis² suggests that, on a net present value basis over a 20 year analysis period, the project may return tenfold the original funding through higher wages, taxation revenue, retail and other expenditure.

A key long term benefit of this social enterprise is facilitating the transfer of the long-term unemployed to employment. In addition to generating new taxation revenue, this transfer also removes the need for government to pay long-term unemployment benefits. On average, this could save government around \$17,000 per annum per person (\$4,500 from income taxation revenue and \$12,500 from unemployment benefits which are no longer disbursed).

The Magic Green Clean (MGC) Kensington social enterprise uses an Intermediate Labour Market (ILM) approach as the employment model. This ILM model facilitates the continual movement of unemployed job seekers, firstly into employment in the enterprise and then on to employment in the mainstream labour market.

Findings with respect to social impacts demonstrated by the social enterprise were that there were clear social benefits accruing from delivery of cleaning services using this ILM model. Increased employability and improved health and well being were the most significant impact.

Evidence of increased employability is also demonstrated by the on-going employment of a number of the trainees by the social enterprise.

The project on the Kensington Redevelopment has therefore provided a number of positive indicators that demonstrate the benefits that can accrue through social procurement. These benefits are at no commercial risk to the Director of Public Housing³ and provide a platform for improved asset management whilst providing economic and social outcomes to individuals and the community.

AMES works with new and recently arrived refugees and migrants in Victoria and, since 2002, has used social enterprises to explore ways to address the systemic unemployment issues experienced by many recently arrived refugees and migrants. AMES vision is 'Full participation for all in a cohesive and diverse society'. AMES is an autonomous Adult Education Institute established by the Victorian State Government.

Urban Communities provides place management services on the Kensington Redevelopment. Responsibilities include the procurement and management of all contracts pertaining to the Kensington Redevelopment and the management of public housing on the Redevelopment. Urban Communities is a not-for-profit organisation with a robust mechanism for reinvesting profit back into the community.

² Refer Appendix CKC report March 2011

³ Public Housing is provided by the Department of Human Services

SECTION 1 – INTRODUCTION

1.1 Preamble

Social services are traditionally considered a government responsibility and as such the delivery of social and support services are conducted in a public and regulated environment maintaining governance and standards.

This regulated environment, although encouraged and supported by government, can be challenged when delivering support services in a competitive environment. The efficient use of resources and capital can be compromised particularly where there is an added aim to gain social value and promote community participation and integration.

Urban Communities was established to provide on-site management and an integrated approach to public and private housing on the Kensington Housing Precinct (now the Kensington Redevelopment).

Since its inception Urban Communities has sought to initiate the delivery of support and maintenance services to social housing in a manner that is community integrated, while being comparable and competitive with the private sector.

Social procurement, being the process of an organisation choosing to purchase a service which will also provide a social outcome and where procurement refers to the purchasing process adopted by institutions or organisations, can be seen to accommodate this social agenda.

A social enterprise can be defined as any for-profit or non-profit organisation that applies capitalistic strategies to achieving philanthropic goals. Social enterprises differ from commercial enterprises in that they do not aim to offer any benefit to their investors, except where they believe that doing so will ultimately further their capacity to realise their philanthropic goals.

When social procurement is used to engage a social enterprise to deliver services traditionally delivered by the private sector in a housing estate environment this creates an opportunity to:

- provide a platform for training that develops achievable and transferable skills
- provide integration with the broader community outside of the social housing environment
- promote a positive economic impact at a micro and macro level
- impact on community and individual well-being
- develop a long term business
- address political objectives and responsibility

Delivering an identifiable service with a social enterprise that has a commercial value and standards provides a measurable platform to evaluate the benefits of social procurement.

This report reflects on the social enterprise established as part of the operation of the Kensington Housing Redevelopment as a case for social procurement.

1.2 Methodology

The evaluation set out to observe the delivery of a commercial cleaning contract by the MGC Kensington social enterprise as well as to evaluate any economic and social impacts of the enterprise.

This report brings together the reviews, investigations and assessments undertaken during the evaluation. The methodology and the sections of the report are outlined below.

Operation and contract management

This component of the evaluation reviewed the commercial conditions and contracts in place for the Repairs, Maintenance and Operation of the Kensington Redevelopment up to 2009 and compared those with the conditions and contracts in place during the first stage of the operation of the social enterprise.

The review initially looked at the facility asset management structure and the contract used to manage services and explored capital savings that may be experienced through extended life cycle of the finishes that are cleaned by the enterprise.

Economic analysis

The analysis of economic benefit has been extracted and summarised from the report prepared by Charter Keck Cramer: *Cost-Benefit and Social Impact Assessments (March 2011)*.

This analysis provided an economic benefit forecast using a theoretical model to forecast the key benefits and costs that could accrue from the project comparing the options of a contract delivered by a social enterprise and the status quo of contract delivery by a commercial company.

The forecast acknowledged there are a range of readily measurable impacts as well as some impacts that are more difficult to measure. The economic approach endeavoured to understand the readily quantifiable impacts of the proposal considering economic benefits including:

- employment creation (full-time, part-time, traineeships)
- taxation
- retail and other expenditure
- wages

Social impact assessment

The social impact assessment has been extracted from theoretical modeling prepared by Charter Keck Cramer and a Social Impact Assessment report prepared by AMES Research and Policy Unit titled: *Social Impact Assessment Report (September 2011)*.

In brief the indicators of the social impact of the enterprise used in both evaluations were:

- enhanced housing and physical environment
- increased employability of participants in the enterprise
- increased pride and participation in the community
- improved health and wellbeing

AMES approach to the evaluation of the MGC Kensington social enterprise was broadly informed by the principles of action research. The main method of collecting information for the evaluation was regular interviews with all parties involved in the MGC Kensington enterprise.

Risk review

A table of identified risk and mitigation strategies was developed based on the experience derived from the delivery of the project.

1.3 Statement of purpose and conditions

The purpose of this report is to record and report on, where possible, the financial and social impact of a social enterprise established using a commercial service contract and investment from the Australian Federal Government Jobs Fund as a case for social procurement.

The report is a combined assessment of the social enterprise established as part of the operation of the Kensington Redevelopment - based on observations, management practices and benefits.

The assessment/forecasts exclude any items or works noted as specifically excluded in the body of the report or in any attachments (refer Charter Keck Cramer *Cost-Benefit and Social Impact Assessments*, AMES *Social Impact Assessment*), unforeseen circumstances, contingency and management.

Any inaccuracy in, or change to any of the facts, findings or assumptions made in our report of which you are aware, should be advised to us so that we can assess its significance and provide you with a revised commentary and recommendation if necessary.

SECTION 2 – BACKGROUND

2.1 The Kensington Redevelopment

The Kensington Redevelopment is a 6.5 hectare site in the inner north west of Melbourne consisting of both public and private dwellings.

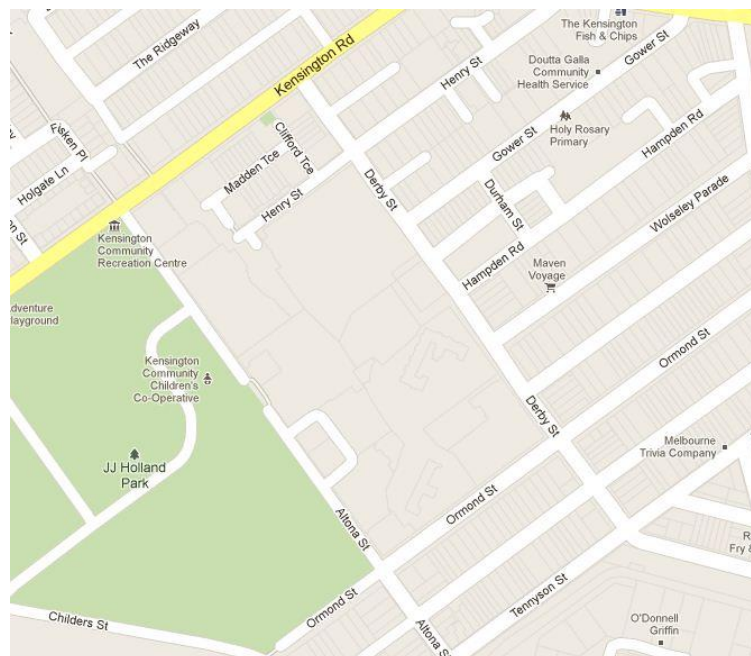
The Kensington Public Housing Estate was identified as an area that would benefit from a shift to a mix of public and private homes - a change that would physically and socially integrate the estate back into the surrounding suburb of Kensington.

The project design and delivery was focused on the redevelopment of existing assets whilst introducing a mixture of new product for both public and private use. The redevelopment project was launched in 2002 and in 2010 there were 407⁴ public and 402 private dwellings on the redevelopment.

In 2008 Urban Communities signed a 5 + 5 year agreement with the Victorian Director of Housing to manage public housing on the Kensington Redevelopment. This is a significant shift in government policy and is the first time in Victoria that public housing tenancy management has been wholly integrated within a non-government organisation. In 2009 Urban Communities was registered as a Housing Provider under the *Housing Act 1983*.

The Kensington Redevelopment is located in an inner Melbourne suburb bounded by Kensington Road, Derby Street, Ormond Street and Altona Streets, Kensington.

Figure 1: Kensington Redevelopment



⁴ 407 public dwellings includes 15 affordable dwellings

The final stage of the built form is currently underway and due to be complete in late 2011. The completed development will offer public and private housing in a mixture of towers, low rise, walk up and terraces.

These residences will be accommodated in 25 buildings located on the site as follows.

Figure 2: Public and private buildings

Public Buildings	
94 Ormond Street	Refurbished 1970s 12 storey tower
100 Ormond Street	Newly constructed 2009 four level family block
56 Derby Street	Refurbished 1970s 12 storey tower
78 Clifford Terrace	Built 2005, 7 storey tower, older persons' accommodation
78 Altona Street	Newly constructed 2008 walk up family block
60 Altona Street	Newly constructed 2009 walk up family block
39 Kensington Road	Built 2004, 3 storey walk-up family block
63 Kensington Road	Built 2004, 3 storey walk-up family block
65 Kensington Road	Built 2005, 3 storey walk-up family block
Private Buildings	
108 Altona Street	Newly constructed 2005 four level
84-88 Altona Street	Newly constructed 2005 four level
68-72 Altona Street	Newly constructed 2008 three - eight levels
50-62 Altona Street	Newly constructed 2009 three - eight levels
40 Altona Street	Newly constructed 2009 four levels
37 Kensington Road	Newly constructed 2004 three levels
50 Henry Street	Newly constructed 2004 three levels
60 Henry Street	Newly constructed 2004 three levels
80 Henry Street	Newly constructed 2004 three levels
Terrace buildings	Newly constructed 2004

2.2 Stakeholders

The Magic Green Clean (MGC) Kensington social enterprise is a partnership between AMES and Urban Communities.

Figure 3: Partnership model



The responsibilities of each party are best described by the expertise they bring to the partnership. AMES has experience in social enterprises and training and Urban Communities in public/social housing management.

Urban Communities

Urban Communities evolved from a joint partnership between the Victorian State Government and Becton, the redevelopment property developer of the Kensington Public Housing Estate. Both parties sought on site (place) management and an integrated approach to public and private housing at Kensington. The concept of place management and the building of a community were considered to be as important as the built form.

Urban Communities continue to manage the redevelopment asset on behalf of the Department of Human Services (DHS) and manage the owners' corporations on behalf of residents.

Urban Communities works with government, business and community to create livable places while maximising the supply and quality of affordable housing for low-income households.

Urban Communities is a not-for-profit with a "business mind" with a robust mechanism for reinvesting profit back into the community.

AMES

AMES provides settlement, education and employment services to culturally and linguistically diverse (CALD) clients. AMES overarching vision is for full participation for all in a cohesive and diverse society. Key priorities include addressing clients' immediate settlement needs and longer-term aspirations for living in Australia.

AMES has used social enterprises to explore ways to address the systemic

unemployment issues experienced by many new arrivals.

AMES social enterprises are businesses which primarily provide training and employment opportunities to disadvantaged migrants and refugees. AMES currently has two enterprises, one providing catering and the other, Magic Green Clean (MGC), providing an environmentally friendly cleaning services and training in asset maintenance. MGC was expanded and used to provide cleaning services at Kensington.

Department of Human Services: Housing and Community Building Division

The Department of Human Services (DHS) provides public and social housing and support for low income Victorians targeted to those most in need.

The Kensington Redevelopment is one of the many properties in Melbourne where the DHS Housing and Community Building Division provides housing support. This development is managed by Urban Communities on their behalf.

Employees in the enterprise

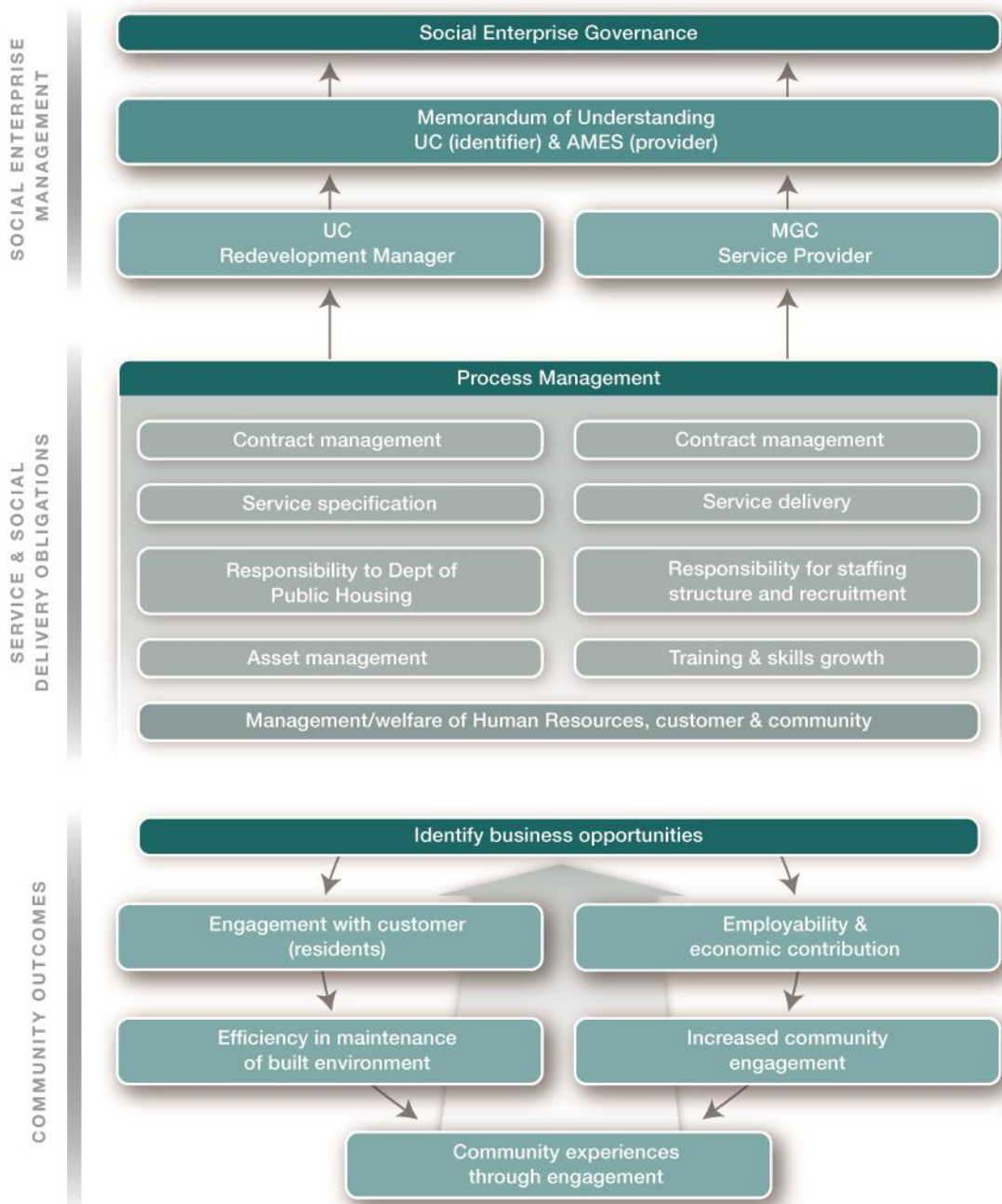
The enterprise employs up to ten staff at Kensington - a supervisor, skilled cleaners and a maximum of six trainees at any one time. The supervisor, an experienced cleaner, delivers on-the-job training for all the trainees as well as providing a high degree of social support. As well as the supervisor, two to three skilled cleaners are employed (depending on time fractions).

Of the enterprise staff, the trainees are considered to be the stakeholders for the purposes of this report. MGC Kensington recruited the first five trainees from the public tenants living on the Kensington Redevelopment.

All of the trainees had been out of full time, stable employment for long periods. Two had previous experience of cleaning, but had no associated qualifications.

The following three phases show how the expertise is shared and responsibilities met in delivering a social outcome for this project.

Figure 4: Governance structure



2.3 The social enterprise business model

Financial model

The financial model for this enterprise is built around the annual contract value for cleaning and grounds maintenance at Kensington. This annual contract value of approximately \$350,000 pa provides the basis for employment of supervisors, cleaners and trainees.

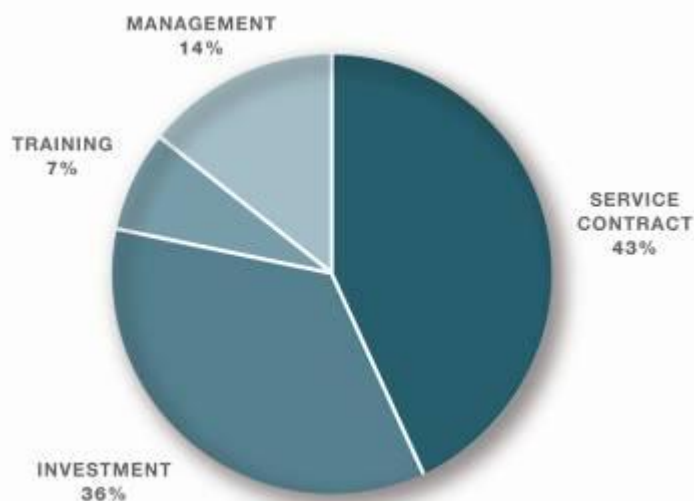
Supporting the delivery of the contract is the enterprise management team, Urban Communities facilities management team in addition to other establishment and business costs.

By undertaking the role of Cleaning and Grounds Management contractor to the estate the Kensington project provided for the establishment of this business unit and enterprise, allowing for an initial two year operation offering employment and training opportunities for the local community of the Kensington Redevelopment. This role of 'contractor' is jointly managed by Urban Communities and AMES and delivered to the estate via Magic Green Clean (MGC), an AMES established cleaning social enterprise.

Through the partnership between Urban Communities and AMES, MGC Kensington took on the cleaning contracts initially for 23 buildings on the redevelopment. This has now expanded to 25 buildings. The value of the contract works over the two year period is approximately \$700,000.

The enterprise was further supported by the successful joint application by AMES and Urban Communities for funding as part of the Australian Federal Government Jobs Fund Scheme in 2009 and training funds under an established program - the Victorian Training Guarantee. This funding/government investment represented \$620,000 of a \$1,500,000 operation and funded training, management and research.

Figure 5: Enterprise budget



The project budget as illustrated above (Figure 4) is a combination of four main sources of capital.

1. Service Contract⁵ - budgeted provision for cleaning, for public & private tenants
2. Training - trainee funding established under the Victorian Training Guarantee
3. Support & Management - in-kind investment by AMES & Urban Communities
4. Investment - seed capital established under Australian Federal Government Jobs Fund

This project provides a base to review the enterprise and its ability to deliver a cleaning service in commercial terms over a two year period as well as providing up-skilling, training and employment for a group of public tenants on the Redevelopment.

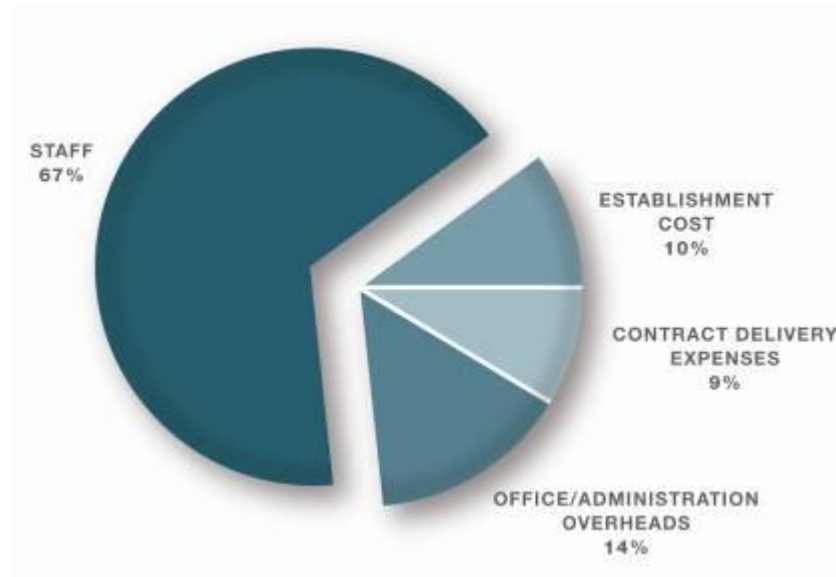
The partnership between Urban Communities and AMES operates under a Memorandum of Understanding held between the two parties and is further articulated in the DEEWR funding contract.

The contract budget sets out amounts to be drawn against contract works, training funds, government investment funding and additional in-kind support provided by AMES and Urban Communities for the establishment phase of the enterprise. (Refer Figure 5: Enterprise budget).

The combined budget provided nominal portions for establishment, contract management and administration with the majority of cost being for staffing (management and labour costs) to deliver the contract.

⁵ Contract works for public tenants funded by DHS and private tenants delivered through the Owners' Corporation and managed by Urban Communities

Figure 6: Breakdown of budget



Overall the budget reflected a commitment to and understanding of the operation by AMES and Urban Communities.

Future budgets

Going forward the budget will be representative of the annual Contract Works and whatever training is adopted. The one-off establishment costs will not be incurred in future budgets.

Employment model

The MGC Kensington social enterprise uses an Intermediate Labour Market model to provide training and employment for unemployed persons on the Kensington Redevelopment and provides a catalyst for creating social capital.

The mix of skilled and unskilled labour is critical to the success of this ILM model. A core workforce of skilled staff ensures that the enterprise is able to deliver services to the standard required under the contract mitigating risk to stakeholders, whilst supporting the development of the trainee workforce. (Refer [Risk Table in Section 5](#))

The employment structure comprised:

- Supervisor
- Skilled Cleaners
- Trainees

Supervisor

The supervisor is an experienced cleaner recruited to manage the cleaning and asset maintenance work, supervise the cleaning team and coordinate the on-the-job training for the trainees. In managing the trainees' training and work schedules, the supervisor also provided social support for individual trainees.

Skilled cleaners

As well as the supervisor, MGC employed three skilled cleaners. These cleaners answered directly to the supervisor and ensured that the enterprise was able to deliver to the required standards of the contract. They did not have a direct role in training and/or supervising the trainees.

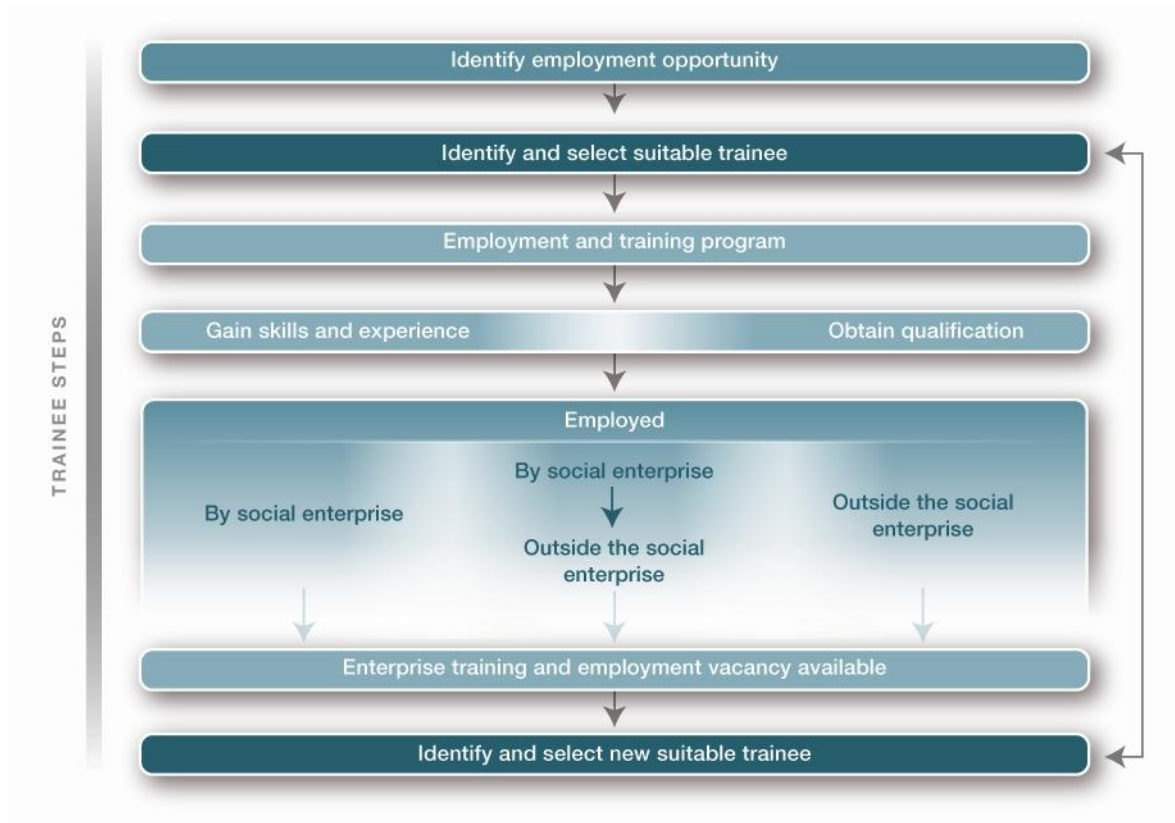
Trainees

The six trainees also answered directly to the supervisor and were assigned duties in different buildings on the Redevelopment. They received classroom training in the knowledge competencies of the Certificate III in Asset Maintenance on average once a week. As their skills increased individual trainees were given greater autonomy and some were employed on a casual basis to work hours in addition to their traineeships.

This business model actively pursues growth whilst providing opportunities for transitioning trainees to on-going employment and opening up opportunities for new trainees. In this model, some trainees will remain as employees of the enterprise and others will move on to employment outside the enterprise.

The following diagram identifies the opportunities enabled for those involved. Benefits are accrued throughout the process with the ultimate aim of a trainee being capable of gaining employment outside of the enterprise.

Figure 7: Pathways to employment



SECTION 3 – OPERATION AND CONTRACT MANAGEMENT

3.1 Repairs, maintenance and operation

Since starting the operation of the Kensington Redevelopment, facility operations have been delivered on behalf of Property Services⁶ and the Director of Public Housing (DHS).

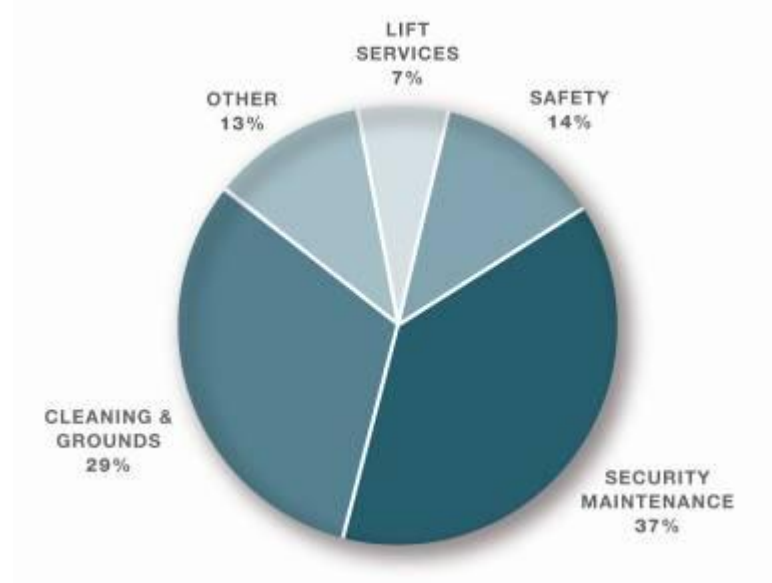
As the Redevelopment has evolved there has been a need to manage not only the needs of the established property assets but also the integration of the phased construction of the facility.

This phasing has provided an opportunity to review asset management processes.

Costs for the soft facilities management services historically have been in the order of \$1.0M to \$1.2M per annum with cleaning and grounds maintenance representing approximately 25 - 30% of that cost. The allocation between public and private is approximately 85%/15% respectively, representing services required.

2010 costs are represented in the following broad categories.

Figure 8: Asset and facilities services



Urban Communities in consultation with Property Services have transitioned the delivery of asset and facility services, maintaining the available funding and using standard property services contracts and specifications.

Services have generally been outsourced to specified contractors, individual service providers or commercial facilities management companies. Over time and with the growth of in-house management and staff, contracts have been let and managed directly by Urban Communities with some aspects of facilities management now being directly provided by Urban Communities staff.

⁶ Property Services are a division of DHS

This approach to facilities management is a progressive view on in-house and out house contracting by maintaining only those services in house where there is a perceived efficiency, skill and ability to manage risk.

This experience has allowed Urban Communities to contract the social enterprise with confidence that their facilities management team could ensure delivery of service to standard and for a known value.

3.2 Standard contracts

Standard contracts provided by Property Services and the Director of Public Housing have been adopted as the basis for managing service agreements for services providers. This form was executed both prior to adoption of the social enterprise and maintained with the social enterprise for cleaning and grounds maintenance.

These contracts are designed to identify the parties, their obligations, terms and the administration of the contract.

The contract is made up of the following documents.

General conditions of contract and form of agreement: This section provides the basis for agreement, defines the parties, makes reference to legislation and law, provides the framework for operating the agreement and provides for the terms and the execution.

Appendix A: General requirements of contract: This document provides for the more specific details and administration of the contract.

Appendix B: Specification: This document provides a description and expected performance measure for specific tasks.

Appendix C: Tender response schedule: This document reflects the accepted tender.

Appendix D: List of locations: This document provides a list of building addresses as a reference.

Annexure 1: Cleaning scope of works: This document is in the form of a table describing the physical tasks and their frequencies.

Generally the contracts make no provision for the enterprise structure, however additional assessment criteria has been incorporated.

3.3 Specification and scope for cleaning

The cleaning specifications and scope are detailed in the contract and basically cover the type of facility to be cleaned ie high rise, walk up or grounds and the tasks. Each task is also further defined by frequency. The table below sets out the scope for high rise buildings.

Figure 9: Scope of works (high rise buildings)

		Frequency	Material			Frequency	Material
HIGH RISE BUILDINGS				COMMUNITY FACILITIES			
External Entrance				Kitchen			
1.1	Offensive substances			1.1	Wipe benches & tables	Daily M-S	Joinery
1.2	Empty rubbish bin	Daily M-S	Bins	1.2	Wipe cupboard and fridge doors	Daily M-S	Joinery
1.3	Pick up and remove rubbish	Daily M-S		1.3	Remove marks stains from walls	Daily M-S	Painted
1.4	Remove posters and advertising	Daily M-S		1.4	Dust window frames and fittings	Daily M-S	
1.5	Sweep & clean floors	Daily M-S		1.5	Sweep floor	Daily M-S	
1.6	Wash walls and glass	Daily M-S	Glass	1.6	Empty bins replace bin liners	Daily M-S	Bins
1.7	Mop tiled and concrete floors	Daily M-S	Tiles	1.7	Mop with germicidal detergent	Daily M-S	
1.8	Machine scrub tiled and concrete floors	Daily M-S		Hall Meeting Areas			
1.9	Wash walls and ceilings	Monthly	Painted	2.1	Dust window frames and fittings		
Ground Floor Foyers				2.2	Sweep floor		Finish
2.1	Offensive substances	Daily M-S		2.3	Empty bins replace bin liners		Bins
2.2	Pick up and remove rubbish	Daily M-S		2.4	Mop with germicidal detergent		
2.3	Sweep & clean floors	Daily M-S		2.5	Vacuum carpet		Carpet
2.4	Wash & wipe furniture doors and letter boxes	Daily M-S	Letter boxes	2.6	Remove carpet stains		
2.5	Clean all glass both sides	Daily M-S		Toilets			
2.6	Wash all walls and skirtings	Daily M-S	Skirtings	3.1	Remove all rubbish	Daily M-S	
2.7	Remove posters and advertising	Daily M-S		3.2	Empty rubbish bin	Daily M-S	Bins
2.8	Mop tiled and concrete floors	Daily M-S		3.3	Dust fixtures and fittings	Daily M-S	Joinery
2.9	Remove all rubbish from FHR	Monthly	FHR	3.4	Brush & clean toilet bowls	Daily M-S	Fixtures
2.10	Machine scrub vinyl floors	Monthly	Vinyl	3.5	Wipe cisterns and seats and lids	Daily M-S	Fixtures
2.11	Machine scrub ceramic floors	Monthly	Tiles	3.6	Brush and clean urinals	Daily M-S	Fixtures
2.12	Wash walls and ceilings	Quarterly	Paint	3.7	Remove stains marks and substances from all surfaces	Daily M-S	Paint
2.13	Clean light diffuses	Quarterly	Diffusers	3.8	Clean mirrors		Mirrors
Stairwells and Landings				3.9	Brush clean and polish all taps		Taps
3.1	Remove all rubbish			3.10	Clean hand basins with germicidal detergent		
3.2	Sweep and clean			3.11	Replace toilet rolls		Fixtures
3.3	Dust and clean light fittings		Lights	3.12	Clean mop frequently		
3.4	Wash all walls		Painted	Generally to Facilities			
3.5	Clean glass		Glass	4.1	Clean all glass both sides		Glass
3.6	Remove all rubbish from FHR		FHR	4.2	Machine scrub vinyl floors		Vinyl
3.7	Wipe clean all stair railings		Handrails	6.1	Clean blinds		Blind
3.8	Mop all landings, treads and risers			6.2	Remove marks from walls		Paint
Carpeted Areas				6.3	Steam clean carpet		Carpet
4.1	Vacuum carpet remove stains		Carpet				

Figure 9 should be read in conjunction with *Section 3.5 Life Cycle Implications*.

3.4 Review of costs

The contracted amounts for the delivery of cleaning and grounds maintenance have been negotiated at comparable value to that previously contracted for comparable works specification.

These rates, based on area and buildings, have been used to vary the contract amount as additional facilities have become available. The table below provides an indication of the contracted costs.

Costs shown in this table represent a one year contract, whereas the enterprise will initially span two years. The actual amounts of previous contracts are not disclosed for commercial reasons.

Figure 10: Contract costs (per annum)

		MGC Cleaning and Grounds Services 2009 - 2010			
		Cleaning	Grounds maintenance	Total	% Total
PRIVATE BUILDINGS					
108 Altona St	Newly constructed 2005 four level	484.38	182.33	8,000.53	2%
84-88 Altona St	Newly constructed 2005 four level	1,453.13	158.40	19,338.37	5%
68-72 Altona St	Newly constructed 2008 3-8 levels	2,647.94	273.40	35,056.04	10%
50-62 Altona St	Newly constructed 2008 3-8 levels	910.96	91.16	12,025.48	3%
40 Altona St	Newly constructed 2009 4 level	519.87	91.16	7,332.34	2%
37 Kensington Rd	Newly constructed 2004 3 level	225.75	91.16	3,802.90	1%
50 Henry St	Newly constructed 2004 3 level	262.49	91.16	4,243.86	1%
60 Henry St	Newly constructed 2004 3 level	262.49	91.16	4,243.86	1%
80 Henry St	Newly constructed 2004 3 level	262.49	91.16	4,243.86	1%
Terrace buildings	Newly constructed 2004	0.00	273.48	3,281.80	1%
Sub Total		7,029.50	1,434.58		0%
Public annual cost		84,354.05	17,214.98	101,569.03	29%

MGC Cleaning and Grounds Services 2009 - 2010

		Cleaning	Grounds maintenance	Total	% total
PUBLIC BUILDINGS					
94 Ormond St	12 storey high rise housing building of 107 apartments (61 x 1 bedroom and 46 x bedsit) with a common ground floor community hall and sunroom. Built in early 1970s, new plant upgrade in late 1990s, last upgrade completed in 2004.	4,836.09	1,152.53	71,863.42	20%
100 Ormond St	Constructed in 2010, a walk-up housing building containing 12 dwellings.	519.87	91.16	7,332.34	2%
56 Derby St	12 storey high rise housing building of 117 apartments (3 x 3 bedroom, 63 x 2 bedroom and 51 x 1 bedroom) with a common ground floor milk bar. Built in early 1970s, new plant installed in late 1990s, last upgrade completed in 2004	4,836.09	1,094.95	71,172.43	20%
78 Clifford Terrace	Built in 2008, is a 7 storey high rise public housing building of 97 apartments (17 x 2 bedroom and 79 x 1 bedroom and ground floor community room).	5,608.33	373.13	71,777.56	20%
78 Altona St	Built in 2008, a 3 storey walk up housing building	312.09	207.90	6,239.92	2%
60 Altona St	Built in 2009, a 3 storey walk up housing building	391.10	91.16	5,787.07	2%
39 Kensington Rd	Built in 2004, a 3 storey walk up public housing building of 9 family apartments, with a common access core to the internal, with covered parking to the rear.	285.83	198.07	5,806.84	2%
63 Kensington Rd	Built in 2004, a 3 storey walk up housing building of 11 apartments, with a common access core to the internal, with covered parking to the rear.	285.83	110.57	4,756.75	1%
65 Kensington Rd	Built in 2005, a 3 storey walk-up housing building of 11 apartments, as a stand-alone building with a common access core and on ground parking to the rear.	273.93	198.07	5,664.06	2%
Sub Total		17,349.16	3,517.54		
Public annual cost		208,189.87	42,210.50	250,400.38	71%
Total Monthly Cost Summary		24,378.66	4,952.12		
Total Annual Cost (per service)		292,543.92	59,425.49		
TOTAL COST			351,969.41		

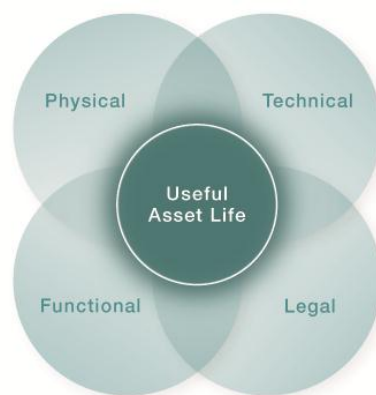
3.5 Life cycle implications

Maintaining and or extending the useful life of assets in a high density housing estate setting can provide for a more efficient use and management of capital.

The useful life of assets is affected by a number of factors that at some point will determine asset obsolescence. An asset will generally be considered obsolete when it can no longer perform its intended function in the manner in which it is intended.

Functions for obsolescence can generally be considered under the following four categories.

Figure 11: Determinants of life of assets



Initially useful lives are set by the selection of materials and products in design and construction, however ensuring the intended design life is maximised will be determined by maintenance, use and function.

Assuming that function, technical suitability and compliance have been maximised during the selection process, physical degradation can be prolonged by proactive maintenance including cleaning.

The replacement of finishes, fixtures and fittings in high density housing estate settings is most likely to occur when the installed product is no longer in a maintainable state and/or able to perform its function.

The finishes, fixtures and fittings nominated in the cleaning scope of works at Kensington and their estimated respective useful lives are as follows.

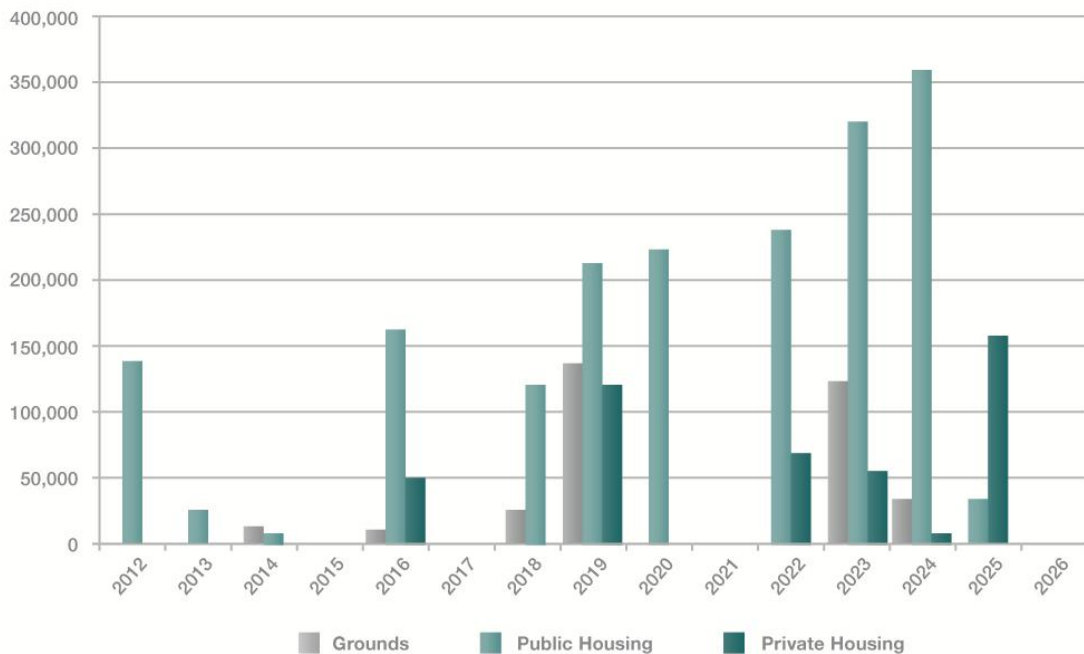
Figure 12: Estimated life of assets at Kensington

Finishes		Fixtures	
Carpet	7 years	Blinds	7 years
Concrete	15 years	Fixtures	15–20 years
Glass	20 years	Handrails	30 years
Painted	5 years	Joinery	15–20 years
Skirtings	15 years	Letter boxes	15–20 years
Tiles	20 years	Mirrors	15–20 years
Vinyl	18 years		

Fittings		Grounds	
Taps	20 years	Enclosure	30 years
Diffusers	15 years	Bins	10 years
FHR	15 years	Garden	5 Years
Appliances	7 years		
Lights	15 years		

Based on an assessment of the quantity of these finishes, fixtures and fittings at Kensington a forecast of the replacement of these assets based on their respective useful lives provides the following capital expenditure forecast.

Figure 13: Capital cost forecast



This forecast over a 15 year period equates to approximately \$2.6M. However if each of the useful lives were extended by an average of 1-3 years the forecast would be reduced by approximately 11% or a total of \$2.3M. This can be represented as follows.

Figure 14: Capital cost forecast over 15 years

Capital cost forecast over 15 years		% from base
Base	2,628,324	0%
1 year delay	2,437,797	7%
2 year delay	2,313,143	12%
3 year delay	2,276,759	13%
Average	2,342,566	11%

Although there is no proof of association with the social enterprise, the approach to the cleaning process observed by the asset manager suggests that a more preventative approach to maintenance is being practiced. Compared to previous contracts care over the cleaning and reporting has been heightened.

SECTION 4 – ECONOMIC ANALYSIS

This discussion is compiled and extracted from the following document:

Cost-Benefit and Social Impact Assessments
(Prepared by Charter Keck Cramer for Urban Communities and AMES)
March 2011

This document provides an economic benefit forecast. The document is attached and forms part of this report.

This study uses two different but complementary approaches/methodologies to understanding/measuring the varying impacts of the establishment of a social enterprise. The first approach endeavours to understand the readily quantifiable economic impacts while the second approach seeks to understand those impacts which are not as readily quantifiable.

The primary objective of the economic analysis is to prepare an assessment of the various impacts arising from the expansion of Magic Green Clean - an existing social enterprise. The expansion of MGC will result in the provision of jobs and training for long term unemployed people living on the Kensington Redevelopment.

The approach taken in the assessment to understanding the potential impacts of the project is to understand and measure the key benefits and costs that could accrue were the cleaning services to be procured using:

- Option 1 (Status Quo Scenario) – delivered without a social enterprise
- Option 2 (Social Enterprise) – delivered with a social enterprise

There are a range of readily measurable impacts as well as some impacts that are more difficult to measure.

The study does not undertake financial accounting analysis to assess the profitability or otherwise of the project. This is outside the scope of the exercise.

Due to the complexity and number of variables that can be considered, the analysis is necessarily high-level and is intended to provide a broad indication of benefits and costs. Moreover, due to the time-frame being analysed (20 years), the final results will be influenced by factors (social, technological, etc.) which are difficult to forecast.

The economic evaluation used a cost benefit approach.

4.1 Cost benefit

The cost benefit analysis evaluated a net forecast over a base case or business as usual position considering the economic impacts of wages, unemployment benefits, income taxation, property taxation and retail expenditure flows stemming from Option 2 (delivery by a social enterprise) over a 20 year horizon.

The greater community benefit generated in Option 2 is driven mainly by the increase in employment and associated increases in taxation, after-tax incomes and retail expenditure.

This appraisal demonstrated on a net present value basis that the funding would be returned to government and the economy both from taxation and stimulus multiple times over during the 20 year forecast period.

Although the appraisal is for the project as funded, many of the returns are generated as a result of longer term effects of employment.

The results of the cost benefit analysis are shown below. Further detail on assumptions and cash flows are contained in the attached report.

Figure 15: Cost benefit analysis summary

SUMMARY NPV	Ratio of Options (2/1)		Difference in Options (2-1) (\$)	
	Option 2	Option 1		
Total Wages	\$12,408,829	\$1,997,354	6	\$10,411,475
Total Income Taxation	\$9,990,907	\$488,218	20	\$9,502,689
Total Property Taxation	\$71,908	\$71,390	1.0	\$518
Total Taxation	\$10,062,816	\$49,980	201	\$10,012,836
Unemployment Benefits Savings	\$4,940,359	\$0	0.0	\$4,940,359
Total Direct Retail Expenditure	\$4,793,944	\$1,700,969	3	\$3,092,975
Multiplier Expenditure (Indirect - from Direct Retail)	\$10,762,405	\$1,694,904	6	\$10,762,405
Start-Up Funding (Federal Govt Jobs Fund Program) - Option 2 only	-\$620,500	\$0	na	-\$620,500
State Government Training Subsidies - Option 2 only	-\$429,087	\$0	\$0	-\$429,087
Total Govt Investment (Fed. & State Govt) - Option 2 only	-\$1,049,587	\$0	na	-\$1,049,587
Employment / Traineeships (full-time / part-time, traineeships)	69	6	11	63

SOURCE: Various including Charter Keck Cramer (2011)

Total wages are an assessment of the wages accumulated over a 20 year period generated with or without the project.

Taxation reflects the taxation generated directly and indirectly as a result of the wages earned.

Expenditure forecasts are based on the direct and indirect result of wealth generated from the wages earned.

The economic analysis suggests that, on a net present value basis over a 20 year analysis period, the project returns up to six times on total wages, twenty times on taxation revenue and six times on expenditure. Although all these measures are mutually exclusive it could be suggested that across the economic cost measures the project returns multiple times the original funding through higher wages, taxation revenue, retail and other expenditure.

SECTION 5 – SOCIAL IMPACT ASSESSMENT

The discussion in this section is compiled and extracted from the following documents:

Cost-Benefit and Social Impact Assessments

Prepared by Charter Keck Cramer, March 2011

Social Impact Assessment

Prepared by AMES Research and Policy Unit, September 2011

The *Cost-Benefit and Social Impact Assessments* report is attached and forms part of this document.

The *Social Impact Assessment* report describes the social outcomes achieved by the project. The report is also attached and forms part of this document.

The social impact assessment study was undertaken to explore and understand the more difficult to measure social impacts of the social enterprise and to assess the social outcomes of MGC Kensington for the participating job trainees. It was also intended that the evaluation could provide some insights and recommendations that may contribute to the development and success of other similar enterprises.

In describing the social return on investment that can be generated through social enterprises the social impact assessment contributes to the case for social procurement advocated in this report.

The social impact assessment process took two approaches:

1. It developed a theoretical model to measure the key benefits that could accrue were the cleaning services at the Kensington Redevelopment to be delivered by a social enterprise as compared to a commercial cleaning company.
2. It undertook a qualitative evaluation through repeated interviewing of all staff in the social enterprise over an 18 month period - with a focus on understanding the impact of being employed as trainees on the long term unemployed job seekers.

The indicators used to evaluate whether the social enterprise had provided improved social outcomes (including employment for previously long term unemployed jobseekers) in both approaches were:

- enhanced housing and physical environment
- increased employability of trainees in the enterprise
- increased pride and participation in the community
- improved health and wellbeing

5.1 Theoretical modeling

Prior to delivery of the social enterprise traineeships

The approach to a theoretical understanding the potential social impacts of the project is to measure the key benefits that could accrue were the cleaning services at the Kensington Redevelopment to be delivered by a social enterprise as compared to a commercial cleaning company. The two options can be described as follows:

- Option 1 (Status Quo Scenario) – delivered without a social enterprise
- Option 2 (Social Enterprise) – delivered with a social enterprise

In the following theoretical model (Figure 16), the two options are scored against the set of objectives based on the Victorian Government’s Neighbourhood Renewal Evaluation Framework. The scoring and forecasting was completed in March 2011 based on the expected outcomes of each option and therefore uses a combination of judgment and evidence accumulated to that point in time. (Refer to the attached *Cost Benefit and Social Impact Assessments* report (Charter Keck Cramer) for detail with respect to scoring and assumptions made.)

Figure 16: Social impact assessment (March 2011)

OBJECTIVE	Objective No.	SCENARIOS	
		Option 1	Option 2
To enhance housing and the physical environment	1	2.0	6.7
To increase employment, training and education and expand the local economic activity	2	2.6	5.8
To increase pride and participation in the community	3	3.0	4.5
To promote health and well being	4	4.0	8.0
Total score		11.6	25.0

Source: Charter Keck Cramer (2011)

On completion of the social enterprise traineeships

In September 2011, after the completion of the first round of traineeships, the options were scored again. This rescoring took a slightly different approach to the original theoretical modeling and takes into account the actual number of disadvantaged job seekers employed under each scenario, as well as the qualitative evidence collected through the Social Impact Assessment interviews.

In *Option 1: Status Quo Scenario*, the commercial cleaning company employed one public tenant.

In *Option 2: Social Enterprise Scenario*, MGC Kensington employed six disadvantaged job seekers as trainees.

The following scoring only takes into account the impact on these two groups of people who would otherwise have been unemployed (the public tenant in Option 1 and the six trainees in Option 2) and does not consider the social impacts of employment under either option for any other staff.

This scoring also takes a different approach to measuring the first objective (*To enhance housing and the physical environment*) as impact against this objective is measured on a qualitative scale by the Asset Manager on the Kensington Redevelopment. This rescoring is represented in (Figure 17).

Figure 17: Social impact assessment (September 2011)

OBJECTIVE	Objective No.	SCENARIOS	
		Option 1	Option 2
To enhance housing and the physical environment	1	7.0	8.1
To increase employment, training & education and expand the local economic activity	2	1.7	6.0
To increase pride and participation in the community	3	1.7	4.3
To promote health and well being	4	1.7	7.7
Total score		12.1	25.9

Source: AMES (2011)

Objective 1: Quality of cleaning against contract as scored by the Urban Communities Asset Manager

Objectives 2, 3, 4: Option 1 takes into account the benefit to the one public tenant and Option 2 weighs the benefits reported by the six disadvantaged job seekers employed by the social enterprise. The Option 1 score assumes the public tenant enjoyed full benefits from the job.

5.2 Qualitative evaluation of social impact

The findings of the social impact assessment evaluation demonstrated clear social benefits to public housing tenants and other disadvantaged job seekers as a result of the training, support and employment provided through the social enterprise.

The most significant impact of being employed in the social enterprise for trainees is in terms of:

- increased employability – demonstrated by the number of trainees being offered on-going employment in the social enterprise
- improved health and well being – as reported by all trainees

The quantitative results of the social impact assessment are fully described in the report *Social Impact Assessment (AMES September 2011)*. A summary of the findings follows.

Enhanced housing and the physical environment

The social enterprise is providing an excellent cleaning service. This proposition is supported by management, staff and residents on the Redevelopment.

Cleaning is of a better standard, attention to detail is better.
[UC Asset Manager]

I am proud of the standard we have at the site.
[Skilled Cleaner]

I'd like to commend [Trainee] for his utmost professionalism and patience with regard to his duties in my building. ...
[Resident]

Increased employability

Trainees have all benefited from on the job training and have developed demonstrated cleaning and general employability skills. Four of the trainees have gained a credential in Asset Maintenance and, having completed their traineeships, three are now employed by the MGC social enterprise. One is also working confidently at another MGC site off the Kensington Redevelopment.

[I feel] quite confident as a cleaner - with the basic skills. I've learned a lot better how to deal with people. I think I'm a lot better at team work as well.
[Trainee]

[I'd like to] get into further employment whether it be here or somewhere else. I'd like to further my education.
[Trainee]

Increased pride and participation in the community

Trainees express a sense of 'ownership' of the buildings they clean; however there is no clear evidence of increased social connectedness as a direct result of the project.

There is evidence that workers/trainees are taking pride in their work.
[UC Asset Manager]

The people in the building tell me I'm doing things no one's done before. I think they're happy with the work here. I get to clean my own environment - who gets to do that?
[Trainee]

Improved health and wellbeing

Trainees attributed a changed outlook to life to being employed; some report decreased depression and improved self esteem. Three want to gain full time employment and reduce their dependence on welfare.

Having a job in the project has increased the confidence levels [pride in working] of some of the trainees.

[UC Asset Manager]

I feel better. [Before the traineeship] I was starting to feel depressed. It's changed my whole outlook. It keeps me active.

[Trainee]

[I want] to get full time work as a cleaner.

[Trainee]

5.3 Evidence from the interviews

The following table includes the sub-indicators used against each of the four indicators listed above and summarises the qualitative evidence of social impact for the trainees collected through a series of field interviews. The interviews were conducted between March 2010 and June 2011 and tracked the trainees through their traineeships and for several months after they had completed training.

Figure 18: Qualitative evidence of social impact

OBJECTIVE	OUTCOMES	EVIDENCE
To enhance housing and the physical environment	1 Improved upkeep, appearance of buildings	- Cleaning is of a better standard, attention to detail is better (Assessed by UC Asset Manager) - Supervisor, skilled cleaners, trainees comment on higher standard of cleaning
	2 Less graffiti, vandalism	- Over the first year of the enterprise it became clear that employing the social enterprise could not impact on the amount of graffiti. (As reported by UC Asset Manager). However UC Asset Manager commented on the quick response to cleaning up any graffiti
	3 Property values	- Properties retain market value (Reported by UC)
To increase employability	4 Training & qualifications	- Three trainees have completed assessment and gained Certificate III in Asset Maintenance - One has completed training but has not been assessed in all units. Gained a Statement of Attainment - One traineeship was extended; trainee left in mid 2011 due to ill health - One trainee left without completing the training
	5 Skills developed	- Over the traineeships, trainees commented that they were developing new skills - cleaning and people skills - and that confidence was increasing - At end of traineeships trainees generally felt confident as cleaners and commented on increased skill in dealing with people, patience, working in teams - Skilled cleaners and supervisor also noted trainees' skills development

OBJECTIVE	OUTCOMES	EVIDENCE
	6 More personal capital; more choices for future work	<ul style="list-style-type: none"> - All trainees have training in a recognised qualification, work experience and access to referees - All express increased confidence in themselves - One trainee is confidently working off-site and has been given responsibility for supervising new trainees - View expressed by both skilled cleaners and some trainees over duration of traineeships was that the trainees did not have the personal capital to find/retain employment in an unsupported work environment. However, observation by UC was that “trainees would underestimate themselves in terms of employability. Some trainees have moved significantly on the pathway to being employable.”
	7 Employment	<ul style="list-style-type: none"> - At end of traineeships trainees were not actively seeking other employment but three were very keen to continue to be employed with the social enterprise at Kensington. - Three trainees are now employed by the social enterprise on the Kensington Redevelopment - One trainee is also employed by MGC to clean an AMES site in Footscray and now prefers this work to working on the Redevelopment - One trainee is doing voluntary work five days a week with a local community organisation
	8 More income earned	<ul style="list-style-type: none"> - Most trainees had only a very small financial benefit from working (this differed depending on what type of income support people receive), although three commented they were better off financially - One trainee (now employed) claims to be considerably better off financially through a combination of wages and pension
To increase pride and participation in the community	9 Traineeships create increased pride in the community environment	<ul style="list-style-type: none"> - Trainees and UC noted increased pride in the appearance of the Redevelopment - Trainees and UC commented that trainees generally felt ownership of the maintenance/condition of the buildings they clean - Residents have commented positively on the cleaners and good condition of the buildings - 80% reduction in complaints about the condition of one of the public buildings (previously this building had a high number of complaints) - Residents encourage others to move to Kensington – occupancy at 100%
	10 Increased social connectedness	<ul style="list-style-type: none"> - No real increase in personal social connections reported by trainees as a result of being employed - Reports from skilled workers and residents indicate that trainees are connecting with the broader community of residents through their work - Trainees continue to participate in events to a similar level of engagement as they did prior to the social enterprise
To promote health and wellbeing	11 Increased mental wellbeing	<ul style="list-style-type: none"> - All trainees commented on having a changed outlook because of the work - All commented on feeling better, having improved self regard and decreased depression. They attributed this to working
	12 Increased personal status; less stigma	<ul style="list-style-type: none"> - Trainees were proud to be working - UC staff noted increased levels of confidence in some trainees
	13 Changed attitude: less dependence on welfare	<ul style="list-style-type: none"> - Three trainees expressed the desire to obtain full time employment - One expressly aspired to cease receiving welfare
	14 Increased physical wellbeing	<ul style="list-style-type: none"> - Some increase in physical wellbeing noted: two trainees commented on improved physical health (early in the traineeships)

SECTION 6 – RISK

6.1 Evaluation of risk

Risks considered under the following four main categories have been identified as those most likely to impact on this project.

No specific weighting is given to any category.

The management structure and project preparation provided sufficient strategies to mitigate each risk identified.

Figure 19: Risk mitigation strategy

Risk	Comment	Likelihood (H) High (M) Medium (L) Low	Impact (H) High (M) Medium (L) Low		Mitigation Strategy	
1.0 ENTERPRISE/BUSINESS STRUCTURE						
1.1	AMES & Urban Communities unable to work together	Conflict between the delivery stakeholders - not aligned	(L)	(H)	<u>Avoid</u>	Planning & charter ensure this issue is managed
1.2	Management resources	Adequate focus on management time is provided	(L)	(H)	<u>Mitigate</u>	AMES & UC committed to seeing the project to completion and extended to business as usual
1.3	Management support	Adequate additional resources required to assist management	(M)	(M)	<u>Avoid</u>	Support resources made available
1.4	Change management	Change in approach to service delivery	(H)	(M)	<u>Mitigate</u>	Responsibility of steering committee
1.6	Number of trainees	Ratio of trainees to skilled staff	(M)	(M)	<u>Mitigate</u>	Supervision and management structure in place
1.8	Competition	Enterprise not being able to compete with commercial service providers	(H)	(M)	<u>Avoid</u>	Enterprise priced at commercial rates
1.9	Failure of enterprise to continue	Failure to maintain job security for employees	(M)	(H)	<u>Mitigate</u>	Meet contract requirements
1.10	Insurance	Perception by insurer that enterprise poses above normal risk	(L)	(H)	<u>Mitigate</u>	AMES & UC ensure insurer informed and adequate insurances in place as per contract
2.0 FINANCE/VIABILITY ECONOMIC IMPACT						
2.1	Under-costing to deliver service	Deficit incurred	(M)	(M)	<u>Avoid</u>	Staff experienced in costing
2.2	Financial management	Deficit incurred	(M)	(M)	<u>Avoid</u>	Staff experienced in managing budgets
2.3	Inflation/Cost	Providing for inflationary cost	(L)	(L)	<u>Mitigate</u>	Underpinned by project budget

Risk	Comment	Likelihood (H) High (M) Medium (L) Low	Impact (H) High (M) Medium (L) Low		Mitigation Strategy	
3.0 OPERATION & CONTRACT MANAGEMENT						
3.1	Enterprise may not attract sufficient labour	Enterprise offering is not attractive to the resource pool or not communicated	(L)	(H)	Mitigate	Experience of enterprise working with target employees
3.2	Resources unskilled and unable to deliver comparative professional service	Resources selected are not suitable for training or performing tasks	(H)	(H)	Mitigate	AMES selection process
3.3	Loss of interest & focus	unable to maintain focus and interest in project	(L)	(M)	Avoid	Commitment of management and staff of AMES and UC
3.4	Loss of key personnel	Turnover of staff with unique skill and experience with enterprise	(H)	(M)	Mitigate	Conditions of employment, recognition and support
3.5	Workplace health and safety	Effect of work place injury/exposure to legislation	(L)	(M)	Avoid	Ensure safe workplace/compliance with legislation
3.6	Equipment selection	Equipment purchased not suitable	(L)	(M)	Mitigate	Experienced staff select equipment
3.7	Equipment failure	Effect of equipment failure	(M)	(L)	Mitigate	Operations can hire replacement and reliance on equipment is minimal
3.8	Communication	Poor communication resulting in lack of clarity about roles	(H)	(M)	Mitigate	Management and operational staff maintain communication channels
3.9	Breach of contract	Enterprise breaches service agreement	(L)	(H)	Avoid	Clear communication between UC and AMES
3.10	Specification	Enterprise fails to deliver to service specification	(M)	(M)	Mitigate	Training and strong operational leadership
4.0 STAKEHOLDER AND COMMUNITY						
4.1	Enterprise may not meet the needs of the residents	Service delivery compromised by the enterprise	(L)	(H)	Mitigate	Residents surveyed to monitor satisfaction
4.2	Publicity	Effects of adverse publicity interfere with operation	(M)	(H)	Mitigate	Close monitoring by UC on ground and by the steering committee
4.3	Enterprise acceptance by the community	Resentment of residents to the enterprise	(L)	(H)	Avoid	The general community are aware of the Kensington policy and aims