

Subject:	Corporate Cleaning Contract		
Date of Meeting:	1 July 2021		
Report of:	Executive Director of Environment, Economy & Culture		
Contact Officer:	Name:	David Bond	Tel: 01273 291470
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Council has a contract in place for Corporate Building Cleaning Services with NVIRO Ltd. Policy & Resources Committee on 21st January 2021 approved the procurement and the award for a Corporate Cleaning Service Contract for an initial term of 4 years commencing on the 1st May 2022 with an option to extend for a further 2 year period, by way of an open tender premised on a Lot structure of three geographical areas. Additionally at the PAB meeting held on 7th December 2020 members requested a further report to be presented by the service to PAB on 14th June 2021 setting out the feedback received on market and stakeholder engagement to understand the local interest and feedback on various aspects of the contract.
- 1.2 At the further report to PAB on 14th June 2021, members reviewed the supplier engagement feedback, and supported a proposed change to the Lot structure based on that feedback. PAB also recommended a further report be brought to Policy and Resources Committee to detail the agreed changes to the approval granted at the January Policy & Resources Committee. Details of the changes are outlined within this report.
- 1.3 The purpose of the Corporate Building Cleaning Services contract is to provide a high standard of cleaning and sanitisation to various types and size of Council corporate buildings whilst providing a flexible service, responsive to site and user specific requirements to the buildings currently serviced by this contract. The contract is managed and monitored corporately by Property & Design.

2. RECOMMENDATIONS:

That Policy & Resources Committee:

- 2.1 Notes the market engagement and stakeholder feedback in relation to this procurement as agreed at PAB 14th June 2021 set out in paragraph 3.

- 2.2 Approves an amendment to the previously proposed lot structure of three geographical lots to a lot structure of three service type building based lots with lots to be split to contain a core element of sites/services within each lot.
- 2.4 Approves the amendment of the previously proposed restricted tender process to an open tender process.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 During the PAB meeting held on 7th December 2020 members requested a further report to be presented by Property & Design to PAB at the June meeting held on 14th June 2021. Members requested for report to be based around market and stakeholder engagement and feedback on various aspects of the contract
- 3.2 A virtual market engagement session was held by Procurement and Property & Design on Monday 26th April 2021. Due to Covid restrictions this took place online and was attended by approximately 20 attendees from 18 different cleaning providers.
- 3.3 The majority of attendees at the market engagement session were from Small-Medium sized Enterprises. There was significant feedback with regards to the Lot Structure of this procurement.
- 3.4 The findings recommend that the Council should amend the Lots from a geographical based proposal, to Lots based on service split. Services include schools, libraries, offices, industrial sites, sheltered housing, community and children's centres etc
- 3.5 The presentation covered off information surrounding the current contract, added value considerations, social value considerations, the proposed procurement route to market (dividing into lots) as well as sustainability and the Real Living Wage.
- 3.6 As the market engagement session took place virtually via Microsoft Teams, in-person break out groups were not a suitable option therefore it was determined that feedback forms would be the most suitable way for inviting suppliers to feedback

Feedback forms were distributed on the 26th April, and BHCC requested feedback on the following:

- If the supplier is a Small-Medium sized Enterprise
- If the supplier would express an interest to bid at tender stage based on what they heard during the session.
- Ideas surrounding what should be included in the specification, including innovation.
- Feedback on how different lots should be split in the tender.
- Social Value Considerations.
- Costing models.
- Any other feedback.

13 forms were submitted to BHCC from 13 different companies. Feedback forms were reviewed, and key themes are highlighted below:

- 69% of responses identified themselves as Small-Medium sized enterprises.
- 92% of responses stated that they would be interested in bidding when the tender is published.
- Innovation – key themes included the use of robotics as part of this contract, yet feedback also stated that this could be an expensive option. There was also mention of using handheld devices for staff to capture before/after images for mobile sites.
- Specification - some suppliers recommended an output-based specification (without the need for a detailed/prescriptive specification) so that suppliers could be more innovative in their tender responses to meet the needs of BHCC.
- Suppliers also identified the importance of training and development as part of the specification and the importance of sustainability, such as reduced plastics and electric vehicles.

3.7 Lot structure:

- 62% of suppliers felt that Lots should be split by building/service type.
- 15% felt that the tender should be advertised as one lot for one contract.
- 8% felt that the Lots should be task based.
- 8% felt that the Lots should be split geographically
- 8% had no preference on lot structure.

The feedback received for splitting the Lots by building/service type was that certain suppliers may be more experienced in certain settings such as education or social care. Each service area may require a different type of cleaning. There could be differing safeguarding for different buildings and enhanced DBS checks for schools, so grouping them together could be easier. It also gives greater consistency for those customers to have one supplier point of contact.

3.8 Social Value - There were feedback ideas around specific social value considerations linked to specific Lots. For example, social value for schools could be around holding careers events. The use of local employment - apprenticeship schemes, local charity work were all proposed as an upfront commitment for the tender. Suppliers also suggested a points-based scoring system, with more social value commitments resulting in a higher tender score. They highlighted the importance of suppliers being able to demonstrate their experience of current social value initiatives for other contracts as part of the tender response.

3.9 Costing Models - There was mixed feedback on costing models. Suppliers suggested a ground up approach, with one fixed price per each building, all adding up to one final contract price. However, they noted this could be a large

piece of work. Others suggested a cost per square metre but stated this may not allow for the specifics of each room (example, differing floor types). Others suggested a cost per hour but also stated that this may not take into account differing equipment being used and differing levels of staff training.

- 3.10 Specifications - During the market engagement session the service made it clear there will be a need for flexibility within the building type specifications. This is to allow the service to remain aligned with any guidance changes the government may announce with regards to dealing with Covid-19 in non-healthcare settings. It is not clear if there will be any changes to specifications during the procurement process due to possible changes to government guidelines.
- 3.11 The market engagement proved to be a worthwhile exercise and has provided the service with a good range of feedback. Where relevant, ideas around innovation and training will be considered as part of the procurement process. While some suppliers raised the possibility of an output specification Property & Design consider an input specification to be the most practicable for this type of contract. An input specification clearly defines each cleaning task against a cleaning schedule and is therefore easier to manage, monitor and audit with performance key indicators that can be used to ensure the standard of cleaning is high. Internal stakeholders also expressed a preference towards an input specification contract.
- 3.12 Previous corporate cleaning contracts have run successfully using a square meterage against specification model. This allows the supplier some costing flexibility taking into account type of building, use of building and floor and wall finishes etc.
- 3.13 The market engagement session produced some good feedback around real living wage and social value including suggestion of a points based system to evaluate service providers on social value. This will be taken in account as part of the evaluation process.
- 3.14 Following the amount of interest we had at the market engagement session, it is proposed that an open tender process would now be more suitable than a restricted tender process. The restricted process is a more time-consuming process where we expect a large number of bidders to submit a tender, these bids are then shortlisted to the second stage of the process. An open tender is a one stage process.
- 3.15 It is worth noting that despite a large proportion of attendees at the market engagement session being from SME's, larger enterprises will still be able to bid on the Lots within the resulting tender. Under the Public Contracts Regulations 2015, the Council cannot specify that only SME's are allowed to bid for the individual Lots. In accordance with principles of Public Sector procurement, the tender process must be conducted in a fair a transparent way.
- 3.16 During the tender process, whilst bidders will be eligible to bid for multiple Lots, a maximum of one lot will be awarded per bidder.
- 3.17 Stakeholder Engagement

Following the market engagement, Property & Design engaged with key internal stakeholders who currently utilise this contract. Limited feedback was received but stakeholders did express the need for the contract specifications to be flexible throughout the period of the contract to keep in line with Covid-19 regulations and also to provide flexibility as cleaning budgets change.

Services with multiple sites based around the city including Libraries and Sheltered Housing units expressed a concern over the proposed geographical split. Concerns were based around the need to deal with more than one contractor and contract manager as this could lead to an increased workload and confusion over responsibilities. BHCC received similar feedback from suppliers around the lot structure. Suppliers added that certain contractors may be more skilled/experienced in cleaning one type of building. A lot with multiple types of building may deter some SME suppliers from bidding.

Although it will not be possible for the service to create three exact value service splits it will be possible to create a proportionate and fair split with a reduced amount of building types in each lot compared to a geographical split.

Schools and other single site services shared no concerns around the geographical split.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Following approval of the procurement at the PAB meeting held on 7th December 2020 and subsequent P&R meeting in January 2021, PAB members requested that a report be brought back in June 2021 following a supplier engagement session. The purpose of this was to provide details of the supplier feedback session and as a result of this consider whether it was necessary to change the proposed lot structure among other things to encourage SME engagement.
- 4.2 Following the PAB meeting on 14th June 2021, members were supportive of the proposed change to the lot structure to service based lots. Comments were made in relation to how the lots would be split between service/building types. The group also discussed how to ensure the lots would be equitable in value with a base core service proposed, and the benefits for smaller suppliers in bidding on lower value lots vs higher value lots.
- 4.3 Overall PAB members were really positive about the approach being taken with this procurement and acknowledged the potential benefits to SME's and using local providers.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Property & Design carried out market engagement consultation via a market engagement session. Service providers were given the opportunity to provide feedback on aspects of the contract via a feedback form.

- 5.2 As part of the market testing and stakeholder consultation requested by PAB, Property & Design engaged with all stakeholders that buy into this contract including school, libraries, sheltered housing, children's centres, housing and the Brighton Centre. Further consultation will be required throughout the procurement process to ensure the new contract services the needs of each individual service.

All feedback will be taken into account during the procurement process. Service heads will work closely with Property & Design during the procurement process to ensure the new contract suits the needs of the individual service.

- 5.3 Continued engagement and consultation will be required for services that buy into this contract throughout the procurement process to ensure site specific specifications are adequate at the point of tender. Specifications may differ and alter during the procurement process to ensure the risk of COVID-19 is controlled and to keep in line with current government guidance. Engagement and communication will be required with services throughout the period of this contract to monitor and maintain good cleaning standards.

6. CONCLUSION

- 6.1 This contract is fundamental to ensure that effective cleaning of Council buildings is being undertaken. Without this contract there may be an increased COVID-19 risk and/or other viruses to staff and all building users as it may not be able to keep buildings clean and hygienic for staff to work within and visit. The PAB recommendation is to support the option that divides the contract into 3 lots to encourage local SMEs to tender. The estimated business case costs for this option show that it exceeds the current budget allocation and would present a large future budget pressure to the service.
- 6.2 The stakeholder and market testing feedback was well received by members during the PAB meeting held 14th June 2021. Members acknowledged the work carried out by Property & Design. It proved to be a worthwhile exercise giving members enough information to agree the recommended change to the contract lot structure.
- 6.3 The recommendation to alter the service lot structure from a geographical split to a service/building type split is essential given the feedback received from potential bidders and stakeholders buying into this contract. It will allow the service to manage the contract more effectively. Contractors with multiple sites will have a clearer simpler contract structure to work within and will be able to commit greater consistency over the sites cleaned within each lot.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The revenue costs associated with the provision of Corporate Cleaning contract will be funded from approved budgets within the Property & Design and from budgets from services that buy into this contract. The contract includes the

provision of cleaning services to other services such as Schools and Housing, the costs of which will be funded from their approved service budgets. Any variation between costs and approved budgets will be reported as part of the budget monitoring and budget setting process.

- 7.2 The estimated costs for the recommended option in the business case is £9.12m over 4 years, an increase of £0.37m compared to the existing arrangement although actual costs will not be known until the procurement is completed. Budgets within the Medium Term Financial Strategy will need to be amended accordingly. The specifications will include increased cleaning requirements to meet guidance for Covid-19 security that will be flexible and change depending on the prevailing guidance at the time the contracts are let and during the contract. This will potentially increase costs above the business case estimates with any additional costs being factored into future years budgets as part of the councils ongoing financial response to the pandemic.

Finance Officer Consulted: James Hengeveld

Date: 11/06/21

Legal Implications:

- 7.3 The Council is required to comply with the Public Contracts Regulations 2015 in relation to the procurement and award of contracts above the relevant financial thresholds for services, supplies and works. The council's Contract Standing Orders (CSOs) will also apply.
- 7.4 The Social Value Act 2012 defines social value as 'improvement to economic, social and environmental well-being of the relevant area' and requires specific consideration by the Council prior to starting a procurement process of how to achieve these benefits through the procurement. In addition, The Public Contracts Regulations 2015 expressly allow contracting authorities to incorporate social and environmental factors into specifications for a contract, award criteria and contract conditions provided they are linked to the subject matter of the contract, proportionate to what is being procured do not result in unequal treatment of bidders, are free from discrimination and comply with the principle of transparency.

Lawyer Consulted:

Name Manjinder Nagra

Date: 17/06/21

Equalities Implications:

- 7.1 An Equalities Impact assessment will be carried out as part of the procurement process following this extension period and will be monitored throughout the contract.

Sustainability Implications:

- 7.2 In addition to Council requirements around sustainability outlined in the previous Policy & Resources report, suppliers gave feedback and suggestions which the Council will consider when establishing the evaluation criteria including;
- 7.3 Electrostatic style cleaning was suggested by suppliers as a way of reducing the amount of touch point cleaning. This type of application once applied keeps a

contact point/hard surface virus free for a lengthy period of time compared to disinfectant. This potentially means elements with a cleaning specification can be reduced. This is a relatively new technology. The service will consider this application going forward when putting together the new cleaning specifications for this contract resulting in less chemicals and plastics being used.

- 7.4 Contractors showed a willingness to increase the use of electric cars whilst servicing this contract. Property & Design made it clear during the market engagement that this requirement was essential.
- 7.5 The use of robotic cleaning machinery was mentioned within the feedback forms received from suppliers. This is a new technology especially within commercial cleaning and will be considered along with other innovation throughout the contract period as the technology improves. This could result in a reduction in the use of electricity and also a reduction in staff journeys.
- 7.6 Bio gradable waste bags and consumables.
- 7.7 Use of dosage system cleaning products to reduce plastic wastage

Brexit Implications:

- 7.8 Due to the diverse workforce within this industry, there is a risk that the Corporate Cleaning Contract may come under some pressure as the pool of available staff reduces. However, the current contractor has managed this situation well over the period of the previous contract with staffing retention being a measurable within the required contracted KPI's. The contractors may need to consider increasing the provision of mobile cleaners to cover any staff loss at specific sites.

Risk and Opportunity Management Implications:

- 7.9 Failure to ensure the continuity by way of procuring a 4 year contract to provide the cleaning provision who can ensure the required Covid standards are maintained, will expose the Council to financial cost and management resource time to cover the essential services provided within the corporate cleaning contract

Public Health Implications:

- 7.10 The corporate cleaning contract will help promote wellbeing by maintaining a high level of hygiene and cleanliness for all people entering a building serviced by this contract. The emphasis on sanitisation of hard surfaces and contact points will provide protection and security against COVID-19 and other viruses and help to minimise the risk of viruses spreading. There will be continual consultation with Public Health by Property & Design to ensure all government and public health guidelines are being followed to keep staff safe, secure and buildings hygienic. All information and requirements will be communicated to the successful contractors who will be responsible for ensuring staff and public are kept staff safe, secure and buildings hygienic.

Corporate / Citywide Implications:

- 7.11 The proposals support the Councils corporate priorities of keeping the public and staff safe and secure in Council Buildings. They will also support the corporate strategic priorities relating to community wealth building, supporting the local economy and sustainability objectives.

SUPPORTING DOCUMENTATION

Appendices : None

Background Documents:

- 1 PAB reports - Dec 2020, June 2021
- 2 Policy & Resources Reports – October 2020, January 2021.

