

<b>Subject:</b>	<b>Procurement of the Corporate Building Cleaning Contract</b>		
<b>Date of Meeting:</b>	<b>21<sup>st</sup> March 2013</b>		
<b>Report of:</b>	<b>Strategic Director Place</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Angela Dymott,</b>	<b>Tel 291450</b>
		<b>Martin Hedgecock,</b>	<b>Tel 295047</b>
	<b>E-mail:</b>	<b>Martin.hedgecock@brighton-hove.gov.uk</b>	
<b>Wards Affected:</b>	<b>All</b>	<b>ALL</b>	

**FOR GENERAL RELEASE**

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The report seeks approval to let a new corporate building cleaning contract as the current Brighton & Hove City Council corporate building cleaning contract expires in October 2013.
- 1.2 The existing corporate building cleaning contract currently provides services to 106 council owned / leased buildings from across all council departments/units as well as schools at a current value of approximately £1.6m per annum.
- 1.3 The integration into the proposed new contract of certain corporate premises which currently receive services from non-corporate cleaning contractors should lead to greater consistency in corporate contract standards and procedures, and economy of scale savings.

**2. RECOMMENDATIONS:**

That Policy & Resources Committee authorise the Strategic Director, Place:

- 2.1 To undertake a procurement exercise for a new corporate building cleaning contract using the framework agreement detailed in paragraph 4
- 2.2 In consultation with the Deputy Chair of Policy & Resources, to award the contract for a term of 4 years.
- 2.3 In consultation with the Deputy Chair of Policy & Resources, to grant a two year extension to the contract referred to in (2) above subject to performance at the relevant time.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The current contract was tendered in 2009 after a review of cleaning services by Property & Design found that the procurement of cleaning services was being undertaken by individual departments on differing conditions, costs and with varying termination dates. This meant that economies of scale were not being achieved. A corporate building cleaning contract was tendered that brought together this function to achieve a quality service, value for money and efficiency gains through reducing a number of contracts and ad hoc arrangements across the council and bringing them into a corporately managed contract with one provider.
- 3.2 The current contract contains the following monitoring features to ensure high standards as a quality service is paramount:
- The contractor is required to have robust quality assurance procedures. Monitoring is carried out by the contractor's site and area supervisors on a daily basis. The contractor will annually monitor each building with a nominated building user, to evaluate standards.
  - There are also random monitoring checks and regular meetings with stakeholders, some with the Contractor and some without.
  - There are quarterly and annual reviews and the council is a member Of the Building and Window Cleaning Contract Improvement Group, which meets to discuss the issues from West and East Sussex County Council's, along with the cleaning contractors that are used in each county to discuss ways that the contracts can be improved.

#### **4 Proposed Contract and Procurement Route.**

- 4.1 The proposed contract re-tender for building cleaning services will be conducted utilising a mini competition with cleaning contractors that have been previously evaluated in accordance with an existing framework agreement, reference ESPO Contract 263, which will alleviate the cost and time involved in the OJEU procurement process.
- 4.2 The proposed new building cleaning contract will service a wide variety of building types, including schools, libraries, sheltered housing, civic buildings, industrial buildings and day centres. It is proposed that the contract will be for four (4) years with an option to extend for a further two (2) years based on the successful contractor's performance over the initial contract period.
- 4.3 The proposed procurement timetable is shown below:

<b>Task</b>	<b>Date</b>
Committee Meeting	21 <sup>st</sup> March 2013
ITT sent out	1 <sup>st</sup> May 2013
Closing date for tenders	31 <sup>st</sup> May 2013
Evaluation of Tenders	3 <sup>rd</sup> to 21 <sup>st</sup> June 2013
Clarification Meetings	w/c 1 <sup>st</sup> July 2013
Select Preferred Bidder	12 <sup>th</sup> July 2013
(Standstill Period - 10 days)	
Award Contract	1 <sup>st</sup> August 2013
TUPE & Handover Period	3 Months
Contract Start	1 <sup>st</sup> November 2013

- 4.4 Bidders will be invited to submit a formal tender and supply sufficient supporting documentation to demonstrate their ability to deliver the service and make improvements to include internal quality procedures, staffing details and levels, equipment strategy, performance measures, sustainability and social proposals, pricing schedules, health & safety documentation and mobilisation plan.
- 4.5 The tenders will be evaluated on a 60% technical / quality and 40% price split. It has been decided to have the technical / quality split as higher because it is important that the quality of the work carried out is to a high standard for the safety of both employees and visitors. High standards of cleanliness will also mean that building maintenance costs will be reduced. The tender will state that two prices are to be submitted, one reflecting the living wage and the other reflecting the minimum wage. A cross - functional evaluation panel consisting of representatives from procurement, property & design and finance will evaluate the tenders according to a methodology set out in the invitation to tender and evaluation guidelines.
- 4.6 This contract will also feature site specific specifications where each site will have a 'core' specification plus additional requirements that are needed to ensure that the site is kept clean. This will encourage flexibility and savings where Clients will be paying for the correct services and not generic works with top up payments for the clean that is actually required. The contract will stipulate that Directive 2011/7/EU on Combating late Payment in Commercial transactions must be adhered to.
- 4.7 The Transfer of Undertakings (Protection of Employment) Regulations 2006 will apply to this contract and the council will obtain information from the incumbent contractor for use in the tender documents. TUPE will apply to all staff currently employed by the incumbent contractor who will be entitled to transfer across to the successful contractor. Schools currently buying this cleaning service would not be affected by contract responsibility or direct employment of staff on this contract.

## **5 CONSULTATION**

- 5.1 Consultation will be undertaken with a view to determining

- Each site specific cleaning requirements
- A specification with quality criteria which meets stakeholder needs.
- Evaluation criteria and weighting for determining the most economically advantageous tender.

5.2 Consultations will be undertaken by all existing clients, potential clients, support services and other relevant stakeholders.

## **6. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

6.1 The Corporate Cleaning Contract will provide cleaning services to council owned building, leased buildings and schools for a 4-year period with the option to extend for a further 2-year period. The tender will be prepared on a basis to maximise efficiencies and value for money achieved through site specific specifications. The cleaning contract will be managed under the Corporate Landlord function of Property & Design.

6.2 The contract may have TUPE implications although it is not expected to influence the cost of the contract. It is envisaged that this will provide greater efficiencies across the council.

6.3 There is a provision within the contract for other sites and buildings to join the contract throughout the period. It is envisaged that this will provide greater efficiencies across the council.

*Finance Officer Consulted: Rob Allen*

*Date: 21/01/13*

### Legal Implications:

6.3 The authority of Policy & Resources Committee is required for matters with corporate budgetary implications, such as the procurement of the Council's cleaning services for which the costs are likely to exceed £500,000. Accordingly the committee is entitled to agree the recommendations at section 2 above.

6.4 Further, the Council's contract standing orders require that authority to enter into a contract valued at £500,000 or more be obtained from the relevant committee. The proposal to provide the Council's cleaning services across a range of council property makes Policy & Resources the appropriate committee in that regard too.

6.5 A mini competition process is going to be run under the ESPO framework agreement no. 263 ('Cleaning Services for Schools and other Public Buildings') in order to award a contract for the cleaning services in compliance with applicable EU Procurement legislation and the Public Contracts Regulations 2006. Contracts over £75,000 must be sealed by Legal Services.

*Lawyer consulted: Oliver Dixon*

*Date: 13/02/13*

Equalities Implications:

- 6.8 These issues will be addressed in the tender documentation.

Sustainability Implications:

- 6.9 Sustainability issues will be addressed in the pre-qualification and specification documents. All contractors must operate an Environmental Management System (EMS) that is consistent with ISO 14001, EMAS or equivalent, approved by an accredited certification body. The new contract will also contain the following sustainable efficiencies:
- The successful contractor will be sourcing eco-friendly products
  - It will be a requirement of the contract to train all staff how to use chemicals correctly so that there is no wastage.
  - All of the contractor's suppliers must be accredited with British and European standards as identified in Defra's sustainable cleaning guidelines.

Crime & Disorder Implications:

- 6.10 There are no crime and disorder implications to be considered.

Risk & Opportunity Management Implications:

- 6.11 Full risk assessments will be undertaken by the successful Contractor in conjunction with the Contract Manager. Key risks identified will need to be dealt with and regularly reviewed and updated by the respective parties. It will also be a requirement at tender stage that the tenderers provide example risk assessments for evaluation purposes.

Corporate / Citywide Implications:

- 6.12 The re-tendering of this contract will achieve value for money and help to protect the environment while growing the economy.

**7. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 7.1 **Do Nothing** – this is would go against statutory requirements, corporate buildings and schools need to be cleaned and it would not be possible to let the current contract expire with no alternative in place.

- 7.2 **Bring the service in-house** - The possibility of bringing this contract 'in house' has been considered. The council does not have the skills and this is not considered a core council business. The current contract is valued at £1.6 million p.a. in total, a figure that would cover salaries only should we transfer 250+ cleaning/supervisory/contract management and administration staff into our employment. Additional costs would include the replacement of most of the equipment which will be nearing the end of its' working life, the purchase of 5 vehicles for the area supervisors, contract manager and mobile cleaner. It is estimated that the cost would be

approximately £1.8 million p.a. plus the additional work placed on our Human Resources and Payroll teams.

## **8. REASONS FOR REPORT RECOMMENDATIONS**

- 8.1 The existing contract is due to expire in October 2013. A new contract is needed to ensure that council fulfils its statutory requirements, that sites are clean, hygienic and well presented to the public and that the buildings are safe for the council's employees.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. NONE

### **Documents in Members' Rooms**

1. NONE

### **Background Documents**

1. NONE

