



Item

BUILDING CLEANING SERVICES PROCUREMENT

To:

Councillor Richard Robertson, Executive Councillor for Finance and Resources

Strategy and Resources Scrutiny Committee

1st July, 2019

Report by:

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Wards affected:

All

Key Decision

1. Executive summary

The purpose of the report is to advise the Executive Councillor that the existing building cleaning contract is to expire June, 2020, and to seek their approval to re-procure the service.

2. Recommendations

The Executive Councillor is recommended:

- 1. To approve the re-procurement of the Building Cleaning contract, subject to best value considerations**

2. To delegate to the Head of Environmental Services the authority to take delegated decisions to determine the specification, evaluate tenders and award one or more contracts for cleaning, in consultation with the Executive Councillor, Committee Chair and Opposition Spokes.

3. Background

- 3.1 At the Strategy and Resources Committee of 20th January, 2014, the Executive Councillor, with the unanimous support of the Committee, approved the proposal to tender for the Council's building cleaning services across three lots:
- Lot 1: Administration and operational buildings
 - Lot 2: Multi-storey car parks, commercial buildings, community centres and public toilets
 - Lot 3: City Homes communal areas and sheltered housing schemes
- 3.2 This decision was taken, following the results of a soft market testing exercise in late, 2013, to better understand the views of the market in a number of key areas, including how the service areas might be packaged (as a single lot or several lots), length of contract on offer and the apportionment of risk. A total of 13 suppliers, varying in size from local SMEs to regional and national organisations, responded to the 'Request for Information' (RFI). The results of the soft market testing were used to shape the tender specification and associated documentation.
- 3.2 Following an open and transparent procurement process, the Council received three admissible tenders for all three lots, including an 'in house' submission, and, based on the approved price: quality assessment framework (40% price: 60% quality), the contract for all three lots was awarded to Churchill.
- 3.3 As a result of winning the tender for each of the three lots, the 'in house' building cleaning contracted staff (33 FTE, including 1 manager and 2 supervisors) transferred from the Council's to Churchill's employment in accordance with TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006), which protects their terms and conditions. Churchill's delivery of the contract commenced June, 2015, based on a 3 year term,

plus 2 year awarded extension, and ends June, 2020.

3.4 To manage the contract, existing budgets have been pooled across the various building cleaning client service areas to fund a Contract Manager (0.6 FTE). This officer has worked with the support of the various Client Leads for each of the three lots to manage and supervise the delivery of the contract specification and associated quality standards. Monthly contract management meetings are held between the Council and Churchill to monitor and review performance. In addition, a strategic board of senior officers from the Council and Churchill meet bi-annually to review strategic performance and service development issues.

3.5 Although there were performance issues with the first c12 months of the contract's operation, based on subsequent quality assessment results, the general performance of the contract, across all three lots, has been to an acceptable standard.

4. Procurement

4.1 With the current contract ending June, 2020, there is a need to start the procurement process soon, in order to have continuity of service, and to allow adequate time to consider proposals.

4.2 Procurement is proposed to be through a negotiated competitive tender process, with five lots available, separating out the 'specialist' v 'non-specialist' services. The separation out of the two 'specialist' areas of the building cleaning contract into two additional lots, reflects the fact these have been sub contracted by Churchills to other providers under the existing contract, so it may be better value for the Council to procure direct from specialists. :

- Lot 1: Administration, commercial buildings, community centres and operational buildings
- Lot 2: Multi-storey car park and public toilets
- Lot 3: City Homes communal areas, sheltered housing schemes and council housing development sites
- Lot 4: Multi-storey car park deep cleans ('specialist')
- Lot 5: Window cleaning ('specialist')

4.3 Potential service providers will be invited to submit bids for one or more of the five lots, in any combination. The proposed five lot structure provides an optimal balance between giving opportunities for local SMEs

(small to medium enterprises) to bid; and achieving best value from the contract through economies of scale and avoiding sub-contracting costs.

- 4.4 Bids will be evaluated on a price: quality split of 40% price: 60% quality.
- 4.5 The contract will be offered on a 3 year term, with an option to extend for a further 2 years and then a further 2 years again, subject to the supplier performing satisfactorily and the service being shown to continue to provide best value to the Council, giving a maximum possible contract length of 7 years.

5. Other options considered

- 5.1 We have considered the option of bringing the service back in house, and the Council delivering the services directly. This option has been discounted because:
 - a) The Council's costs for both labour and overheads are higher than competitors. This was the case when the service was outsourced and remains the position now; and
 - b) The Council has restructured and reduced its management capacity since the service was outsourced. There is no capacity to carry out the major work required to set up an in-house cleaning service at the present time.
- 5.2 The Council could decide to set up an in-house service to provide one or all of the lots, but the costs incurred in doing so would have to be met by savings elsewhere in the Council, which may include reducing other services.

6. Next steps

- 6.1 The procurement of building cleaning services is being managed as a corporate project, with a designated Project Sponsor (Head of Environmental Services); and Project Manager (Streets and Open Spaces Project Officer), as well as key service leads for Procurement, Legal, Human Resources, Internal Audit, Housing, Car Parks, and Commercial Property.
- 6.2 The project team will review the existing specification and propose revisions, taking into account other corporate changes, including the Asset Management Plan, which may affect what cleaning premises

require in future.

- 6.3 An indicative project plan, including key procurement milestones and delivery timetable, is included in appendix A.

7. Implications

a) Financial implications

There is a risk that the procurement of the building cleaning service will result in a higher cost than the existing contract. This will be managed through the process of specification and negotiation.

b) Staffing implications

The Council will formally write to Churchill to confirm which staff associated with the existing contract are eligible to transfer, under TUPE, to any new contracted supplier for each of the five lots.

c) Equal opportunities implications

An Equalities Impact Assessment (EqIA) is currently being prepared that will inform the final specification.

d) Environmental implications

The specification will set clear standards for minimizing environmental impact, through reducing carbon emission (transport) and use of hazardous chemicals.

e) Procurement

The procurement of the contract will be governed under the Public Contract Regulations 2015, using a Competitive Procedure with Negotiation process. The estimated value of the contract exceeds the relevant threshold contained in the Regulations. In view of this, the Council is required to fully comply with the Regulations and to subject the contract to a level of competition to ensure compliance with the principles of transparency and equal treatment.

In addition, the Council would be required to place an advert in the Official Journal of the European Union (OJEU) together with a further

notice in the OJEU when a contract is awarded, amongst other things compliance of the Council's procurement rules.

f) Consultation and communication

Consultation will take place with Trade Unions, individual officers, the private sector, leaseholders and Housing Regulation Panel at appropriate points in the procurement process.

g) Community Safety

Continued high standards of cleaning have a positive impact on community safety in public toilets and other locations.

6. Background papers

"The Future Delivery of Building Cleaning Services", Strategy and Resources Committee, 20 January, 2014 (Agenda item 10)

7. Appendices

Appendix A: Building Cleaning Procurement Project Plan - Indicative

8. Inspection of papers

To inspect the background papers, or if you have a query on the report, please contact: Joel Carré, Head of Environmental Services, tel. 01223 458201; and email: joel.carre@cambridge.gov.uk

