

ITEM 4

BUILDING CLEANING CONTRACT

1. Context

- 1.1 The Building Cleaning service was outsourced to Head Office Cleaning Services in 2009. Cleaning staff were transferred to the service provider in line with TUPE arrangements.
- 1.2 The contract awarded in 2009 was for a 3 year period and expires on 30 April 2012. A new procurement of the service ensures that the Council is adhering to the general best value principles given that the value of the service is above the OJEU threshold levels the Council are ensuring that the service is procured in full adherence with EU requirements and Public Contract Regulations 2006.
- 1.3 A report was submitted to Cabinet on 7th September 2011 and approval given for the tender process to commence and the award of the contract after the procurement process has been concluded be delegated to the Director of Transformation.

2. Response to Questions Raised

- 2.1 A project team has been set up to include representatives from key directorates, Facilities Management, legal and procurement. The project team are developing the specification to promote consistency and to explore potential for aligning all sites (less schools and social housing (high and low rise blocks)) to the Gold/Silver/Bronze specification introduced for Civic Offices, Thameside and local area housing offices.
- 2.2 The Gold/Silver/Bronze standards were introduced In April 2011, after successful negotiation with the current service provider to achieve a £75,000 saving from the contract (12% of annual contract value). The changes, in summary, included reducing the back office cleaning functions to one day a week office cleans, minimising bin emptying activities, whilst retaining daily cleaning of kitchens and toilet areas. Rationalisation of the Civic offices daily cleaning schedule from twice a day (evening and morning) to morning clean only and reducing the day cleaner hours from 7 to 3 Monday to Friday and reducing cleaning hours in two sheltered housing complexes.
- 2.3 The cleaning contract currently covers sites to include; Civic Offices, Thameside Complex, Curzon Drive depot, local area housing offices, sheltered housing complexes, libraries, Sunshine Centre, 2 youth centres.
- 2.4 There is potential for other Council sites, were alternative cleaning contractors are being used, to be absorbed within the main building cleaning contract. The aim of the project team is to identify these sites and align were feasible to the borough wide contract. The procurement

process is designed to obtain best value and to reduce the duplication of contracts to deliver the same service. This is in line with the Procurement Strategy (paragraph 4.3) Value for Money “Opportunities for further coordinated corporate contracting and promoting good supplier relationships”.

- 2.5 The split between the Housing Revenue Account (HRA) and General Fund (GF) will be established once the tender process has been concluded. The split on the current contract is 61% GF, 39% HRA. The contract is for commercial building cleaning services and does not incorporate caretaking services. The latter is an internal service provided by Housing to residents in high and low rise block accommodation.
- 2.6 The tender process does not exclude local businesses. To protect the interests of the Council, certain criteria must be met as part of the evaluation process. Procurement best practise indicates that a longer service contract offers a more competitive contract value and promotes improved partnership working which allows suppliers to invest in services, plan for the future, build capacity and spread set up costs over a greater timeframe.
- 2.7 The timeline to set up a contract, procurement process, contract management, TUPE arrangements, takes approximately 4/5 months therefore it is potentially less cost effective to award short length contracts for a building cleaning service. As demonstrated this year, negotiations during the contract lifespan has resulted in a significant 12% saving on the contract. During negotiations with the service provider it was indicated that an extension of the contract allowing further longevity would have provided more cost saving potential. This was not recommended by the legal department at the time, as extension to contracts should be for extenuating circumstances; however this demonstrates that a lengthier contract tenure has potential to offer savings and stability in service provision which a shorter tenure may not and could be potentially high risk as cleaning staff are constantly subjected to TUPE the service may be liable to deterioration causing potential health and safety issues to occupants of relevant sites, some of which are vulnerable. The current provider has continued to recruit locally offering a continuation of job opportunities to the local workforce.
- 2.8 The evaluation criteria is being developed. The split is anticipated to be price (60%) and quality (40%). The quality assessment is an essential evaluation criteria as due to TUPE the tenders are anticipated to be relatively close in price. The 40% quality assessment allows for a more in depth evaluation to ensure hygiene and health and safety standards are not compromised.
- 2.9 Framework contracts are being reviewed to establish suitability. The indication is that these will restrict the Council due to set specifications (not allowing the Council to review specification requirements), will remove “control” by the Council (no flexibility to re-negotiate if required), potentially

reduce the local workforce as vacancies occur and will remove the opportunity for local businesses to apply.

2.10 An Equality Impact Assessment will be completed by the Project Team as part of the Procurement process.