

# FAREHAM

## BOROUGH COUNCIL

### **Report to Streetscene Policy Development and Review Panel**

**Date**                    **28 January 2016**

**Report of:**            **Director of Operations**

**Subject:**              **CORPORATE CLEANING CONTRACT RENEWAL**

#### **SUMMARY**

The purpose of this report is advise members of the outcome of a recent tendering exercise for the cleaning of specified Council owned buildings along with Specialist Street washing for designated areas of the town centre.

#### **RECOMMENDATION**

Members to note contents of the report.

## **INTRODUCTION**

1. The purpose of this report is advise members of the outcome of a recent tendering exercise for the cleaning of specified Council owned buildings along with Specialist Street washing for designated areas of the town centre.

## **BACKGROUND**

2. In January 2011, the Council's Executive awarded the Corporate Cleaning Contract to Fountains Environmental Ltd. (who were subsequently acquired by OCS Compliance to whom the contract was novated) This contract expires on 3<sup>rd</sup> April 2016.
3. As a consequence of this it has been necessary to undertake a retendering exercise to find a suitable provider to continue this service after the expiry date.

## **CONTRACT SPECIFICATION**

4. A review of the specification was undertaken with each of the relevant departments, such as Housing, Car Parking and Ferneham Hall and some amendments and additions were made. Having more than four years working with the existing specification, officers have taken the opportunity to alter aspects where ambiguity was present and insert improvements based on customer feedback.
5. The specification includes cleaning arrangements in the following buildings and sites.
  - Housing Establishments – Sixty three separate sheltered and non-sheltered places of multiple occupancy (three of which are provisional)
  - Ferneham Hall - toilets, offices and associated rooms
  - Council Depot - toilets, offices and associated rooms
  - Public Conveniences -fifteen in total
  - Pavilions - seven pavilions (& one cemetery chapel)
  - Car Parks - toilets, offices and associated rooms along with stairwells, lifts and lobbies.
  - Town Centre - main shopping area of West Street
  - Civic Offices - window cleaning only
6. New items that have been added to this contract include:
  - Public Notice Boards – forty three in total
  - Welcome boards – nineteen in total
  - Daedalus Airfield Control Tower – offices and windows
7. The tasks contained within the contract can be categorised as:
  - General cleaning of offices and associated rooms
  - Cleaning housing communal areas, car park lobbies and stairwells, sports changing rooms
  - Cleaning public toilets along with opening and closing
  - Window cleaning
  - Cleaning of wheeled refuse bins
  - Gum removal and specialist street washing
  - Temperature checking and flushing for Legionella control

- Single ad-hoc clean-up operations including the clearance of void properties

## TENDER PROCESS AND EVALUATION CRITERIA

8. The contract was advertised via the Official Journal of the European Union (OJEU). Tender documents were issued and received electronically via the Council's e-tendering portal (South East Business Portal). Timeline below:

|  |                                    |
|--|------------------------------------|
| Issue of e-ITT by the Council          | 04.09.15                           |
| Site visits (for interested tenderers) | 14.09.15 to 18.09.15               |
| Closure date for e-bid responses       | 02.10.15 (No later than 12.00noon) |
| Evaluation period and approval         | 05.10.15 to 31.10.15               |
| Interview (short-list tenderers)       | 23.10.15                           |
| All Tenderers notified by:             | 31.12.15 (tentative)               |
| Award of Contract                      | 04.01.16 (tentative)               |
| Contract / Agreement start:            | 04.04.16                           |

9. As per the tender document, the tenders received were evaluated in accordance with the criteria listed below:

| Award Criteria  | Weighting |
|---|-----------|
| Cost<br><i>(Fixed price to deliver the outcome specification.)</i>  | 40%       |
| Service Quality<br><i>(Covering experience, management and organisation, working procedures, health &amp; safety, continual improvement.)</i> | 60%       |
| Total   | 100%      |

## TENDERS RECEIVED

10. Tenders were received electronically on 2 October 2015 and were opened by the Democratic Services Officer and witnessed by the Procurement Officer. Of the thirty nine (39) suppliers who expressed initial interest, eight (8) submitted a tender by the deadline, nine (9) suppliers opted out and twenty two (22) gave no response.

## TENDER EVALUATION AND AWARD

11. The tender submissions were evaluated by officers in accordance with the criteria set out in the invitation to tender. Following the evaluation process, the four highest scoring companies plus the incumbent (OCS) were invited to present their tender submissions to the evaluation panel.
12. The contract was awarded to Hi-Spec Facilities Services PLC at the Executive meeting on 7 December 2015.

## RISK ASSESSMENT

13. Many of the usual and identifiable risks initially present in this type of project have been negated through the council's rigorous and structured procurement process.

14. The Council has sought to reduce the risks of this procurement by:

- Procuring in line with Public Contracts Regulations 2015 using an open transparent OJEU compliant tender process.
- Using electronic tendering to ensure all tenderers had access to the same documentation and that all questions and answers were shared.
- Enabling tenderers to visit site location with Council officer present for Q&A during the tender timeline.

## **FINANCIAL IMPLICATIONS**

15. All of the submitted tenders are more expensive than what the Council has been paying, however one of the main reasons for this is that this contract has high employee costs due to the nature of the work involved.

16. Members will be aware that the minimum National Living Wage comes into force on 1st April 2016 (£7.20 per hour) rising to £9.00 per hour by 2020. This has a significant implication for this contract as it is labour intensive and as such tenderers had to build in provision from the start of this fixed cost contract.

17. Excluding the provisional locations (optional items) contained within the preferred tender submission, there will be an increase in the required revenue budgets from 2016/17 as set out in Appendix A. The additional budget required across all the relevant services has been identified in the Medium Term Finance Strategy as a budget pressure and will be dealt with as part of the budget setting process.

18. If during the contract term a decision is made to add any of the provisional locations (e.g. sites currently cleaned by in-house staff, new locations or ad-hoc special cleaning) to the contract then additional revenue budget will be required.

## **PREPARATION FOR THE NEW CONTRACT**

19. During early January the Council's Legal Advisers at Southampton City Council will be making contact with Hi-Spec to get the legal contract documentation signed and sealed.

20. Officers will arrange meetings to establish and agree the mobilisation process that will be followed to ensure the smooth transition of the hand over.

21. Hi-Spec will liaise with the current contractors to establish the Transfer of Undertakings – Protection of Employees (TUPE) arrangements necessary for the transfer of the existing staff.

22. Prior to the actual start of the contract in April arrangements will be made for Hi-Spec to meet all the services users and in particular a group of Housing Block Captains who represent all the housing tenants. This is essential to ensure that the Hi-Spec can see first-hand the expectations of the customers and how they will continue to ensure high satisfaction rates.

## **CONCLUSION**

23. The tender process resulted in eight tender submissions by the deadline date for cleaning services specified by the Council.
24. Hi-Spec facilities Services PLC was awarded the contract for five years beginning on 4 April 2016, with extension option for additional two years.
25. Officers will be working with the new contractor to ensure the smooth transition takes place over the forthcoming months.

### **Background Papers:**

Report to the Executive – 7 December 2015 -Award of Contract – Cleaning Services

### **Reference Papers:**

### **Enquiries:**

For further information on this report please contact Sue Woodbridge. (Ext 4546)