

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 03 April 2023

Portfolio:	Streetscene
Subject:	Award of Contract – Corporate Cleaning Services
Report of:	Head of Streetscene
Corporate Priorities:	Dynamic, Prudent and Progressive Council Strong, Safe, Inclusive and Healthy Communities

Purpose:

This report considers the tenders received for the provision of cleaning services for specified Council owned buildings and designated areas of the town centre. The report recommends an award of contract for the services.

Executive summary:

The current cleaning contract was initially due to end in April 2023. This contract was awarded in 2016 for five years with the option of a maximum of 2-year extension which has been used.

The contract includes the cleaning of buildings such as, sports pavilions, public conveniences, Portchester Crematorium public areas, multiple Housing sites and the control tower and amenity building at Solent Airport at Daedalus.

An initial invitation to tender (ITT) was issued using the Dynamic Purchasing System (DPS) on the Crown Commercial Services Building Cleaning Service framework (RM6130). However, the tender submissions received failed to return a tender within the Council's budget limit. Therefore, the existing contract was extended for 6 months to allow a second procurement exercise to be completed.

A second ITT was advertised in January 2023 via the Council's e-tendering solution "Pro-Contract" using the South East Business Portal (SEBP).

Two contractors submitted tenders by the deadline of the 3 March 2023. One of the submitted tenders was rejected as it exceeded the published budget cap. The evaluation panel scored the remaining valid tender, which achieved the objective minimum requirements as laid out in the tended documentation.

The new contract will now commence in October 2023 and run for 5 years with a possible 2-year extension option.

Recommendation/Recommended Option:

It is recommended that the Executive agrees to award the contract to the contractor ranked in 1st position (as set out in the confidential Appendix A to the report) being the best price quality ratio tender received.

Reason:

To provide cleaning services for Fareham Borough Council owned buildings and other site locations for a period of five years, with the option to extend by further two years.

Cost of proposals:

The value of the cleaning services contract resultant from this tender over the five-year term is approximately £2,285,000. The cost of the contract is slightly more than is provided for in the existing revenue budgets for 2023/24 onwards but only to the value of £37,000 over the life of the contract as the increase had been recognised as a budget pressure in the Medium-Term Finance Strategy. Any increases for the National Living Wage will be dealt with accordingly during future budget setting processes.

Appendices:

A: Confidential Appendix providing information on tenders received (*Exempt by virtue of Paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.*)

Background papers: None

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Executive Briefing Paper

Date:	03 April 2023
Subject:	Award of Contract – Corporate Cleaning Services
Briefing by:	Head of Streetscene
Portfolio:	Streetscene

INTRODUCTION

1. The purpose of this report is to consider the tenders recently received an award the contract for the cleaning of specified Council owned buildings along with Specialist Street washing for designated areas of the town centre.

BACKGROUND

2. In December 2016, the Executive awarded the Corporate Cleaning Contract to Hi Spec Facilities Services Ltd a five-year contract, extendable by up to two years. The full extension has been used so this contract was due to expire on 3 April 2023.
3. As per the Procurement Contract Rules of 2015, it has been necessary to undertake a tendering 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, Facilities, Crematorium etc. and some amendments and additions were made.
5. The specification includes cleaning arrangements in the following buildings and sites.
 - Housing Establishments – Sixty-seven separate sheltered and non-sheltered places of multiple occupancy.
 - Council Depot - toilets, offices and associated rooms
 - Public Spaces Operatives Rest Rooms – three in total
 - Public Conveniences - fourteen in total
 - Pavilions - seven pavilions (& one cemetery chapel)
 - Car Parks - toilets, stairwells, lifts and lobbies.
 - Town Centre - main shopping area of West Street
 - Civic Offices - window cleaning only

- Public Notice Boards – forty-three in total
- Open Space Welcome boards – nineteen in total
- Daedalus Airfield Control Tower & Amenity Building – offices, toilets, staff areas and windows
- Portchester Crematorium – public areas, office, toilets, and staff room

6. New sites/items that have been added to this contract include:

- Sir Randal Cremer House
- Additional working at height cleaning works to sheltered housing communal areas
- Daedalus Amenity Building and Operatives Rest Room

7. Sites deleted from the previous contract include:

- Ferneham Hall
- Osborne Road Multi Story Car Park

8. The general tasks contained within the contract can be categorised as:

- General cleaning of offices and associated rooms
- Cleaning housing communal areas, car park stairwells, sports changing rooms
- Cleaning public toilets along with opening and closing
- Window cleaning
- Cleaning of wheeled refuse bins at Housing sites
- 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

9. The contract was initially advertised using the Dynamic Purchasing System (DPS) on the Crown Commercial Services Building Cleaning Service framework (RM6130). Nine weeks prior to using the DPS, The Council published a Prior Information Notice (PIN) on the South East Business Portal to encourage registered and interested suppliers to join the DPS. Using relevant filters (based on geography and the type of service offered) in the DPS, a shortlist of 33 potential suppliers was produced. These suppliers were invited to complete a Capability Assessment to confirm that they would be able to mobilise in time for the planned start.

10. Initial Tender Timeline

Issue of e-ITT by the Council	20 September 2022
Site visits (for interested tenderers)	22 September 2022
Closure date for e-bid responses	17 October 2022
Evaluation and approval period	19 October 2022 - 16 December 2022
Award of Contract	3 January 2023
Mobilisation period commences	18 January 2023
Contract / Agreement start:	4 April 2023

11. As per the tender document, the tenders received were evaluated in accordance with

the criteria listed below:

Award Criteria	Weighting
Cost (Fixed price to deliver the outcome specification.)	40%
Service Quality (Covering experience, management and organisation, working procedures, health & safety, continual improvement and social value.)	60%
Total	100%

INITIAL TENDERS RECEIVED

12. Tenders were received electronically on 19 October 2022 and were opened by a representative of Crown Commercial Services. Of the thirty-three (33) suppliers who were eligible on the DPS, two (2) submitted a tender by the deadline

TENDER EVALUATION

13. The tender submissions were evaluated by officers from Streetscene, Housing, Procurement and Finance and in accordance with the criteria set out in the invitation to tender. The scores and ranking for the tenders received are represented in the confidential appendix A.
14. Following this initial tender process using the Dynamic Purchasing System (DPS) on the Crown Commercial Services Building Cleaning Service framework (RM6130) Tenderers failed to return a tender within the Council's budget limit of £2.3 million.
15. As a result of the unsuccessful initial tender process, it was necessary to extend the existing contract with Hi-Spec Services PLC for 6 months via a deed of variation to allow a second procurement exercise to be completed. This extension runs until 2 October 2023.

FINAL TENDER PROCESS

16. A desktop exercise was carried out to ascertain the viability of bringing this service in house. This exercise demonstrated that the Council would be unable to resource this option without significantly exceeding the budget of £2.3m. Therefore, this option was deemed non-viable.
17. Officers reviewed the specification to remove any items that could be considered desirable rather than essential and removed provisional items that could inflate the predicted cost but may not necessarily be utilised. A second tender opportunity was then advertised in January 2023 via the Council's e-tendering solution "Pro-Contract" using the South East Business Portal (SEBP).
18. The tender was issued advertising the Council's maximum budget available to attract returns that were affordable and compliant to increase the likelihood of a successful outcome. Three companies expressed an interest and one additional company attended the site visit day.
19. Final Tender Timeline

Issue of e-ITT by the Council	25 January 2023
Site visits (for interested tenderers)	3 February 2023
Closure date for e-bid responses	3 March 2023
Evaluation and approval period	6 March 2023 – 17 April 2023
Award of Contract	1 May 2023
Mobilisation period commences	8 May 2023
Contract / Agreement start:	2 October 2023

FINAL TENDERS RECEIVED

20. Two contractors submitted tenders by the deadline of the 3 March 2023. However, one tender was returned over budget and was therefore excluded from the full evaluation. The evaluation panel scored remaining valid tender based on the Best Price Quality Ratio. The remaining tender met the minimum requirements as outlined in the procurement documents and submitted a bid which was within budget.
21. The scores for the tenders received are represented in the confidential appendix A.

RISK ASSESSMENT

22. 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.
23. The Council has sought to reduce the risks of this procurement by:
 - Procuring in line with Public Contracts Regulations 2015 using an open transparent 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.
 - Encouraging early engagement with potential suppliers to using a Prior Information Notice

FINANCIAL IMPLICATIONS

24. All 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.
25. The minimum National Living Wage will rise to £10.42 per hour from April 2023. This has a significant implication for this contract as it is labour intensive and as such tenderers had to build in provision not only for the current level but also to predict future rises through the life of this contract.
26. Fuel costs for vehicle operations and consumable items have all increased recently in line with sharp increases seen in the cost of living.
27. Excluding the provisional locations (optional items) contained within the preferred tender submission, an increase has been made in revenue budgets from 2023/24 as set out in Appendix A. The additional budget required across all the relevant services had been identified in the Medium-Term Finance Strategy as a budget pressure and will be £37,000 short over the life of the contract as most of the increase had been taken into

account during the budget setting process.

28. 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 and will be negotiated as a contract variation.

CONCLUSION

29. The tender process resulted in two tender submissions by the deadline date for cleaning services specified by the Council.
30. It is recommended that the tender submitted by the only compliant contractor (as set out in confidential appendix A) be awarded the contract for five years beginning on 2 October 2023, with extension option for up to an additional two years.

Enquiries:

For further information on this report please contact Mick Gore (Ext 4459).