

## CABINET

13 December 2022

### PROPERTY CLEANING SERVICES PROCUREMENT

Report of the Portfolio Holder for Policy, Strategy, Partnerships & Economy

Strategic Aim:	A modern and effective Council		
	A special Place		
Key Decision: Yes		Forward Plan Reference: FP/160922	
Exempt Information		Appendix B of this report contains exempt information and is not for publication in accordance with Part 1 of Schedule 12A of the Local Government Act 1972	
Cabinet Member(s) Responsible:		Cllr Lucy Stephenson, Leader of the Council and Portfolio Holder for Policy, Strategy, Partnerships & Economy	
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Ward Councillors	All		

#### DECISION RECOMMENDATIONS

That Cabinet:

1. Authorises the award of the cleaning services contract resulting from this procurement.
2. Approves the increased cost of £24k per year being included in the 2023/24 budget.

#### 1. PURPOSE OF THE REPORT

- 1.1 This report sets out the process undertaken for the Property Services Cleaning Procurement and requests authorisation of the final award.

#### 2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 There is statutory obligation on the Council as an employer under the Health and

Safety at Work etc. Act 1974 to ensure the safety and welfare of employees at work. In addition the Workplace Health, Safety and Welfare Regulations 1992 places a duty on 'persons in control of non-domestic premises' towards people who are not their employees but use their premises.

- 2.2 Building cleaning support to all Council property is procured and managed by the Councils Property Services team.
- 2.3 The Council currently has a hybrid solution of cleaning support. Some libraries are cleaned by directly employed part-time cleaning staff. The majority of Council buildings are cleaned by a 3<sup>rd</sup> party supplier who also provides absence cover for Council staff. The current contract expires in March 2023, having been extended to that date with Cabinet approval.
- 2.4 The decision to extend the contract to March 2023 followed a soft market testing exercise to ensure value for money and give sufficient time to develop a consolidated, simplified and flexible solution incorporating directly employed staff.
- 2.5 Consolidating all cleaning needs to one single contract will result in efficiencies from managing a single contractor, improved performance and economies of scale.
- 2.6 The new contract will need to have regard to all relevant aspects of TUPE (Transfer of Undertakings, Protection of Employment) Regulations 2006 including Council consultation obligations.

### **3. CURRENT PROVISION OF THE SERVICE**

- 3.1 Building cleaning services are presently delivered via a hybrid arrangement of one contracted service provider, S4 Facilities Management Ltd, and three part-time directly employed staff.
- 3.2 The current contract with S4 Facilities Ltd has been in place since 2020 and will terminate on 31 March 2023.
- 3.3 Appendix A sets out details of building assets cleaned under the current contract. The new contract will include the same building assets. All buildings are owned and controlled by RCC.

### **4. PROCUREMENT PROCESS**

- 4.1 Welland Procurement supported the procurement process. Following a review of the most appropriate route to meet market conditions, the need for flexibility in the contract and Council standing orders, a decision to use Crown Commercial Services Dynamic Purchasing Solution (DPS) for building cleaning services was made as the preferred solution.
- 4.2 Soft market testing of the DPS approved supplier list resulted in seven service providers registering an interest in participating in the further competition exercise, including the Councils incumbent provider.
- 4.3 Property Services consulted with other Council services about specific cleaning needs and undertook a detailed review of cleaning regimes across property assets. This information was used to develop the detailed cleaning specification and formed the foundation of a further competition exercise under the DPS.

- 4.4 Quality questions asked in the tender documentation reflect Rutland's' geographic location, staffing and local market challenges in the cleaning sector. An open book pricing model has been introduced to mitigate risks associated with service variability need arising from changes to use and occupation of properties and the current volatility of increasing operational costs.
- 4.5 The proposed contract will be delivered as a single lot arrangement under management of the Property Services to ensure consistency of service provision for cost, quality and customer satisfaction.
- 4.6 The proposed contract length is 3 years with the option to extend for a further 1 year subject to satisfactory performance.
- 4.7 Tenders were released on 31 August 2022 with a closing date of 14 October 2022 at 12 noon. Two submissions were received and formally assessed, with outcomes detailed in the Welland Procurement summary at Appendix B Exempt.
- 4.8 The contract value will be set at up to £180,000.00 per year and £720,000.00 over the lifetime of the contract This limit includes known costs such as routine cleaning, deep cleaning needs, overheads and profit margin. The estimated contract value includes budgeted costs and makes provision for ad hoc costs i.e elections.
- 4.9 The value of the contract is above EU thresholds.

## **5. CONSULTATION**

- 5.1 The proposed process and recommendations have been discussed with relevant Council services, the Portfolio Holder for Property and Cabinet Members.

## **6. ALTERNATIVE OPTIONS**

- 6.1 Failure to procure will expose the Council to challenge as a result of non-compliance with its own standing orders. In addition there is the risk of buildings not being cleaned when the current contract terminates on the 31 March 2023.
- 6.2 Contract Procedure Rule 16.6 stipulates that where the value of the call off contract is above the relevant UK procurement thresholds, the contract award must be authorised by Cabinet, therefore the only alternative to not approving the award would be if there was reasonable grounds to not award at all.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The procurement process has been undertaken in a manner to facilitate full visibility of costs and to reflect variance and change within the Councils portfolio over the period of the contract term including the sourcing of cleaning materials that could fluctuate in response to changing occupation practices and economic marketplace conditions.
- 7.2 The current costs of the cleaning service is c£140k which can be met from existing budgets and is broken down as follows:
- Directly employed staff costs c£13.5k

- Contracted Services c£115k
- Consumables and Equipment c£10k
- Ad hoc events c£2k

7.3 Going forward the new contract costs are expected to be c£164k per year.

7.4 This will create an increase in the cost of c£24k per year and reflects an increase in market costs and consumables. This is reflected in the 2023/24 budget.

7.5 The current budget is expected to be sufficient to meet the core costs of the contract, but ad hoc expenditure is not budgeted and may create a pressure where this is required. Examples of ad hoc events are cleaning on lease expiry, external hire events such as beer festival and Pride and election arrangements outside of normal opening hours. Where possible these costs will be recovered from relevant 3<sup>rd</sup> parties.

## **8. LEGAL AND GOVERNANCE CONSIDERATIONS**

8.1 The procurement process has been and will continue to be managed to ensure it complies with the requirements of all relevant legislation including Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.

8.2 Legal advice on the process has been sought and will be taken on the terms of the final contract.

## **9. EQUALITY IMPACT ASSESSMENT**

9.1 An Equality Impact questionnaire has been completed. No adverse or other significant risks or issues were found. As such a full Equality Impact Assessment (EqIA) has not been completed.

## **10. COMMUNITY SAFETY IMPLICATIONS**

10.1 None

## **11. HEALTH AND WELLBEING IMPLICATIONS**

11.1 Provision of a well maintained and clean environment is a legal obligation as defined within The Workplace Health, Safety and Welfare Regulations 1992 and the Health and Safety at Work etc. Act 1974.

11.2 Failure to maintain a safe and clean environment could present an increased risk of staff absence on health grounds and potential insurance claims from staff or other users of Council buildings due to infection or other related incidents.

## **12. ORGANISATIONAL IMPLICATIONS**

12.1 TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006) and subsequent amendments will apply to this procurement.

12.2 Initial discussions with staff members considered at risk has been undertaken and a full structured programme of formal consultation with affected staff, unions and/or

union representatives will be undertaken in accordance with the regulations upon contract award and completed within a three month mobilisation period.

### **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 Under the provisions of the Public Services (Social Value) Act 2012 local authorities are required to consider how economic, social, and environmental well-being may be improved by services that are to be procured, and how procurement may secure those improvements.
- 13.2 The award criteria include specific reference to Social Value and require consideration and KPI reporting as to employment and consumable sourcing solutions that would result in local inward economic investment.

### **14. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 14.1 It is recommended that approval for the award of the Cleaning services contract to the preferred provider is authorised by Cabinet in accordance with CPR 16.6. This will ensure sufficient time to issue the contract, have an adequate mobilisation period and with no gap in service provision.

### **15. BACKGROUND PAPERS**

There are no additional background papers to the report

### **16. APPENDICES**

- 16.1 Appendix A – List of Building Assets Cleaned
- 16.2 Appendix B – Welland Procurement Summary EXEMPT

**A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.**