

## **Committee: Cabinet**

**Date: 18<sup>th</sup> January 2016**

Wards: All

## **Subject: Award of Corporate Cleaning Services Contract**

Lead officer: Mark Humphries – Assistant Director Infrastructure & Transactions

Lead member: Councillor Mark Allison

Contact officer: Edwin O'Donnell – Head of Facilities Management

Recommendations:

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1. Award the corporate cleaning services contract to Tenderer A for a 3 year period from 1st April 2016 to 31<sup>st</sup> March 2019 with an option to extend for a further period of 1 year, subject to satisfactory performance at a cost of £1,592,070 for 3 years, or a £2,122,760 for 4 years.
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### **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 To seek approval to award a new corporate cleaning services contract to the best value bidder, Tenderer A, following an OJEU restricted tender for a 3 year period from 1st April 2016 to 31<sup>st</sup> March 2019 with an option to extend for a further period of 1 year to 31<sup>st</sup> March 2020, subject to performance at the discretion of the employer.
- 1.2 In response to an OJEU notice 28 PQQ responses were received and 6 companies were invited to tender, 5 companies returned a tender. The pre-determined evaluation criteria of the bids were based upon a weighting of price 50%: quality 50%. Overall tenderer A scored highest and is recommended to be accepted.
- 1.3

| CONTRACTOR | QUALITY SCORE | PRICING SCORE | TOTAL SCORE   |
|------------|---------------|---------------|---------------|
| Tenderer A | 33.50%        | 44.32%        | <b>77.82%</b> |
| Tenderer B | 23.00%        | 43.25%        | <b>66.25%</b> |
| Tenderer C | 30.25%        | 41.64%        | <b>71.89%</b> |
| Tenderer D | 26.75%        | 48.26%        | <b>75.01%</b> |
| Tenderer E | 20.50%        | 50.00%        | <b>70.50%</b> |

## **2 DETAILS**

- 2.1 The current Corporate Cleaning Contract expires on the 31<sup>st</sup> March 2016.
- 2.2 The contract is for the provision of cleaning services to the Councils corporate and non-educational operational sites; including Merton Civic Centre, Morden Park House register office and other corporate sites, Libraries, Youth Centres, Children's and Community Centres (29 sites.)

## **3 ALTERNATIVE OPTIONS**

- 3.1 Alternative options have previously been considered which are now included within the current contract arrangements, namely the transfer of relevant buildings from the schools contract to the corporate services cleaning contract. The contract now includes sites such as Children's Centres, Libraries, Community and Youth Centres.

## **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1 Consultation with the Site/Service Managers regarding their cleaning requirements has been undertaken. The procurement exercise has been overseen by a member of the Council's Commercial and Procurement team and Legal Services have provided advice. In addition the Business Partners from Merton's service departments were consulted at the outset of the process in June 2015.

## **5 TIMETABLE**

### **5.1**

| Stage / Activity                                  | Dates                |
|---|----------------------|
| Publication of ITT                                | 11.09.15             |
| Last date for ITT clarification questions         | 12.10.15             |
| Closing date for receipt of ITT                   | 21.10.15             |
| Evaluation of tenders commences                   | 22.10.15             |
| Presentations (if required)                       | 12 to 16.11.15       |
| Approvals for Tender Acceptance/Contract Award by | 15.01.16             |
| 10 day standstill (notification to award)         | 22.01.16 to 02.02.15 |
| Letter of Acceptance/Contract Award by            | 19.02.16             |
| Contract Commences                                | 01.04.16             |

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1 The contract must be awarded to a company with relevant expertise, industry accreditation and required insurance indemnity with a record of performance and delivery.

- 6.2 Funding for cleaning services from devolved departmental budgets as per current arrangements. It should be noted that there is not a centralised budget for cleaning services.
- 6.3 The cost of the retendered contract has increased. This may be due to the mandatory incremental increases to the National Living Wage in accordance with recent government legislation. All tenderers were requested to provide a fully inclusive cost for the current and impending increases to the National Living Wage for the contract term.
- The annual value of the current contract is £465,706; the new contract value is £530,690, a net increase of £64,984, which equates to 13.9%.
- The increase to the current labour cost per hour directly attributable to NLW is approximately £40,000 per annum (8.5%)
- An additional known increase in cost to the retendered contract is the requirement for the provision of the area support manager to supervise and coordinate the daily cleaning provision for the 21 number non-educational CSF sites to be included within the contract, the cost being £18,163 per annum inclusive of transport costs.
- Any further price adjustment throughout the contract term will be based on an annual increase or decrease based on the Consumer Price Index (CPI.)
- The Council's Departmental Finance Managers have been advised of the increased cost implications.
- 6.4 The £18,163 cost of support manager is an existing service in the current contract for non-educational sites. The cost should already be covered in the budgets between CSF and C&H. However, funding for extra £40,000 due to living wage increase will need be found from central budget. 1.5% inflation factor has been taken into account in the budget figures above.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1 The Council conducted the procurement activity using the Restricted Procedure in accordance with the requirements of the Public Contracts Regulations 2015 for the purpose of procuring the services. It appears that the Regulations have been applied strictly and that the award of a contract based on the procurement activity will present no risk to the Council.
- 7.2 Upon approval the contract will need to be formalised and executed.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1 No TUPE transfer or redundancy liabilities arise from the award of this contract as no Council staff are affected. The tender process required all bidders to determine if there were TUPE implications for the current staff providing the service.

**9 CRIME AND DISORDER IMPLICATIONS**

9.1 None identified.

**10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1 The successful company is registered as compliant with CHAS  
(Contractors Health & Safety Assessment Scheme.)

**11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE  
PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix 1 – Tender Analysis Report.

**12 BACKGROUND PAPERS**