

Committee: Cabinet

Date: 21 March 2022

Wards: All Wards

Subject: Extension of School Cleaning Contract

Lead officer: Jane McSherry, Director of Children, Schools & Families

Lead member: Eleanor Stringer, Joint Deputy Leader and Cabinet Member for Children and Education

Contact officer: Murray Davies, Contracts & Procurement Manager

Recommendations:

- A. That the Council extend its existing contract with Julius Rutherford & Co Limited for provision of the school cleaning service at Merton primary, secondary and special schools and other education buildings up to 31 July 2022
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to seek the approval for the extension of an existing contract for the provision of cleaning services for schools and other education buildings with Julius Rutherford & Co Limited.
- 1.2. This contract was awarded to Julius Rutherford in 2017 for an initial period of 3 years with an option at the discretion of the Council to extend the term for a further period or periods of any duration up to a maximum two years in total. The contract commenced on 1 July 2017. An initial extension was agreed up to 31 March 2022.
- 1.3. Officers now seek approval for a further extension of the contract term up to 31 July 2022. The proposed extension is for an additional four months while the procurement of a new school cleaning contract is completed. The intention is for the new contract to commence during the school summer holidays as this is considered to be a more viable option than mid-term start date.
- 1.4. The value of the contract which covers 32 school sites, 4 children centres and various other buildings is £2.34 million per year at current prices. The total value will fluctuate according to the specific requirements from schools for additional services over and above the standard weekly cleaning provision but the estimated value of the extension of the contract is circa. £778,500.

2 DETAILS

- 2.1. The school cleaning contract provides a cleaning service for a range of Merton primary, special and secondary schools – in total, 30 schools (covering 32 sites) participate in the Council's centrally organised cleaning contract. The contract also includes the cleaning service for some further

education sites most adjacent to schools – these include the South Wimbledon Community Centre buildings along with Aragon, Bond Road, Ivy Gardens and the Avenues children centres.

- 2.2. The existing contract was awarded to Julius Rutherford and Co Limited in March 2017 for an initial term of three years with an option to extend until 2022 if desired.
 - 2.3. However, the provision for an extension within the terms of the existing contract is limited to 30 June 2022. Following expiry of the original 3 year term in 2020, an extension for 21 months was approved, up until 31st March 2022. Approval is now sought to exercise the remaining 3 months extension provision, and include one further month beyond that date in accordance with the provisions of Regulation 72 (1) (b) of the Public Contract Regulations 2015.
 - 2.4. The cost of the service is born by each school who are directly invoiced by the service provider.
 - 2.5. The current value of the contract is £2.34 million per year.
- Retendering
- 2.6. Officers are proposing to publish a contract notice to seek tenders at the beginning of February and to award the new contract subject to approval by Cabinet in June 2022.
 - 2.7. The existing contract scope will be extended to incorporate a revised specification to meet the requirements of schools. Bidders will also be invited to tender a price for schools that includes payment of their staff at a higher London Living Wage rate which individual sites may choose to pay at their discretion.
 - 2.8. The extension requested is, therefore, to July 2022 to permit the next contract to commence during the summer holidays.

3 ALTERNATIVE OPTIONS

- 3.1. The making of arrangements for school cleaning is a matter for schools as budgets are delegated to them. It is not essential that there is a borough-wide contract. However, schools have indicated a wish to be part of a Council organised contract and continue to opt to buy back this service from the Council each year. A centrally managed contract avoids the necessity for a school to spend extensive amounts of time making their own arrangements. It also allows them to engage with the Council to monitor the service to ensure consistency of service across different school sites.
- 3.2. An extension of the existing contract up to June 2021 would not give sufficient time for the implementation of a new contract so soon after the approval of the contract award.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Schools were consulted in relation to their views about the school cleaning service and were invited to indicate their interest in regard to the involvement within the Council's current central contract arrangements. The schools currently within the Council's central contract indicated that they were

satisfied with the current service and were happy to continue as part of central contract organised by the Council.

- 4.2. A report was submitted to the Corporate Procurement Board in February 2022 and the members of the board approved the proposal to seek an extension.

5 TIMETABLE

- 5.1. Subject to formal approval the extension of the existing contract will be until 31 July 2022.
- 5.2. The Council would seek to procure a new contract from August 2022. The choice of a commencement date at the end of the summer term allows for the mobilisation of the contract over the summer holidays minimising any disruption to service for schools. This will also allow for the new contract to be congruent with the school year.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The annual cost of the service is currently £2.34 million.
- 6.2. Under the existing contract terms, the contractor pays the Council a sum of just over £30,000 for the Council's costs in procuring, managing and monitoring this contract.
- 6.3. The cost of the cleaning service is recharged by the contractor directly to the schools and other sites on a monthly basis.
- 6.4. The contract provisions allow for a modest increase in rates charged during each year of the contract term to allow for a rise in cleaners' wage costs particularly in light of rises in the National Minimum Wage. Staff wages account for up to 80% or more of the cost of the cleaning provision.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Officers are recommending approval to enact an option to extend a contract and to increase the extension provided for in the contract by one month. Regulation 72 Public Contracts Regulations 2015(PCRs) and CSO (Contract Standing Orders) 27 are relevant.
- 7.2. CSO 27.2 provides that contracts may be modified/varied or extended, if any such changes are provided for within the terms of the contract and /or allowed within the PCRs.
- 7.3. Regulation 72 (1) (a) provides that where a modification, irrespective of its monetary value, has been provided for in the initial procurement documents be made provided it does not alter the overall nature of the contract. The extension from March-June 2022 is the remainder of the permitted 24 month extension option under the contract therefore the above conditions would be deemed met.
- 7.4. Notwithstanding, as the recommendation is to extend the contract to 31st July 2022 this would be outside the scope of the extension option, but would still be permissible under Regulation 72(1) (b), (e), or (f). A notice of contract modification must be sent to the FTS e-notification system if relying on 72(1) (b) but is not required for 72(1) (e) or (f). For this reason, it may be preferable

to rely on the latter as the value of the additional one month extension would be deemed insubstantial and would fall below the applicable thresholds.

- 7.5. The Responsible Officers must be able to demonstrate that the extension of the contract will offer Value for Money to the Council and that the contract will continue to meet the Council's requirements. The Responsible Officer must ensure that the Corporate Contracts Register is updated accordingly.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. There are no substantive human rights, equalities and community cohesion implications arising from the recommendations contained within this report.
- 8.2. The contract documentation requires the contractor to comply with current equalities legislation.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. There are no substantive crime and disorder implications arising from the recommendations contained within this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. The contract documentation requires the contractor to comply with relevant Health & Safety legislation to ensure the safe delivery of the cleaning service.

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

- None

12 BACKGROUND PAPERS

- 12.1. Contract Standing Orders