

Wiltshire Council

Cabinet

2 May 2023

Subject: Procurement of Cleaning Services

Cabinet Member: Cllr Ian Blair-Pilling Cabinet Member for Leisure, Libraries, Governance, Facilities Management and Operational Assets

Key Decision: Key

Executive Summary

The council's contract for cleaning services was awarded in 2016 through an OJEU (Official Journal of the European Union), procurement procedure. Contract start date 1 December 2016, expiring 30 November 2023.

The intention is to use the Find a Tender Service (FTS) procurement procedure to procure cleaning services from 1st December 2023.

It is anticipated the cleaning contract will exceed £4m (including any optional extension periods) and will therefore require Cabinet approval.

The council has considered a range of options. These are

- Do nothing
- Stop providing a cleaning service
- Bring service 'in house'
- Use national procurement frameworks ESPO (Eastern Shires Purchasing Organisation) or CCS (Crown Commercial Service)
- Use the FTS procurement procedures.

Proposal

That Cabinet

Approves the use of the Find a Tender Service procurement for the re-tendering of cleaning services, with a new contract starting 1 December 2023 with a contract term for 5 years, with the option to extend by two further one-year periods and delegates authority to enter into contracts, following the procurement and tender evaluation process, to the Corporate Director for Resources in consultation with the Cabinet Member for Leisure, Libraries, Governance, Facilities Management and Operational Assets, to take all necessary steps.

Reason for Proposals

- Existing cleaning contract is due to expire 30 November 2023 and cannot be extended further; with all extension options exhausted by this time.
- Procuring independently through the FTS process is considered the most cost effective and flexible approach, and the best option for delivering the most competitive outcome for this service.
- It is anticipated the cleaning contract will exceed £4m, including any optional extension periods.

Terence Herbert
Chief Executive

Wiltshire Council

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Purpose of Report

1. To agree to the procurement of cleaning services across the council's operational estate managed by Strategic Assets and Facilities Management (SAM&FM), within Assets & Commercial Development, with effect from 1 December 2023.
2. To seek delegations to award Cleaning Services that are subject to tender.

Relevance to the Council's Business Plan

3. To support the council's aim to "provide useful, modern spaces in communities for groups to interact in", the recommended approach will ensure properly procured, high quality, competitively costed, customer focused cleaning services across the council's operational estate.

Background

4. The previous procurement exercise in 2016 delivered a 25% saving on the cost of cleaning services across the council's operational estate. The annual spend in the previous contract i.e., the contract that ran from 2012 to 2016, was approximately £0.990m.
5. Savings in 2016 were achieved by:
 - Adjusting cleaning regimes and removing planned deep cleaning activities to drive annual savings.
 - A general reduction in the number of operational buildings due to property rationalisation.
6. The annual contract value has varied between 2016 and 2022. This is in response to buildings being closed, new buildings and facilities being added, increased opening hours and community use.
 - 2016 £0.750m per annum (p.a.)
 - 2017 £0.730m p.a.
 - 2018 £0.770m p.a.
 - 2019 £0.775m p.a.
 - 2020 £0.780m p.a.
 - 2021 £0.790m p.a.
 - 2022 £0.820m p.a.

Main Considerations for the Council

7. The council is required to commence the process for procuring a replacement cleaning service contract in early summer 2023, to ensure a suitable contractor can be appointed with effect from 1 December 2023.
8. With no contract clauses in the existing cleaning contract to allow price uplifts (other than the National Living Wage applicable 1 April each year), cleaning charges have been kept artificially low. It is therefore anticipated contract spend on cleaning services from December 2023 will increase by 20-30%.
9. A Sourcing Plan covering soft Facilities Management (FM) services procurement (including cleaning) has been approved. The approach outlined in this paper is consistent with this, supports the Sourcing Plan and the wider procurement activity for all FM services.
10. Procurement of the cleaning contract will coincide with the procurement of the council security contract. The security contract has an approximate annual value of £0.120m per annum. The security contract covers key holding duties, alarm monitoring and response, out of hours patrols for some sites and void site inspection patrols.

Overview and Scrutiny Engagement

11. The Chair and Vice Chair of the Overview and Scrutiny Committee received a briefing on the procurement activity on the 15 March 2023 and no concerns were raised.

Safeguarding Implications

12. Cleaning contractors are required to operate recruitment and training policies and procedures, having regard for the need to safeguard and promote the welfare of children, young people, and vulnerable adults, and to take into consideration the council's safeguarding procedures. Any cleaning contract staff who are likely to encounter children, young people and vulnerable adults whilst undertaking their regular duties, are required to have appropriate safeguarding checks. This requirement is stipulated in the contract conditions.

Public Health Implications

13. In March 2020, the council implemented the use of anti-viral cleaning chemicals due to the Covid-19 pandemic. Anti-viral cleaning chemicals for all hand-held cleaning regimes continues and will be maintained in the future to help reduce the spread of infection amongst staff and site users.

Procurement Implications

14. The recommendations in this document have been developed in consultation with the Commercial and Procurement team.
15. A single tendering process for both services will follow the 'Open' procurement process under the Public Contract Regulations 2015 and in accordance with requirements as set out in the Constitution.

16. The Procurement will be conducted and managed through the Council's e-tendering portal.

17. Cleaning services at most council operated sites is covered by Strategic Assets and Facilities Management. Sites out of scope are those with leisure facilities where cleaning services are delivered 'in house'. The use of council leisure cleaning staff, providing regular duties throughout leisure operating hours, is considered to deliver the best outcomes to the communities who use them.

Equalities Impact of the Proposal

18. Based upon a calculation of the council's equality risk matrix, there is no requirement for engagement. This is because the risk is determined to be low in terms of both impact and likely occurrence.

Environmental and Climate Change Considerations

19. The proposed recommendations are made with consideration to the council's environmental and climate change commitments.

20. There are no risks associated with environmental management.

21. The proposed recommendations are expected to result in energy consumption remaining roughly at current levels. Cleaning operatives use minimal energy consumption in the form of water (for floor and washroom cleaning) and energy (for powering vacuum cleaners). Since 2016, contracted cleaning staff have been encouraged to assist in the reduction of the council's energy use by engaging in simple campaigns such as switching off laptop screens and lights when they are last to leave the building.

22. Contracted cleaning staff have also been actively encouraged to report faults and inconsistencies (heating on late at night or inefficient automatic controls on lighting), to the facilities management team to enable swift rectification, leading to an overall reduction in the council's energy costs and carbon emissions.
The council will continue to engage with future contractors in the same way.

23. Contract is not planned to last longer than 20 years.

Workforce Implications

24. The procurement of the cleaning contract will result in existing employees of the current contractor having rights under The Transfer of Undertakings (Protection of Employment) Regulations (TUPE). The council will work with the incumbent contractor to determine where TUPE is applicable and make appropriate arrangements to meet any legal obligations.

25. The successful tenderer will be required to demonstrate good practice in terms of employment policies and practices, and to conform to the council's standards and behaviours framework.

Risks that may arise if the proposed decision and related work is not taken

26. The council will be left without a contract, with the vulnerabilities in terms of service and pricing inherent in any out of contract position.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

| Risk | Actions to Mitigate the Risk |
|---|---|
| Deterioration in services once council committed to an initial 5-year contract term | A strong supplier relationship, combined with a robust contract management approach throughout the life span of the contract, including regular formal contract performance reviews. Key Performance Indicators (KPIs) in place to improve performance. KPIs can also be used to terminate the contract, should this become necessary. |
| Tender price submissions anticipated to increase | The cleaning specification will receive a full review to establish if further service reductions are possible (although further reductions will lead to a drop in cleaning standards). Assets and Commercial Development will work to reduce the volume of operational sites through continued rationalisation. |

Financial Implications

27. The revenue budget for this activity is currently £0.820m p.a. based on the current size and make up of the property estate. Current pressure on supply chains and turmoil in the energy markets mean it is a challenging time to expose the service to competition and the result of the procurement exercise is not predictable.
28. If the tenders' prices are submitted higher than the current approved revenue budget, requirements would need to be reviewed to ensure the contract is within budget. If this is not possible, then the service will need to look at other savings and efficiency options to deliver a balanced budget. As a minimum, one off savings would need to be identified for 2023/24 and if savings were not on-going growth would need to be factored into the medium-term financial strategy for future years to address the pressure.
29. Future contractual uplifts are likely to need updating in the medium-term financial strategy to reflect the new contract.
30. The total value of the contract represents a key decision and therefore requires cabinet approval with delegations from relevant cabinet members.

Legal Implications

31. Legal support has been solicited by the completion of Instructions to Legal Services Commercial Team (new or bespoke contract).

The procurement will be undertaken in accordance with Constitutional and Legal requirements under the Public Contracts Regulations 2015.

Options Considered

| Option | Consequences |
|-------------------------------------|--|
| Do nothing | Rejected The cleaning contract cannot be extended beyond 30 th November 2023. The option to extend is not available as both one-year extension options have been exhausted. The council will expose itself to challenge without the support of a legal contract. |
| Stop providing a cleaning service | Rejected Cleaning service provision needs to be continued to provide a clean and safe environment for both staff and the communities it serves. |
| Bring cleaning service 'in house' | Rejected The high risk and burden (including the associated indirect costs), of insourcing contracting staff makes this option untenable. |
| Use national procurement frameworks | Rejected This option does not allow sufficient flexibility, particularly to accommodate the innovative approach to how cleaning services are delivered within the council. Small & Medium-Sized Enterprises (SME's), would be most likely to be excluded from the procurement process. |

Conclusions

32. It is recommended Wiltshire Council undertake an open FTS procurement process for a contract for cleaning services starting 1st December 2023. Contract term for an initial five years, with the option to extend by two further one-year periods.

Andy Brown - Corporate Director for Resources

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6 April 2023

Appendices

None

Background Papers

None