

**OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE**  
**29<sup>th</sup> MARCH 2007**

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**REPLACEMENT SODEXHO CONTRACTS PROJECT**

**Purpose of Report**

1. To:
  - (i) Provide Members with an overview of the current project position and give them the opportunity to establish the level of involvement required throughout the procurement and letting of the replacement facilities management contract.
  - (ii) Consider whether the Committee wishes to appoint a non-executive member to the Project Board.

**Background**

2. Following the outsourcing of Wiltshire Direct Services, Sodexho Education Services has provided a range of activities under contract to County Council Establishments and Schools. These contracts started in June 2001 and will end in March 2008. The current annual cost of services (excluding community meals) is £2.672 million. A breakdown of this is set out below:

<b>SCHOOLS EXPENDITURE</b>	<b>£ million</b>
Building Cleaning	0.662
Grounds Maintenance	0.074
Catering	0.417
<b>TOTAL</b>	<b>1.153</b>

<b>GENERAL FUND</b>	<b>£ million</b>
Building Cleaning	0.926
Grounds Maintenance	0.153
County Hall Cleaning	0.305
County Hall Grounds	0.025
County Hall Caretaking	0.110
<b>TOTAL</b>	<b>1.519</b>

**Main Considerations for the Council**

**Objectives/Output**

3. Following consideration by the Corporate Management Board (CMB) on 11<sup>th</sup> January 2007 and a subsequent meeting of the Corporate Procurement Board (CPB), a programme to facilitate the production of a business case for the replacement and enhancement of the existing Sodexho Facilities Management Contracts was agreed.
4. The project will consist of a number of major elements and will address the County Council's requirements in relation to the delivery of the following services:
  - School Meals
  - County Hall Catering
  - Grounds Maintenance
  - Building Cleaning
    - Schools
    - Offices and Libraries etc.

5. In addition the following additional Facilities Management Services have been considered for inclusion:
  - Postal and Courier Services
  - Window Cleaning
  - Other building servicing functions (plant maintenance, sanitary bins etc)
6. CMB considered but ultimately rejected the inclusion of the following:
  - Training
  - Communications
  - HR
  - Finance
  - Customer Care Unit
  - Reception Services
  - Printing and Design Services
  - Secretarial and Admin Services

#### Main Outcome

7. To have in place by 1<sup>st</sup> April 2008 a replacement to the existing arrangement that will contribute towards more efficient, effective service delivery.

#### How long will it take to get the project up and running?

8. An initial outline timetable has been produced and it has been identified that in order to complete the programme within time to achieve the desired deliverables, there are resource requirements in excess of existing capacity. Some 6,000 hours of activity have been identified. Funding has now been identified for the appointment of a dedicated Project Manager and support resources. Key Project timetable dates are as follows:

#### 31<sup>st</sup> March 2007 - Decision required by Schools

Schools are required to make a decision by 31<sup>st</sup> March 2007 as to whether they wish to be in or out of the contract tendering. The reason for such a tight deadline date is to enable the County Council to comply with public procurement legislation. When making this decision Schools have been advised to give consideration to the following significant points:

- (i) There will be a charge of £250 per school to help facilitate the tendering process and to defray the costs of retendering.
- (ii) When schools sign-up to being part of the tendering process they will also be making a commitment to being part of the Contract before the cost is known. The more schools that opt to form part of the new Contract, the more benefit will be gained through economies of scale in the tendering exercise when testing the market.
- (iii) By not confirming inclusion in the tendering process of the Facilities Management Services Contract, schools currently part of the Sodexo Contract will be required to make their own arrangements for service provision as from 1<sup>st</sup> April 2008.

At this stage the County Council will review the returns made by the schools and decide whether to include the provision of services to schools as part of the contract. CMB has agreed that all non-schools County Council premises will be included in new tender arrangements.

21<sup>st</sup> May 2007 - Place Official Journal for European Union (OJEU) Notice/Press Advertisement

Contract advertisements to be placed in trade press and placement of the Notice in the OJEU.

19<sup>th</sup> July 2007 - Issue Invitation to Tender

Following stakeholder consultation the finalised contract specifications and data will be sent out to those Contractors invited to tender who meet the appraisal criteria which is based on price and quality.

12<sup>th</sup> November 2007 - Cabinet Approval

Following tender evaluation a report recommending which Contractor offers best value will be submitted to Cabinet for approval.

1<sup>st</sup> April 2008 - Commence New Contract

Following staff consultation in accordance with TUPE regulations and consultation with sites regarding handover, the new Contractor will commence contract delivery.

Contract Structure

9. This will be agreed following stakeholder and marketplace discussions and will focus on the type of contract and packaging of the work including community benefits etc.

CMB agreed all County Council (non schools) site should be included in the new arrangements.

A number of issues need to be resolved before the final tender process can be agreed. These include:

- (i) Deciding upon a quorum of schools for each service to be met before undertaking a procurement on their behalf.
- (ii) Explore opportunities for collaboration.
- (iii) Decide on alternative approaches to stimulate market interest.
- (iv) Agree a tender strategy and communications protocol with Schools.
- (v) Agree an exit strategy from existing Sodexo arrangement including where appropriate staff consultation and arranging staff transfer under TUPE regulations

**Environmental Impact of the Proposal**

10. At this stage in the project there are no environmental issues.

**Risk Assessment**

11. A risk log has been created for this project and will be managed throughout the process.

## **Financial Implications**

12. The costs of providing the existing contracts have continued to rise since 2001 due to factors such as inflation and also the reduction in volume of sites from those originally specified. It has been seven years since the market was last tested and therefore the potential financial implications are not fully known at the current time. It is hoped stakeholder consultation and market-place discussions will provide accurate base data.

## **Reason for Proposal**

13. To provide Members with an overview of the current project and its timetable and consider whether, as the new contract(s) will have an annual value in excess of £1 million, a non-executive member should be appointed to the Project Board responsible for this project.

## **Proposal**

14. That the Committee:
- (i) Notes the progress made towards the packaging and reletting of services currently provided under contract by Sodexho.
  - (ii) Considers whether it wishes to appoint a non-executive member to the Project Board.
  - (iii) Receives an outcome report following Cabinet's award of contract decision in November in accordance with the Corporate Procurement Strategy's Scrutiny Protocol but, in the meantime, can receive interim updates on any issues of concern/interest from its Project Board representative (if appointed).

## **GEORGE BATTEN**

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**The following unpublished documents have been relied on in the preparation of this Report:**

Project Initiation Documents  
Risk Log