

**SURREY COUNTY COUNCIL****CABINET****DATE: 27 NOVEMBER 2012****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR CHANGE AND EFFICIENCY****MRS LINDA KEMENY, CABINET MEMBER FOR CHILDREN AND LEARNING****PJ WILKINSON, ASSISTANT DIRECTOR FOR SCHOOLS AND LEARNING****LEAD****OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER****SUBJECT: EAST SURREY GROUNDS MAINTENANCE CONTRACT FOR SCHOOLS AND OTHER SCC PROPERTIES****SUMMARY OF ISSUE:**

To award a fixed price contract to the recommended tenderers for the provision of Grounds Maintenance to Schools and other Surrey County Council properties to commence on 1 February 2013. The report provides details of the procurement process, including the results of the evaluation process, consultation with schools via a 'buy back' consultation process and engagement with SCC colleagues in Buildings Group and, in conjunction with the Part 2 Annex, demonstrates why the recommended contract awards delivers best value for money.

Due to the commercial sensitivity involved in the contract award process, the names and financial details of the potential suppliers have been circulated as a Part 2 Annex for Members.

**RECOMMENDATIONS:**

It is recommended that following consideration of the results of the procurement process in Part 2 of the meeting (as required), the award of a contract be agreed on the basis set out in the Part 2 Annex (circulated to Members) be agreed.

**REASON FOR RECOMMENDATIONS:**

The existing contracts will expire on 31 December 2012, a waiver has been agreed by PRG number WR0590 (8/8/12) to extend existing contract arrangements for one month until 31 January 2013 to allow for adequate 'start up' processes to be ready. A full tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

## **DETAILS:**

1. This report recommends that a contract for the provision of Grounds Maintenance for Schools and other SCC Properties to commence on 1 February 2013 is awarded to the suppliers named in the Part 2 Annex (circulated separately to Members). Together with the Part 2 Annex, this report demonstrates why the recommended contract award delivers best value for money for Surrey County Council.

### **Background and options considered**

2. The expiry of existing contracts and the essential need to have well maintained School and Surrey CC properties requires this contract to be renewed via a competitive tender exercise. Well maintained School and Surrey County Council properties rank high in the general public's perception of Local Authority value for money. Maintained and prepared School grounds are an essential requirement for the Schools to deliver the National Curriculum as laid down by the Department for Education e.g sports pitches prepared and athletic facilities maintained.
3. The existing contracts for the provision of Grounds Maintenance for Schools and SCC Properties will expire on 31 December 2012. There is no existing or comparable contract for the provision of Grounds Maintenance. A full tender process, compliant with the European Public Procurement Regulations and Procurement Standing Orders, has been carried out following the receipt of authority from Procurement Review Group (PRG) on 8 August 2012. This included advertising the contract opportunity on the Bravo Solutions SCC portal on 13 August 2012.
4. This East Surrey contract comprises of the following six Boroughs and Districts split into contract lots: Spelthorne; Elmbridge; Epsom and Ewell; Mole Valley; Reigate and Banstead; and Tandridge. It will complement the West Surrey contracts let in 2010 which encompasses the remaining Districts and Boroughs.

### **Procurement Strategy**

5. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity including SCC procuring and managing the contract versus Babcock entering into direct arrangements with schools.
6. The recommended option is to continue with the existing arrangements whereby SCC remain party to the contract, retaining overall control, and Babcock 4S manage its delivery.
7. The work is part of the SCC/Babcock 4S Joint Venture contract and specialist technical school grounds maintenance and procurement staff were TUPE transferred to B4S as part of this contract. They retain the expertise to deliver the services.
8. B4S has school 'buy back' arrangements whereby schools have the option to purchase this service or make their own contract arrangements with suppliers direct. The majority of schools purchase this service as the contracts are

professionally managed by a team with the technical school grounds maintenance experience.

9. The decision was taken to combine the former North East and South East contracts to form a new larger contract called East Surrey to deliver further efficiencies.
10. A joint Procurement and project team was set up to including representatives from SCC Procurement, SCC Finance, SCC Legal and Babcock 4S.

#### **Use of e-Tendering and market management activities**

11. Steps were taken to stimulate interest in this new process, which was introduced to the supply base through an advert alerting previous grounds maintenance suppliers on the Bravo Solutions SCC portal, contacting previous interested companies to alert them to the contract opportunity.
12. Last time expressions of interest were sought for this requirement a total of 24 number of suppliers responded. Through the market stimulation activities completed during the planning phase of the procurement process, a total of 26 number of suppliers responded.

#### **Key Implications**

13. By awarding a contract to the suppliers recommended in the Part 2 Annex for the provision of Grounds Maintenance for Schools and other SCC Properties to commence on 1 February 2013 the Council will be meeting its duties and ensuring well maintained properties and Schools can undertake their statutory duty to deliver the National Curriculum.
14. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract and reviewed at monthly operations meetings.
15. The management responsibility for the contract for both Schools and Surrey County Council Property Services lies with Babcock 4S and will be managed in line with the Contract monitoring Standards and plan as laid out in the contract documentation which also provides for review of performance and costs. The Council has the right to observe, inspect and satisfy itself as to the adequacy of the contract management procedures

#### **Competitive Tendering Process**

16. The contract has been let as a competitive tendering exercise. It was decided that the restricted procedure was appropriate because of the need to ensure contractors invited to tender were aware of the importance of Safeguarding and Health and Safety measures when undertaking grounds maintenance in Schools.
17. The procurement activity included a Pre-Qualification stage, where suppliers expressing an interest in the advertised tender opportunity were evaluated to ensure that they had the legal, insurance, financial and technical understanding and capacity (including their health & safety, safeguarding and equal opportunities policies) to undertake the contract for the Council. The

results of this process were that of the 26 suppliers who expressed an interest, 5 were short listed.

18. An invitation to tender was sent to these 5 suppliers, who were given 26 days to complete and submit their tender. These tenders were then evaluated and two suppliers recommended. Details of the evaluation are included in Part 2 Annex.

#### **CONSULTATION:**

19. List of stakeholders who have been consulted with include SCC Procurement, SCC Finance, SCC Legal Services, SCC Buildings Group, Babcock 4S, at all stages of the commissioning and procurement process (e.g. developing the strategy, designing the specification, inviting and evaluating tenders and agreeing the contract award) and the results of consultation.
20. Schools and Academies were consulted at 'buy back' stage regarding any individual or group changes required for the specification, work programmes and methods of service delivery. Schools are individual legal entities but the Council is the employer in the majority of schools. B4S actively engages with schools as 'the customer' to receive their feedback in the services provided, flexible work schedules and the ability for individual schools to pick the service required based on budgetary or service need are defined. Schools 'buy back' into the contract for the contract term to achieve the value for money purchase large contract purchasing brings but schools also retain the ability to be flexible and to change their contract requirements should circumstances change.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

21. The contract includes a Termination Clause that protects SCC in case any schools or educational establishments no longer require the Service to be provided at their premises.
22. This will allow the Council to terminate/amend the contract with two months notice if priorities change or funding no longer be available.
23. All short listed tenderers successfully completed satisfactory financial checks as well as checks on competency in delivery of similar contracts at the Pre-qualification stage.
24. The successful contractors will not be required to provide a performance bond against failure as they had sufficient financial stability.
25. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Contract costs increased which impact individual school budgets	Schools have the choice and flexibility to alter their contract requirements to match the budget costs.
	Contract costs decreased which impacts schools belief that the new contractor can undertake the contract fully.	Contract tender exercise has increased competition and driven down costs, new KPI's will ensure performance meets school expectations.
	Schools elect to exit contract	Termination clause included in SCC contract that ensure it is flexible upwards and downwards.
Reputational	<p>Contract award not confirmed ahead of new contract start dates of 1 February 2013</p> <p>Possibility of one existing contractor not extending for one month January 1 2013 to contract start date of 1 February 2013</p>	<p>Existing contractor confirmed acceptance of a potential one month extension to contract for January 2013.</p> <p>Alternative SCC/B4S suppliers approached and offered a 'cover service' at existing contract rates for one month.</p> <p>All tenderers in this exercise have agreed to the potential to start the contract one month early if required and award received early enough.</p> <p>Alternative SCC/B4S suppliers approached and offered a 'cover service' at existing contract rates for one month.</p>

#### **Financial and Value for Money Implications**

26. Full details of the contract value and financial implications are set out in the Part 2 Annex.
27. The new contracts will deliver an overall saving of 28% across both North East and South East areas. These new contracts will provide an improvement in service performance and a change in the Key Performance Indicators (KPI) will mean improved output.

#### **Section 151 Officer Commentary**

28. The Section 151 Officer confirms that all material financial and business issues have been considered in this report.

#### **Legal Implications – Monitoring Officer**

29. All compliant tenderers supplied a written confirmation that if successful they will accept the terms of the draft Agreement agreed by Legal Services, without any material amendment.

30. The duty on the Cabinet is to have due regard to public authorities obligations as set out under the Equality Act 2010.
31. The risks which SCC exposes itself to under the agreement, are the risks related to its own purchases.

#### **Equalities and Diversity**

32. The Council has been mindful of its equalities duties in carrying out the tender process and letting the contract. Under the Equality Act 2010 when considering this item, the Cabinet Member should have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
33. The procurement process was undertaken through an EU Procurement procedure, which was advertised to allow suppliers across the EU to express their interest. The tender was also advertised on the SCC's website so as to attract local businesses and SMEs.
34. The contract which the supplier will sign stipulates that the supplier will comply with all relevant equality and diversity legislation (including the Equality Act 2010) whilst performing the services. This includes a clause which requires the supplier to ensure its personnel comply with all equal opportunities policies when dealing with both staff and visitors of buildings they are working at. The contract also requires the supplier to adopt SCC's equal opportunities policy when recruiting and dealing with their personnel
35. There will be a TUPE transfer of existing contractors staff to new suppliers.

#### **Other Implications:**

36. At the end of the contractual term, ownership of the contract will remain with Surrey County Council.
37. There are no intellectual property or data access implications.

#### **Corporate Parenting/Looked After Children implications**

38. With regard to the Contractors Personnel who potentially may participate in providing these services to school premises or which may otherwise involve contact with children or vulnerable adults the Contractors shall undertake as follows:

The Contractor shall ensure that all employees engaged in the performance of the Service have been checked with the Criminal Records Bureau ("CRB") and received a clear Enhanced Disclosure Certificate or such other certification as may from time to time be specified by the Professional Representative. Babcock 4S, the Council and all schools in receipt of the Services are committed to safeguarding and promoting the welfare of children

and young people and expect Contractors and their representatives to share this commitment. The Contractor shall ensure that all employees and other representatives of the Contractor engaged in the performance of the Service are registered with the Independent Safeguarding Authority (or such other body as may undertake that role from time to time) where appropriate, and have checked all employees against the registers maintained to ensure the protection of children, and comply with any other requirements regarding the safeguarding of children as may be required from time to time. The Contractor shall supply details of all his employees engaged in the performance of the Service along with their CRB disclosure and ISA registration numbers as appropriate prior to them commencing work on and on demand thereafter. The Contractor shall supply an updated list of employees engaged in the performance of the service together with their CRB reference numbers every 3 months to the Council throughout the Contract Period and shall ensure that all CRB checks are fully in date.

If the Contractor does not comply with the above the Council reserves the right to terminate the Contract.

39. Upon award of the agreement, the successful contractor will need to provide evidence of all staff that are CRB enhanced cleared.

**Safeguarding responsibilities for vulnerable children and adults implications**

40. Complete, all contractors completed a Pre-Qualification Questionnaire which included a review of their Safeguarding Policy.

**Climate change/carbon emissions implications**

41. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
42. The new suppliers already have vehicle depots and local staff within Surrey and would look to employ further local staff as required to keep staff travel to and from the place of work to a minimum.
43. As the contract lots are geographically based this reduces the vehicle travel as work is contained with these districts.

**WHAT HAPPENS NEXT:**

44. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	27 November 2012
'Alcatel' Standstill Period	12 December 2012
Contract Signature	WE/C 7 January 2013
Contract Commencement Date	1 February 2013

45. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

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**Contact Officer:**

Zoran Kahvo - Category Specialist 020 8541 9785,  
Jeremy Jones, Head of FM Babcock 4S 01372 834461, as part of the JV contract  
between SCC and Babcock 4S.

**Consulted:**

Ross Duguid - Category Manager Procurement and Commissioning  
Lynn McGrady – Finance Manager Schools and Learning  
Carmel Mcloughlin – Principal Lawyer  
Adrian Powici – Contract Performance Officer  
Catherine Pavlides – Education Commissioning and Contract Services Officer  
P-J Wilkinson –Assistant Director for Schools and Learning  
John Stebbings – Chief Property Officer

**Annexes:**

Part 2 Annex attached as agenda item 21

**Sources/background papers:**

- Tender Evaluation Summary
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