

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 26 MAY 2015**

**REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES**

**LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER**

**SUBJECT: AWARD OF FRAMEWORK AGREEMENT FOR THE PROVISION OF BUILDING CLEANING SERVICES FOR ADMINISTRATIVE AND OPERATIONAL PREMISES**



#### **SUMMARY OF ISSUE:**

This report seeks approval to award a framework agreement for the provision of Building Cleaning Services for Administrative and Operational Premises for the benefit of the Council to commence on 1 August 2015 as detailed in the recommendations as the current arrangements expire on 31 July 2015.

The report provides details of the procurement process, including the results of the evaluation process and, in conjunction with the Part 2 report, demonstrates why the recommended framework agreement and contract award delivers best value for money.

Due to the commercial sensitivity involved in the framework agreement and contract award process the financial details of the potential suppliers have been circulated as a Part 2 report.

#### **RECOMMENDATIONS:**

It is recommended that:

1. The framework agreement is awarded to Servest Group Limited for two years from 1 August 2015 with an option to extend for two further periods of one year each.
2. An immediate call-off contract under the framework agreement is placed with Servest Group Limited for the Council for two years with an option to extend for two further periods of one year each.

#### **REASON FOR RECOMMENDATIONS:**

A full tender process, in compliance with the requirements of Public Contracts Regulations 2006 and the Council's Procurement Standing Orders has been completed. The recommendations provide best value for money for building cleaning services for the Council following a thorough evaluation process.

The framework agreement as awarded sets out the terms and conditions under

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which a specific purchase known as a call-off contract can be made on behalf of the Council during the term of the agreement.

## **DETAILS:**

### **Background**

1. The framework agreement provides a robust and flexible building cleaning service to the Council and other named users of the framework for a range of administrative and operational premises. The agreement supports the Council's ability to provide a high quality provision of cleaning across the Council estate with a competitive schedule of rates that represents value for money and clear monitoring measures to ensure a quality service is maintained. The current arrangement expires on 31 July 2015.
2. The framework agreement allows other named bodies including borough and district councils within Surrey, Surrey Choices Ltd and Police and Crime Commissioner's Office to utilise the framework agreement for their own buildings.

### **Procurement Strategy and Options**

3. A full tender process, compliant with the Public Contracts Regulations 2006 and the Council's Procurement Standing Orders, has been carried out using the Council e-Procurement systems following review by the Procurement Review Group (PRG) on 16 December 2014. This included advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 9 January 2015.
4. Several procurement options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These included the following options:
  - a) continue to provide the service with the incumbent contractor;
  - b) place a call-off contract from either an East Sussex County Council Framework Agreement or framework agreement provided by other external organisations;
  - c) undertake a tender exercise and establish a framework agreement.
5. After a full and detailed options analysis, the tender process described in paragraph 4(c) was chosen. This option was selected as the option as described in 4(a) did not present an opportunity to address service levels while also obtaining best value for the Council. Option 4(b) was rejected as either the specifications for the frameworks did not meet the requirements of the Council or they had not yet been awarded with attendant pricing released for comparison and benchmarking.
6. All suppliers who expressed an interest in the tender were invited to tender for the framework agreement.

### **Key Implications**

- 7. By awarding a contract to the supplier as recommended for the provision of Building Cleaning Services to commence on 1 August 2015, the Council will be meeting its obligations to provide a quality service for the Council and ensuring best value for money for this service.
- 8. The Council, as part of the tender documentation, released detailed information and specifications for each building in the Council's portfolio, and suppliers were given the opportunity to survey each building to inform their submissions for the tender. This has had a positive effect with a reduced core contract cost compared to the current supplier.
- 9. There will be a seven week mobilisation period with the requirements for staff transfer from the incumbent supplier to the incoming supplier addressed by both organisations in respect of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) which is applicable to this contract. As part of the tender process suppliers were provided information from the incumbent supplier in respect of all staff transferring to the incoming supplier and as required all confirmed that their tendered sum included TUPE costs with no adjustments to be permitted following award.
- 10. Performance will be monitored through regular management meetings and ongoing 'real time' information provided by the supplier and as specified in the tender documents in respect of satisfying the published key performance indicators. Property Services will ensure that the performance regime is used to ensure the supplier performs to requirements and continues to improve the service to achieve and maintain a high standard.
- 11. The management responsibility for the contract lies with the contract performance officer for Property Services, Business Services. The schedule of rates will be fixed for the initial term of the contract and then reviewed on an annual basis. Any extensions will be subject to RPIX increases at the discretion of the Council after negotiation with the supplier.

**Competitive Tendering Process**

- 12. The contracts have been tendered following a competitive tendering exercise using an open process.
- 13. All suppliers expressing an interest in the advertised tender opportunity were invited to tender for the contract and were given 42 days to complete and submit their tender. A total of 13 tender responses were received.
- 14. Tender submissions were initially evaluated against selection criteria including Good Standing, Insurance Requirements, Financial Information, Health and Safety and Equalities, Quality Assurance and Sustainability, Social Value and Business Continuity which all suppliers passed. Tender submissions were then scored against the quality and commercial award criteria and weightings as shown below.

Award Criteria	Weighting
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Section A – Staffing and Recruitment	7%
Section B - Performance	7%
Section C – Contract Management and Supervision	7%
Section D – Contract Mobilisation	6%
Section E – Health & Safety (for the contract)	6%
Section F - Environmental	7%
Section G – Case Study	10%
Price	50%

#### **CONSULTATION:**

15. Key internal stakeholders have been consulted at all stages of the commissioning and procurement process including Procurement, Legal Services, Property Services and Finance.

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

16. Risks were appropriately identified and have been satisfactorily mitigated. These risks and action to mitigate include:
- a) Cost – the price is only fixed for the initial two years of the contract. Increases are possible after the initial two year contract term has ended, however these will be negotiated with the supplier prior to any contract extension being granted.
  - b) Stability – the supplier is not financially stable resulting in the supplier no longer being able to provide the services. Annual checks will be undertaken on the supplier to monitor spend on the framework agreement and call-off contracts.
  - c) Reputation – high profile buildings are used by external organisations so high cleaning standards need to be maintained. Ongoing performance monitoring will be undertaken by the supplier and the Council to maintain standards.
17. The contract includes termination provisions to allow the Council to terminate the agreement with a three month notice period should circumstances change. Termination or expiry of the framework agreement will not affect the validity of any call-off contract in force at the date of such termination or expiry, and if terminated the Council will only be liable to pay to the supplier sums due for services provided up to the date of termination.
18. All suppliers successfully completed satisfactory financial checks. The successful contractor will be required to provide either a Parent Company Guarantee or Performance Bond against failure.

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

19. Full details of the framework agreement and call-off contract for the Council values and financial implications are set out in the Part 2 report.
20. The procurement activity has delivered a solution which is a reduction against current core contract costs and is therefore within budget.

**Section 151 Officer Commentary**

21. The Section 151 Officer confirms that the cost of the proposed procurement of cleaning services is included within the council’s Medium Term Financial Plan (MTFP). The savings achieved by the procurement will be monitored during the year and recognised in future revisions to the MTFP.

**Legal Implications – Monitoring Officer**

22. The Council has a Best Value Duty to ensure it ‘makes arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness’. It also has a fiduciary duty to be prudent in its use of resources for the interest of the residents.

23. The contract offers the Council various measures of protection, including requirements that the supplier comply with the Council’s safeguarding and staffing policies, undertake Disclosure and Baring Service checks (formerly CRB checks) and appropriate insurance cover. The contract also requires the supplier to indemnify the Council against all liabilities arising from any deliberate or negligent act, default, omission or breach of the agreement by the supplier or any of its employees or sub-contractors (if any).

**Equalities and Diversity**

24. The current Equality Impact Assessment (EIA) template and guidance was considered. In light of these tender submissions were assessed for adherence to the Council’s Equality and Diversity policy with specific questions requiring response on how staff will uphold and promote the aims of the policy in day-to-day work and how the suppliers will ensure staff comply with their policies and monitor this. From mobilisation and onwards Property Services will monitor the supplier’s adherence to the above and take appropriate action to address any concerns with the supplier. The preferred supplier will be required to comply with all relevant legislation.

**Other Implications:**

25. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	Lack of competent service will lead to poor cleanliness , discomfort and an unhygienic environment for the Council’s staff and building users – this will be addressed through continual performance monitoring
Public Health	Lack of competent service will lead to poor cleanliness , discomfort and an unhygienic environment for the Council’s staff and building users – this will be addressed through continual performance monitoring

Climate change	Supplier will be expected to use environmentally friendly cleaning materials where possible as well as following the Council's policy on recycling
Carbon emissions	Supplier will be expected to meet the Council's standards for any vehicle emissions and use energy efficient appliances and equipment

**WHAT HAPPENS NEXT:**

26. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award	26 May 2015
Cabinet call in period	27 May to 1 June 2015
'Alcatel' Standstill Period	2 June to 11 June 2015
Contract Signature	June 2015
Contract Commencement Date	1 August 2015

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

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**Consulted:**

None applicable for external

**Annexes:**

None - Part 2 report with financial details attached to agenda as item 18.

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