

SURREY COUNTY COUNCIL

CABINET

DATE: 28 MAY 2013

REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR CHANGE AND EFFICIENCY
MRS LINDA KEMENY, CABINET MEMBER FOR CHILDREN AND LEARNING



LEAD OFFICER: LAURA LANGSTAFF, ACTING HEAD OF PROCUREMENT AND COMMISSIONING

P-J WILKINSON, ASSISTANT DIRECTOR FOR SCHOOLS AND LEARNING

SUBJECT: CONTRACT AWARD FOR SCHOOLS CLEANING SERVICES

SUMMARY OF ISSUE:

The current contract for providing Schools Cleaning Services expires on 31 July 2013. It is therefore necessary to award a new contract, following a procurement activity, to the recommended suppliers described in the Part 2 Annex (item 12) to provide Schools Cleaning Services starting on 1 August 2013.

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

RECOMMENDATIONS:

It is recommended that a contract, in twelve separate 'lots' each covering a distinct geographical area, is awarded to the suppliers as described in the Part 2 Annex (item 12). The recommended contract award delivers a saving of 25% for Surrey schools over the five year term.

REASON FOR RECOMMENDATIONS:

The existing contracts for Schools Cleaning Services will expire on 31 July 2013. A full tender process, in compliance with the EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council. In addition to delivering savings, the contract will also deliver an improved service with strengthened performance measures and robust contract management.

DETAILS:

Background and options considered

1. The expiry of existing contracts on 31 July 2013 means that new contracts need to be in place from 1 August 2013. This contract has been awarded via a competitive tender exercise, compliant with EU procurement legislation.
2. The contract provides Schools Cleaning Services in the Boroughs and Districts of Epsom and Ewell, Elmbridge, Reigate and Banstead, Tandridge, Mole Valley and Waverley. To deliver the best value for money the contract has been separated into twelve 'lots', each covering a distinct geographical area. By separating the contract into lots it allowed suppliers to bid for some or all of the contract, driving further competition, and allowing smaller suppliers to participate.
3. Babcock 4S (B4S) provide the contract management for the contracts that exist between SCC and the Suppliers. This arrangement will continue as B4S are best placed to manage the delivery of the cleaning services and have suitably experienced staff.

Competitive Tendering Process

4. The procurement activity included a Pre-Qualification stage, to ensure suppliers invited to tender met important minimum standards around Safeguarding and Health and Safety to undertake cleaning services in Schools. Of the 37 suppliers who expressed an interest, 27 responded and 13 were short listed.
5. The tender evaluation process was designed to identify the suppliers able to deliver a timely and cost effective service to the quality desired and marks were awarded for each supplier's quality and financial submissions.
6. A reverse e-Auction was successfully completed. The e-Auction provided the bidders with the opportunity to bid against each other online, with the ability to reduce their prices further over the auction period.
7. The results of the procurement exercise are that two suppliers are recommended. Details of the evaluation results are included in Part 2 Annex (item 12). It is recommended that one supplier is awarded nine of the lots and one supplier three of the remaining lots.

Key Implications

8. By awarding the contract the Council will be meeting its duties, ensuring well maintained properties and Schools can undertake their statutory duty to deliver the National Curriculum.
9. Performance will be monitored by B4S through a series of Key Performance Indicators as detailed in the contract.
10. Surrey County Council has the right to inspect and satisfy itself as to the adequacy of the contract management procedures that B4S has in place.

CONSULTATION:

11. Finance, Legal Services and B4S have been consulted, at all stages of the commissioning and procurement process (developing the strategy, designing the specification, inviting and evaluating tenders and agreeing the contract award).
12. 'Buy back' arrangements are in place, which provide schools with the option to purchase the cleaning services or make their own contractual arrangements with suppliers directly. Schools 'buy back' for the full 5 year contract term but also retain the ability to be flexible and to change their detailed requirements should circumstances change.
13. Schools and Academies have been consulted with regard to the specification, work programmes and methods of service delivery.

RISK MANAGEMENT AND IMPLICATIONS:

14. The contracts include a Termination Clause that protects Surrey County Council in case any schools, Academies or educational establishments no longer require the cleaning service to be provided at their premises or if a school becomes an independent Academy school and makes their own independent arrangements. This allows the Council to terminate or amend the contract with two months notice,
15. The Contract specifically states that SCC shall not be responsible for payments to the supplier, the Schools accepting exclusive responsibility in that respect.
16. 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.
17. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	<p>Schools elect to exit the contract leading to increased costs for those remaining.</p> <p>The number of schools exiting the contract are sufficiently large to make the contract unviable for the supplier.</p>	<p>Termination clause ensures it is flexible to increase and decrease premises numbers and contract value.</p> <p>The use of 2 different suppliers will allow work to be moved in an emergency situation if one provider is no longer able to deliver the service.</p>

Reputational	Difficulty with TUPE transfer of existing staff during mobilisation means schools will not be cleaned as staff have not transferred on the first day of service.	Suppliers aware of this risk and mobile cleaning teams will be organised to provide cover if required.
Service	Poor performance of suppliers affects the relationships between SCC/B4S and Schools and leads schools to withdraw.	Strong contract management and agreed KPIs with the suppliers at the commencement of the contracts. Failure to meet KPIs will allow SCC to terminate the individual contract.

Financial and Value for Money Implications

18. Full details of the contract values and financial implications are set out in the Part 2 Annex (item 12).
19. The new contract will deliver an overall saving of 25% across all lots over the 5 year contract term.
20. Higher standards have been set in the new contracts and therefore 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

21. The Section 151 Officer confirms that following a full tender exercise, including evaluation of tenders and an e-auction exercise, cost effective school cleaning contracts have been awarded. These new contracts are around 25% lower in cost on average when compared to the existing cleaning contracts over the 5 year period. The total savings estimated at around £2.9m, will have a positive impact on the budgets for schools covered by these new contracts.

Legal Implications – Monitoring Officer

22. All successful 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.
23. The duty on the Cabinet is to have due regard to public authorities obligations as set out under the Equality Act 2010.
24. There will be a TUPE transfer of existing suppliers' staff to new suppliers.

Equalities and Diversity and Public Social Value

25. 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.

- 26. 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.
- 27. The contracts make it a legal requirement that the suppliers comply with all relevant equality and diversity legislation (including the Equality Act 2010) whilst delivering the cleaning 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

Safeguarding responsibilities for vulnerable children and adults implications

- 28. The successful suppliers will be required to ensure that all employees engaged in the performance of the Service have been checked with the Disclosure and Barring Service (DBS) and received a clear Enhanced Disclosure Certificate. They will be required to provide evidence of all staff that are DBS enhanced cleared before commencing the contract.
- 29. Suppliers will also be required to supply the Council with an updated list of employees, together with their DBS reference numbers, every 3 months throughout the Contract Period and shall ensure that all DBS checks are fully in date.
- 30. If any of the suppliers do not comply with the above, the Council reserves the right to terminate the Contract.

WHAT HAPPENS NEXT:

31. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including ‘call in’ period)	5 June 2013
‘Alcatel’ Standstill Period	17 June 2013
Contract Signature	Week commencing 1 July 2013
Contract Commencement Date	1 August 2013

32. 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.

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
P-J Wilkinson – Assistant Director for Schools and Learning
Amman Baath – Category Procurement Specialist

Annexes:

Part 2 Annex 1 attached as agenda item 12

Sources/background papers:

- Tender Evaluation Summary
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