

For General Release

REPORT TO:	Cabinet 16th November 2015
AGENDA ITEM:	12.2
SUBJECT:	Facilities Management Cleaning Services – Award of Contract
LEAD OFFICER:	Richard Simpson – Assistant Chief Executive
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	ALL

CORPORATE PRIORITY/POLICY CONTEXT

These services meet the Council's Corporate priorities to:

- Provide Value for Money to its residents through the development of a more efficient Facilities Management Cleaning Service
- Support improved use of our Assets and Investment in energy and carbon management
- Contribute to the local economy and environment through Social Value
- Improve Corporate Social Responsibility opportunities
- Include the Council's commitment to the London Living Wage

AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:

Through the award of a medium-term Contract the Council will be able to continue to deliver FM Cleaning Services to its corporate buildings. In this way the Council, as a responsible landlord, will continue to meet the cleaning standard as detailed in the service specification and maintain the fabric of its corporate building stock. Other areas of the Council will also be able to use the services procured.

The Council together with the appointed service provider will jointly deliver a contract providing a range of benefits including demonstrable value for money; a contractual commitment to the London Living Wage and an ambitious social value offer aiming to benefit both local businesses and local people. This appointed service provider's offer includes 2 new apprenticeships for each year of the contract, a contractual target to employ over 90% of the staff working on the contract from within the borough, work placement opportunities and training for local people. There is also a contractual commitment to engage with local SME's through the sponsorship of exhibitions, local sub contract opportunities and a tendering advice service.

FINANCIAL IMPACT:

The cleaning services are to be funded from the Council's General Fund and Housing Revenue Account. The outcome of the procurement carried out identifies that efficiencies will be delivered in the order of £524k per annum. The general fund efficiencies will be in the order of £282k and the Housing revenue account efficiencies £242k.

This procurement is part of the wider change in the delivery of Facilities Management

services for the Council. This procurement forms only one part of the revised delivery model, and therefore overall financial efficiencies will be accrued over the next 7–9 months. Further information is contained within Part B.

KEY DECISION REFERENCE NO: 25/15/CAB

This is a key decision as defined in the Council’s Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to:

- 1.1 Agree that Bidder A (as detailed in the associated Part B report on the Agenda) be awarded the contract to deliver Facilities Management Cleaning Services to the Council corporate buildings (including window cleaning for housing) for an initial period of 3 years with options to extend for a further 2 years up to a maximum period of 5 years at an annual contract value of £1,570, 870 and upon the terms detailed within this and the associated Part B report.
- 1.2 Note that the name of the successful bidder and price will be released once the contract award is agreed and implemented.

2. EXECUTIVE SUMMARY

- 2.1 At its meeting on 17th February 2015 (Min. A26/15) Cabinet approved the procurement strategy for delivery of the Council’s facilities management cleaning services (“the Services”) by way of a single contract for an initial period of 3 years with options to extend for up to 2 further periods of 12 months up to a maximum period of 5 years at a maximum total contract value of £7.5m (over 5 years) as stated in the tender advertisement (OJEU) notice. The Services will be delivered to the Council’s corporate buildings including Bernard Weatherill House and the Town Hall complex. These Services include building cleaning, window cleaning (Housing and Corporate sites), clinical and confidential waste collections.
- 2.2 This report details the procurement process and recommends the award of the contract for FM Cleaning to Bidder A, the bidder who has submitted the most economically advantageous tender for the provision of the Services. Further details are provided below; specific values and bidder identities are provided within the associated Part B report on this agenda.
- 2.3 Section 3 of this report sets out the background to the project, the procurement

approach and the evaluation process for the selection of the preferred bidder.

- 2.4 The proposed contract has been commissioned and procured to support Croydon as a responsible corporate and housing landlord. The proposed contract additionally provides for a number of key features as set out in Section 3.1 below.
- 2.5 Both the contract and the commercial arrangements allow the Council significant flexibility in amending the number of buildings in scope and the type of Services instructed should that be necessary.
- 2.6 It is intended that the contract commencement date would be 3rd July 2016 for an initial period of 3 years with options to extend for 2 further periods of 12 months up to a maximum period of 5 years.

CCB Approval Date	CCB ref. number
28 October 2015	CCB 1059/15-16

3. DETAIL

- 3.1 The procurement process described below embedded a number of initiatives aimed at ensuring that the contract to be awarded best met Croydon's existing and emerging requirements. These include:
 - One lead provider able through support of a supply chain to deliver all building cleaning services for the corporate and housing (for windows) estates allowing for efficiencies and economies of scale
 - A medium-term contract that through its structure provides:
 - Significant flexibility to respond to either budget increases or decreases year on year,
 - A contract form that includes the requirement for a London Living Wage as a minimum payment for staff working on this contract,
 - The correct identification and transfer of staff protected by TUPE regulations,
 - A set of requirements that will not only drive continuous improvement but also deliver robust and comprehensive contract governance requirements underpinned by a challenging and comprehensive suite of KPIs. Use of effective KPI measurement provisions act as a contract management tool has been enhanced by including financial penalties should performance drop below a minimum defined level.
 - Contractual social value requirements that fully align with Croydon's social value toolkit and can demonstrate local benefit for the supply chain, employment and training
 - Output specification that includes different levels of services and enables the Council to tailor the cleaning services to different types of buildings and areas within buildings
 - Flexible additional cleaning services (as optional tasks) that can be instructed as required based on a schedule of rates
- 3.3 Some specific details on how these objectives have been met by the recommended bidder are contained in the Part B Report.

The Procurement Process

- 3.4 The OJEU contract notice for this Service was issued on 18th June 2015. Over 100 companies viewed the procurement opportunity and 20 responses to the Pre-qualification Questionnaire (PQQ) were received. The PQQ stage ensured that only bidders who had the financial strength, capacity and similar experience were put forward to the next stage, the tender stage, limited to five in number.
- 3.5 The project has been managed through the Facilities Management Project Board (FM Project Board) comprising senior officers responsible for relevant aspects and interdependencies of the project namely:
- Assistant Chief Executive (Corporate Resources and Section 151 Officer)
 - Head of Facilities Management
 - Head of SCC
 - HR business partner
 - Legal Representative
 - Finance Representative
 - Category Manager
 - FM Project Manager
- 3.6 The FM Project Board considered the Pre-Qualification Questionnaire outcome report reflecting the overall result of the PQQ evaluations and agreed to proceed to the Invitation to Tender stage with the top five highest scoring candidates.
- 3.7 Comprehensive ITT documents were drawn up and all five bidders were asked to respond to the Specification and Tender Response Documents including providing the cost of their proposal.
- 3.8 The tender evaluation was conducted against the criteria set out in the ITT documentation as shown below:

Award Evaluation Criteria	Weighting (Quality 40%/Price 60%)
Operational Delivery	15 %
Contract Management	5 %
Site supervision	5 %
Mobilisation	5 %
Window Cleaning	3 %
Social Value	5 %
Premier Supply Programme	2 %
Quality Total	40 %
Specified services	50 %
Optional services	5 %
Housing window cleaning	5%
Price	60 %

- 3.9 ITT submissions were requested and final tender submissions were received from 4 bidders. One of the short-listed bidders withdrew from the tender process during the ITT stage and did not submit a bid. The evaluation panel members individually scored their specialist areas before the moderation meeting. The evaluation panel moderated and agreed the consensus score leading to the

recommendations in this report. The process included ensuring a sufficient level of detail was captured regarding each element that was evaluated to ensure that the Council can fulfill its obligations in regards to information provided to unsuccessful bidders.

3.10 Further details are contained within Part B.

4. CONSULTATION

4.1 Regular briefings and stakeholder engagement with building and service users (and departments) has been undertaken. This has included reviews of the proposed specification and key performance indicators.

4.2 Members of the PQQ evaluation panel included Council's experts specifically focussing on the Council's corporate requirements for:

- Finance
- Equalities and Diversity
- Environmental and Sustainability
- Health and Safety
- Quality Assurance
- Business Continuity
- Human Resources

4.3 The Tender evaluation panel included the following officers:

- Head of Facilities Management
- FM Soft Services Manager
- FM Project Manager
- Category Manager
- Procurement Officer

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 The preferred Bidder A was selected by a competitive tendering exercise and is considered to offer the 'most economically advantageous tender' to the Council.

5.2 The savings achieved above the original target for cleaning services and will contribute towards the overall target for the facilities management services.

5.3 Further details are contained within Part B.

6. Options

6.1 If the recommendation is not approved the procurement process would need to be carried out again to ensure that the Council can continue to deliver cleaning services to its corporate buildings and housing properties (for window cleaning only) in order to maintain its responsibilities. In the intervening period the existing contract would need to be extended. If this however should not be

possible this would create a significant risk in terms of hygiene standards, health, safety & welfare standards and reputational risks

Approved by: Lisa Taylor, Head of Finance and Deputy S151 Officer)

7. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 7.1 The Solicitor to the Council advises that the procurement process as detailed in this report is in accordance with the requirements of the Council's Tenders & Contracts Regulations and meets the Council's duty to secure best value as provided under the Local Government Act 1999.

Approved by: Gabriel McGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer)

8. HUMAN RESOURCES IMPACT

- 8.1 This paper makes recommendations involving a service provision change which may invoke the effects of the Transfer of Undertakings (Protection of Employment) 2006 Legislation. If this is the case, then all staff that are predominantly employed in an identified third party provider will transfer to the new provider. The Council provided the bidders information relating to the incumbent Providers' employees within the invitation to submit a final tender document. The final detailed information should be provided by the outgoing contractors in accordance with the employee liability information provisions under TUPE, no later than 28 days prior to the actual transfer. No Council staff are in scope for TUPE transfer to the preferred bidder.

Approved by: Michael Pichamuthu, Strategic HR Business Partner (on behalf of Heather Daley, Director of Workforce)

9. EQUALITIES IMPACT

- 9.1 Equality considerations were taken into account as part of the requirements defined within the original PQQ and contract documents whereby there is a need for the contractor to be compliant with the Equality Act 2010.
- 9.2 An initial equality evaluation of proposed changes and enhancements to service delivery has been carried out and signed off by the Council's responsible equality officer. A full assessment will be carried out as part of the mobilisation of the new service and TUPE transfers.

10. ENVIRONMENTAL IMPACT

- 10.1 Procurement of the contract has provided the Council with an opportunity to support the Council in a range of areas including reduction Croydon's CO2 emissions and the use of more sustainable components and products.

11. CRIME AND DISORDER REDUCTION IMPACT

11.1 There are no adverse Crime and Disorder impacts arising from this report.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

12.1 Following the evaluation of the final tender submissions, the evaluated scores are given in the table with Bidder A recommended as offering the most economically advantageous tender:

Bidder	Quality Score	Price Score	Overall Score	Rank
Bidder A	33.80%	55.53%	89.33%	1
Bidder B	30.20%	56.06%	86.26%	2
Bidder C	28.80%	45.48%	74.28%	3
Bidder D	28.80%	43.06%	71.86%	4
Bidder E	Bidder withdrew	Bidder withdrew	Bidder withdrew	Bidder withdrew

13. OPTIONS CONSIDERED AND REJECTED

13.1 Bidder A, having achieving the overall highest combined score of 89.33% and having submitted a compliant bid which met the requirements set out within the Tender documents, no other options were considered.

13.2 Preferred Bidder A has successfully demonstrated through their bid that they are capable of meeting the Council's quality and price requirements.

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BACKGROUND PAPERS: Strategy Report – Cabinet 17th February 2015
Initial Equalities Impact Assessment