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|------------------------|---|
| REPORT TO: | CABINET 1 March 2021 |
| SUBJECT: | Corporate Cleaning and Security Contracts |
| LEAD OFFICER: | Shelley Williams Interim Principal Facilities Manager, Homes and Social Investment Ozay Ali Director of Homes and Social Investment Yvonne Murray Director of Housing Assessment and Solutions |
| CABINET MEMBER: | Councillor Jane Avis, Cabinet Member for Homes and Gateway Services Councillor Callton Young, Cabinet Member for Resources and Financial Governance Councillor Stuart King, Cabinet Member for Croydon Renewal |
| WARDS: | All |

CORPORATE PRIORITIES

Our priorities – 2021-2024 for Croydon will support the delivery of the new administration priorities as set out below:

We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.

FINANCIAL IMPACT

The maximum budget proposed for the contract for the provision of cleaning services from 3rd July 2021 to 2nd July 2025 with option to extend for further two years (4+1+1) up to maximum six years, is £12,040,817.25. This will be budgeted from the Council's General Fund and HRA, the split being General Fund £10,847,052.01 and HRA £1,193,765.23.

In summary, this cleaning related expenditure is a priority one service due to the current climate and the legalities of ensuring our buildings are clean for staff to work, this is in accordance with the Health and Safety at Work Act 1974 and under this proposed contract will fall under the following categories: 11.1

- (i) expenditure required to deliver the council's provision of essential statutory services at a minimum possible level
- (ii) expenditure necessary to mitigate additional in year costs

Also, based on the Finance grounds, the new expenditure is to:

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- Prevent Council's financial situation from getting worse, particularly with regards to ensuring compliance with the Council's obligations as a responsible Employer and Landlord for its staff and residents/tenants.

The maximum budget proposed for the security contract from 3rd July 2021 to 2nd July 2025 is £7,043,804.40. This will be budgeted from the Council's General Fund and HRA, the split being General Fund £5,687,922.90 and HRA £1,355,881.50.

In summary, this security related expenditure under this proposed contract falls under the following categories:

- (i) expenditure required to deliver the council's provision of essential statutory services at a minimum possible level
- (ii) expenditure necessary to mitigate additional in year costs

In addition, the main consideration for Finance based on the grounds for 'new' expenditure, as follows:

Prevent the Council's financial situation from getting worse deriving possible Health and Safety breaches, whereby lack of service provision will not enable the Council as a responsible Employer and Landlord, to ensure the safety of staff and tenants at the occupied buildings including extended temporary accommodations.

FORWARD PLAN KEY DECISION REFERENCE NO.: N/A

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

1. RECOMMENDATIONS

- 1.1 The Cabinet is asked to approve the procurement strategy detailed in this report for an open procurement process to be undertaken in order to appoint a single provider in respect of:

Lot 1 cleaning services to a maximum budgeted value of £12,040,817.25

Lot 2 security services to a maximum budgeted value of £7,043,804.40

For a proposed contract term of 4 years with options to extend for two 1 year extension periods (1+1).

2. EXECUTIVE SUMMARY

- 2.1 This report seeks approval of the procurement strategy as detailed, to establish new contracts from 3rd July 2021 for the provision of cleaning services and another for the supply of security to the Council's assets. The Council's existing Cleaning Services contract with Churchill Services Ltd and Security Services

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agreement with Profile Security Services Ltd is part of the wider FM operating model. The contracts are due to expire on 3rd July 2021.

- 2.2 In accordance with the original award of contracts, the current agreement was extended for the final term of 12 months (CCB1575/20-21) which now expires on 2nd July 2021. There is no further option to extend therefore it is the Council's intention to proceed with the procurement for new long term contracts to be implemented. This will capture the Council wide cleaning and security requirements including the temporary accommodation provisions.
- 2.3 The content of this report has been endorsed by the Contracts and Commissioning Board.

| CCB ref. number | CCB Approval Date |
|-----------------|-------------------|
| CCB1658/20-21 | 17/02/2021 |

3 DETAIL

- 3.1 As a responsible Employer and/or Landlord, there is a need to set out the proposed procurement strategy to meet the ongoing requirement for provision of cleaning and security services to the Council's estate including Corporate, housing including extended temporary accommodations, social care related properties. This is to provide clean, safe places of work for all employees, workers and residents and take their welfare and security needs into account to meet our legal duties.
- 3.2 As part of the comprehensive commissioning review, a pre-market engagement exercise and spend analysis have been carried out to help inform the Council's proposed procurement strategy.

Existing contract

- 3.3 Following the outcome of a restricted OJEU procurement process, the existing corporate contracts were originally awarded to Churchill Ltd (Ref:25/15/CAB) for cleaning services and Profile Ltd (Ref:2616FT) for security provision, commencing from 3rd July 2016 to 2nd July 2021 which consisted of the following scope:

Cleaning Services:

- a) Cleaning covering general proactive cleaning including programme of chewing gum removal, deep clean, specialist cleaning such as window clean, pest reporting, body spills. Reactive cleaning to be provided catering for spillages and accidents, purchase and supply of all consumables and feminine hygiene. Cleaning of fridges at tea-points as a pass through cost.

Security Services:

- b) Security related services covering sites with an appropriate number of security guards suitable for the consistent delivery of an effective service at all times; Provide services to ensure the security and safety of the Council's

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premises, its employees and visitors at all times; Respond and react, as necessary, calling the emergency services to support Council staff in vulnerable situations such as involving aggressive clients, fire, injury or acts of vandalism; Provide key holding duties and response to intruder alarm call outs; Key management including arranging the replacement of locks or keys through the Helpdesk and CAFM system; Static guarding; Mobile patrols (internal and external); Waking Watch; Event control and reactive security services. Access control administration; Barrier Control; Car Parking; Assist with release of trapped personnel in lifts; Open and lock up services, routine and ad-hoc.

- 3.4 The agreed budget was reflected within the General Fund and HRA Budget 2020/21 and approved by Cabinet during January 2020 (Ref: 19/20a). The budget and costs from Year one to five, is set out below:

Corporate Cleaning Contract: Overview of Budget and Expenditure (Year 1-5)

| Budget Year | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2020/21 – projected expenditure |
|---|-----------|-----------|-----------|-----------|-----------|---------------------------------|
| | £ | £ | £ | £ | £ | |
| Churchill Cleaning Services Budget | 1,200,000 | 1,588,000 | 1,714,000 | 1,700,000 | 1,693,000 | £7.895,000 |
| Churchill Cleaning Services Expenditure | 1,191,000 | 1,607,000 | 1,650,325 | 1,627,000 | 1,693,000 | £7,768,325 |

Corporate Security Contract: Overview of Budget and Expenditure (Year 1-5)

| Budget Year | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2020/21 – projected expenditure |
|---------------------------------------|----------|----------|----------|----------|----------|---------------------------------|
| | £ | £ | £ | £ | £ | |
| Profile Security Services Budget | £623,000 | £818,000 | £867,000 | £892,000 | £917,000 | £4,740,000 |
| Profile Security Services Expenditure | £623,000 | £795,000 | £844,000 | £874,000 | £917,000 | £4,053,000 |

- 3.5 The FM Helpdesk is provided via in-house team and is not included with the budget shown via above table.

- 3.6 The Council acquired Concord, Sycamore and Windsor properties from Room and Studio during 2017, who were the previous landlords. There are 338 flats in the three buildings which contains the following; Concord has 126 Flats, Sycamore has 63 flats and Windsor 149 flats. Each building has a building manager with security personnel. The building managers are responsible for managing the building and the licensee, ensuring all residents are provided with all they need to be comfortable. The building managers work from 9am-5pm Monday to Friday. There are also two handy persons that carry out minor repair related works in the building. The CSW Manager has overall responsibility to provide strategic direction of the scheme. The Council recently acquired 7 Woodstock Road. Residents of these buildings are mainly single mothers or

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fathers, elderly and vulnerable people. The three main buildings are primarily for temporary accommodation.

- 3.7 Konstrukt Property Services were commissioned to provide the required cleaning services for these properties based on Monday to Friday only. One cleaner is stationed at each building undertaking different tasks which include but are not limited to cleaning rooms as soon as they become void and assist the Handy Person clearing the rooms when needed. They also sweep and mop the corridors and communal areas including litter picking the carpark and courtyard and assist with fire alarm activities. The average expenditure since 2017 is approximately £55k per annum.
- 3.8 The required security services is for its residents so that any visitors to the building do not stay in the building beyond 10pm. There is one security guard in each of the properties from Monday to Friday and during the weekends, who patrol the floors every hour and log any incident in the incident book in the office which is reviewed by the building manager on a daily basis. All security guards working in the buildings have been trained on fire risk assessment. They have also been trained on fire reporting procedure in case of a fire being detected in the building.
- 3.9 The existing contract with Sigma Guarding formally known as Zeta Guarding is in place for the CSW related properties and it is proposed to include this within the scope of the Council wide new long term contract which will be implemented from July 2021 onwards.
- 3.10 Event Management for example, approximately 5 guards required every two weeks to support the Planning Meetings and 8 guards required to support full and Annual Council meetings every month.

Market Place Cleaning Services

- 3.11 The outcome of a pre-market engagement during late 2019, demonstrated a good response from 18 potential Suppliers, ranging from large scale and SMEs with well-defined capabilities. The commercial cleaning is a mature and highly competitive market, and was growing although COVID19 pandemic have impacted this sector. The cleaning and hygiene industry has recently been assessing the huge impact of COVID19 and the lockdown on different sectors, businesses and operatives. The findings from the recent British Cleaning Council audit of members shows that organisations and individuals have had to adapt rapidly to the major changes brought by the virus. As reflected via FM industry insights, it is suggested that in the longer term, there could be changes in the delivery of day to day cleaning as many clients may review their use of space. However, increased demand for cleaning and disinfection have been heightened in schools, care homes and hospitals.

Security Services

- 3.12 The outcome of a pre-market engagement during late 2019, demonstrated a good response from potential Suppliers, ranging from large scale and SMEs with well-defined capabilities. The security is a mature and highly competitive

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and specialist market, which has been impacted by the COVID19 pandemic. The Security Industry Association, the Electronic Security Association and the Monitoring Association recently conducted a nationwide survey of members to obtain better understanding of the impact deriving from the COVID19 pandemic. The findings from this demonstrated some having more difficulty gaining access to residential customers' homes than access to commercial properties, many of which are unoccupied due to social distancing measures. This could contribute to lower demand for residential services during the pandemic. The median loss of revenue reported by residential related security was 31-40% while those reported by commercial related security reflect a median revenue loss of 21-30%. As part of the procurement process, financial standing checks will be carried out and the payment terms will be based on completion of provision of service, the potential Bidders will also be offered the opportunity to join the Council's Premier Supplier Programme, to enable their invoices to be paid promptly whilst Council may have the opportunity to receive % income generation from discounted rebate payment scheme.

Demand Management

- 3.13 The cleaning services is provided to approximately 82 buildings and security is required for 12 properties across the borough of Croydon including corporate, housing including extended temporary accommodations and hostels, special sheltered accommodations and Council's care homes. Whilst engaging with the key stakeholders across the Council, some lessons learnt have been captured which has informed this proposed procurement strategy. It is proposed for flexibility to be applied to the delivery model to future proof the Council's requirements including void clearances, deep cleaning of private properties, waking watch security provision, enabling drive for sustainability and innovation. The pricing schedule will allow for appropriate demand management arrangements to be applied and enable services to be called off as and when required, with the volume of sites and/or services to decrease/increase in accordance with the Council's instructions. The pricing schedule to reflect the contract requirements relating to the business hours, out of hours rates and ensure they reflect compliance with London living wage. The pricing schedule shall be fixed for two years and thereafter, based on CPI indexation which will also include any increases applied to London living wage. The contract will contain a termination clause of six months prior notice to be applied for the cleaning and security, however, for the Waking Watch security provision, there will be ten days prior notice to terminate and remove this service from the respective site(s).
- 3.14 To encourage consistent communication across the Organisation in particular during a pandemic, ensuring alignment with the Government and Public Health guidance, it is recommended for a collaborative cross functional requirements across the Council's estate to be applied to the proposed contract. This will also prevent duplication of efforts and enhance aggregation of spend, maximising the Council's negotiation leverage particularly with driving business process efficiencies and obtaining good intelligence data. Also maintain compliance with governance requirements, Health and Safety as well as delivery of social value commitments including London Living Wage. Implementation of a strategic relationship and performance management in accordance with the Council's

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contract management framework will be strengthened within the proposed new contract.

3.15 As part of the commissioning review, it was found that there was large volume of invoices raised per annum therefore a business process efficiency exercise will be implemented to reduce this via the Council's procure to pay system. There was also apparent that there is lack of clarity with regards to the Council's spend, therefore the project team will seek to improve the future quality of data intelligence, whereby spend report will be able to accurately reflect the profile of expenditure relating to windows, cleaning, voids and cleaning consumables.

3.16 Following the outcome of the commissioning review and stakeholder engagement, the recommended proposed scope of contract is to include the following:

Cleaning Services:

- Commercial 'routine' cleaning for the corporate estate (including the cleaning of communal areas within sheltered and special sheltered accommodation);
- Commercial 'periodic' cleaning. For example, deep cleans, industrial cleans etc;
- Void cleaning and clearances
- Specialist commercial cleaning services, for example, guano removal, disinfection, fabric cleans
- Washroom supplies;
- Medical waste;
- Confidential paper waste.
- Window cleaning (including the window cleaning to all communal areas for 775 housing properties throughout the Borough).

Security Services:

- Security Industry Authority (SIA) Licensed Static Guarding for identified buildings within the Council's estate
- Mobile security patrol service
- Waking Watch security provision
- Escort Duties
- Key holding and out of hours response service
- Helpdesk support service
- 24/7 Emergency Response

3.17 The outcomes from the new Council wide contract to be achieved are:

- A quality corporate cleaning contract that ensures our buildings are clean, secure and safe to meet the expectations of residents, service users and ensuring adherence to Government and/or Public Health guidance particularly with regards to pandemic situations e.g. COVID19;
- The Council have specialist cleaning and security arrangements that are both flexible and meets the future needs of the Council and take a holistic approach to the provision arrangements;

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- The Council is provided with the most cost effective and efficient means of monitoring and analysing cleaning and security performance data.

Proposed Procurement Route

- 3.18 The Council has considered a number of commissioning options which are reflected within the attached Appendices. Following the outcome of the pre-market engagement, there was an apparent preference for a Lead Provider approach to be applied for each service provision lot, whereby they would be responsible to deliver all the respective cleaning and security related services as part of the proposed contracts. It is also determined from the findings of the commissioning options review, to adopt the PCR Open procedure which would offer better competition and enable the SMEs to have the opportunity to tender including the existing incumbent Providers. TUPE may apply and this will follow the appropriate HR procedures which will be reflected within the final invitation to tender pack.
- 3.19 The proposed contract models will be based on the Council's standard terms and conditions for professional services, with no guarantee of business reflected and the fixed two year pricing with appropriate CPI indexation and LLW increase to be applied thereafter. The proposed contract term to be based on 4 years with an option to extend for a further two years (4+1+1) up to a maximum term of six years.
- 3.20 The tender responses will be evaluated by the
- Interim Head of Facilities Management
 - Facilities Building Manager (North)
 - Facilities Building Manager (South)
 - Helpdesk Team Leader
 - Security Manager
 - CSW Manager
- 3.21 It is proposed to deviate from the Council's standard 60% Quality and 40% Price weightings to 50% Quality and 50% to reflect the current priorities. The council needs to find optimum prices for its contracts to support its financial position, but at the same time recognises that this is a priority one service. The council's standard approach to ensuring quality standards within its award of contracts will apply, with minimum scoring criteria throughout the tender.

In accordance with Tender and Contract regulation 19, it is recommended to apply Tier One weighting of 50% Quality and 50% Price. The ratio split is broken down based on the criteria for each method statement. For example 8% Tier 2 weightings is a 50% breakdown of 4% for each Tier 3 weightings applied to the method statements. Find the proposed breakdown into Tier two and three weightings for each service provision lot below:

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Service Provision Lot 1: Cleaning Services

| Tier One Weighting: 50% Quality | | | |
|---|------------------|---|------------------|
| Criteria | Tier 2 Weighting | Criteria | Tier 3 Weighting |
| Overall strategic delivery and resource allocation. | 8% | Overall strategic delivery and proposed resource allocation to deliver contract in accordance with Council's requirements. | 50% |
| | | Performance and Contract Management including Contract Manager. | 50% |
| Operational Service Delivery | 10% | Commercial routine/periodic cleaning including windows for housing; | 30% |
| | | Specialist Commercial cleaning; | 25% |
| | | Void clearances and cleaning; | 25% |
| | | Medical and Confidential paper Waste; | 10% |
| | | Washroom supplies. | 10% |
| Staffing Experience – strategic and operational | 10% | Overall staffing experience both from strategic and operational perspective to support delivery of contract in accordance with Council's requirements inc: Maintaining competency; Innovation; Environmental Sustainability; | 100% |
| Quality Assurance and Compliance | 10% | Quality assurance methodology to ensure delivery of contract in accordance with Council's requirements and quality standards; | 30% |
| | | Method of approach to ensure Organisation is compliance with Health and Safety (including Government and Public Health guidance relating to COVID19 pandemic and/or equivalent); | 25% |
| | | Method of approach to ensure Organisation is compliance with legislation and regulations; | 25% |
| | | Method of approach to monitoring and preventing modern slavery; | 20% |
| Social Value | 10% | Social Value | 100% |
| PSP | 2% | PSP | 100% |

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Service Provision Lot 2: Security Services

| Tier One Weighting: 50% Quality | | | |
|---|------------------|---|---|
| Criteria | Tier 2 Weighting | Criteria | Tier 3 Weighting |
| Overall strategic delivery and resource allocation. | 10% | Overall strategic delivery and proposed resource allocation to deliver contract in accordance with Council's requirements. Performance and Contract Management including Contract Manager. | 50% 50% |
| Operational Service Delivery | 10% | Static and Mobile Security Patrols for; Business as Usual security provision for Corporate premises; Waking Watch security provision for housing related properties including extended temporary accommodations; Business as Usual security provision for housing and social care related properties including care homes: Key holding arrangements; | 30% 25% 25% 10% 10% |
| Staffing Experience – strategic and operational | 10% | Overall staffing experience both from strategic and operational perspective to support delivery of contract in accordance with Council's requirements inc: Maintaining competency; Ensuring business continuity; Innovation; Environmental Sustainability; | 100% |
| Quality Assurance and Compliance | 8% | Quality assurance methodology to ensure delivery of contract in accordance with Council's requirements and quality standards; Method of approach to ensure Organisation is compliance with Health and Safety including adherence to Government and Public Health guidance relating to COVID19 pandemic and/or equivalent, also Safeguarding policy and procedures; Method of approach to ensure Organisation is compliance with legislation and regulations; Method of approach to monitoring and preventing modern slavery; | 30% 25% 25% 20% |
| Social Value | 10% | Social Value | 100% |
| PSP | 2% | PSP | 100% |

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- 3.22 A minimum quality score threshold will be applied, whereby if a Bidder's method statement response is allocated with a score less than 2, then its entire tender submission will be rejected.
- 3.23 The Tier one 50% weighting will be applied to the pricing criteria and Tier two sub-criteria will be applied as per following:

Lot 1: Cleaning

Total Cost for Cleaning Services for in-scope sites/services: 40%

Total Cost for Housing Window Cleaning: 5%

Total Cost for Schedule of Rates for out of scope Services: 5%

Lot 2: Security

Total Cost of Security Services for in-scope sites/services: 35%

Total Cost of Key Holding for in-scope sites: 10%

Total Cost of Schedule of Rates for other Services: 5%

- 3.24 Following the PCR Open procedure in accordance with PCR 2015, the Council will publish the invitation to tender pack which includes the minimum requirement questionnaire (MRQ) via the London Tender portal. The ITT pack includes an overview of the evaluation methodology for each service provision lot, to provide transparency on how the tender responses will be assessed with the relevant steps to be taken. A moderation session will take place to enable the Council to determine the consensus score following the assessment of the quality method statement responses and agree the final feedback to be given to the unsuccessful bidders. Following the completion of the evaluation, the Bidder with the highest combined qualitative and pricing score, demonstrating that it provides the Council with the most economically advantageous tender will be recommended to Cabinet for the award of contract.

Contract Management

- 3.25 The contractor performance will be reviewed in accordance with the Council's contract management framework and quarterly Tier one scorecards are reported to ELT. Formal strategic quarterly review meetings to take place and KPI performance is reported on a quarterly basis to the Head of Corporate FM. The KPIs and benchmarking are used to allow the Council to:
- Set performance targets at the outset of the Contract
 - Monitor performance over the lifetime of the Contract
 - Benchmark performance to provide a basis for continuous improvement
 - Develop its use of KPIs to ensure they are challenging and fit for purpose.
- 3.26 There are five groups of KPIs for cleaning services:
- Generic KPIs which measure performance across the whole service including Customer satisfaction;
 - Reactive KPIs which measure performance against the routine and periodic cleaning service;
 - Voids KPIs which measure performance against the Voids service;

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- Housing window cleaning, all housing properties to display a sticker which must be updated when the clean takes place;
- Confidential waste and feminine hygiene collections to take place in line with the contract;

3.27 There are two groups of KPIs for security services:

- Generic KPIs which measure performance across the whole service including Customer satisfaction;
- Reactive KPIs which measure performance against the routine and reactive security service;

3.28 In order to maintain quality a joint audit with the awarded Providers will take place whereby, performance outputs and continuous improvements are identified as part of the contract corrective action programme.

Procurement Timeline

3.29 Based on the outcome of a comprehensive commissioning review, it is recommended for the Council to adopt the PCR Open procedure in accordance with PCR2015, and based on the proposed indicative procurement timetable to be applied:

| Activity | Proposed Date |
|---|--|
| CCB | 14 th January 2021 |
| Cabinet | 1 st March 2021 |
| Final ITT Pack to be drafted and approved | 2 nd March 2021 |
| PCR Contract Notice and ITT Pack published | 5 th March 2021 |
| Tender return deadline | 6 th April 2021 |
| Tender evaluation | 7 th – 15 th April 2021 |
| Moderated scores and feedback finalized and award report drafted. | 19 th - 26 th April 2021 |
| Commissioning and Contract Board | 6 th May 2021 |
| Cabinet meeting (if applicable) Delegated Cabinet Members signing/approval of decision with 5 days scrutiny period | 4 th June 2021 |
| Standstill period conclude: | 14 th June 2021 |
| Contract award | 17 th June 2021 |
| Mobilisation | June/ July 2021 |
| Contract commencement | 3 rd July 2021 |
| PCR Contract Award Notice dispatch (if applicable) | 4 th July 2021 |
| PCR Contract Award Notice dispatch (if applicable) | 4 th July 2021 |

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4. CONSULTATION

- 4.1 The Council has engaged with the end users via the Business User Group with regards to the performance of the existing contract and collated lessons learnt which has been reflected within the proposed procurement strategy.
- 4.2 Further consultation has been taken with respective Service Areas including Gateway services and Head of Temporary Accommodation and Service Development to ensure a coordinated approach is applied to managing the Council's assets and support services in a cohesive and efficient way. This enables the Council to maximise opportunities for efficiencies to be achieved from the Council having a clear co-ordination of the cleaning and security support service related requirements.
- 4.3 A pre-market engagement has been carried out to inform this proposed procurement strategy and prepare the market in readiness to respond to the Council's invitation to tender which is due to commence from 5th March 2021.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Revenue and Capital consequences of report recommendations

| | Contract Initiation year | Medium Term Financial Strategy (MTFS) – 3 year forecast | | |
|---|-----------------------------|--|---------|---------|
| | | 2021/22 | 2022/23 | 2023/24 |
| | £'000 | £'000 | £'000 | £'000 |
| Revenue Budget available | | | | |
| Expenditure cleaning | 1.34m | 1.7m | 1.7m | 1.7m |
| Expenditure security | 0.83m | 1.17m | 1.17m | 1.17m |
| Income | | | | |
| Effect of decision from report | | | | |
| Expenditure cleaning | 1.37m | 1.90m | 1.96 | 2.03m |
| Expenditure security | 0.8m | 1.11m | 1.15m | 1.19m |
| Income | | | | |
| Remaining budget | _____ | _____ | _____ | _____ |
| Capital Budget available | | | | |
| Expenditure | | | | |
| Effect of decision from report | | | | |
| Expenditure | | | | |
| Remaining budget | _____ | _____ | _____ | _____ |

5.2 The effect of the decision

The effect of the decision will be to approve the proposed strategy identified within this report, to go via the PCR Open procedure for new contracts to commence from 3rd July 2021. The proposed Cleaning contract will be for the initial term of 4 years with an option to extend for one plus one years (4+1+1: Maximum 6 years). The estimated contract value of £1 million per annum, therefore based on the full proposed term of 6 years will bring the maximum contract value to £12,040,817.25. The estimated Security contract value of £1.1 million per annum, therefore based on the full proposed term of 6 years will bring the maximum contract value to £7,043,804.40.

Should the Council dispose of some of their Council's building during the term of the contract there will be less costs associated to providing cleaning and security services.

The Council will expect the provider of the cleaning services and security services to pay the London Living Wage. The effect of this, is a year on year increase of 3.5%, this has been reflected in the budget above.

5.3 Risks

| Risk | Rating | Mitigation / Control |
|--|---------------|--|
| Costs for the new contract are higher than the allocated budget. | Medium | Following outcome of a comprehensive commissioning review, this has informed the proposed budget as part of this procurement strategy. |
| Not all staff may want to transfer over to the new provider | Medium | Every effort will be made to ensure smooth mobilisation arrangements are in place to enable transition from the existing contract to the new awarded provider. A 2 month mobilisation period has been allowed within the proposed timetable to ensure the contract is ready for delivery from the agreed start date of 3 rd July 2021. |
| Not all cleaning equipment is available or transferred between the incoming and outgoing contracts | Low | Ensure that all programmed works and services are identified and agreed prior to the start of any contract. Consideration for equipment not being made available as part of the transfer, will be determined and possibly procured via alternative source. Also to ensure the Provider demonstrates capacity to delivery in accordance with the agreed timescales. |
| The application process for a security guard to be SIA licensed (Security Industry Authority) is lengthy and has | Medium | Every effort will be made to ensure smooth mobilisation arrangements from the existing |

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|---|--------------------|--|
| <p>potential risk of such application being refused.</p> | | <p>contract to the new awarded Provider. A mobilisation period is allowed to mitigate implications, to ensure contract is ready for delivery from the agreed start date.</p> <p>The ITT pack will contain the requirement for the Provider to demonstrate they have the capacity to deliver the Council's requirements and ensure robust business continuity arrangements are in place. It will also be a requirement for the Provider to demonstrate how they would manage the application process and mitigate potential risk of such application being refused.</p> |
| <p>Unforeseen delays with the procurement process.</p> | <p>Low</p> | <p>A project timetable has been developed and forms part of this report.</p> |
| <p>Lack of tender response due to Council's currently subject to Section 114.</p> | <p>Medium/High</p> | <p>Strategy been subject to Council's required governance process and classified as essential expenditure. Robust contract and budgetary management to be applied. Project team to inform the potential market of the Council's intention to issue an invitation to tender via the PCR Open procedure. It should be noted that despite an S114 the Council still honour all contractual payments for suppliers.</p> |

5.4 Options

Following the outcome of the options appraisal undertaken by the Council, it has been determined that in order to achieve the best value for money, it is recommended to proceed with the invitation to tender via the Open procedure route to market and to include two service provision lots, one for cleaning services and another for security provisions.

Other options included various framework agreements such as CCS Framework RM1056, NHS London Procurement Facilities Management Framework ESPO Framework 676 – Total Facilities Management, although the framework contains approved providers, there is no guarantee that the Council will receive good competitive tender responses. The Council would be required to use the Framework's supplier terms and conditions which may not necessarily comply with the Council's standard weightings of 60% Quality and 40% Price. The need to ensure the framework is suitable, particularly with regards to meeting the Council's requirements. For example, some frameworks

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will not provide the ability for the Council's requirements relating to London Living Wage and Social Value to be incorporated within the ITT pack. Local suppliers don't have the opportunity to tender as the approved framework providers are already established. The incumbent supplier will not have the opportunity to bid for the contract.

Should the Council do nothing but continue to not proceed with this option, this would leave the Council unable to fulfil its obligations as a responsible Employer and be in breach of PCR 2015. Also, significant financial implications may be borne on the Council with lack of formal strategic contract and risk management arrangements in place with regards to the provision of security including Waking Watch across the Organisation.

5.5 Future savings/efficiencies

The council will continue to evaluate cleaning services provided and will actively work and encourage the new provider to be innovative with new ways of working. Lean business process will be applied to mitigate the need for high volume of invoice transactions. The provision of security related expenditure will be closely monitored ensuring strategic alignment with the respective Service areas commissioning requirements, in particular should Waking Watch security be implemented in response as a mitigation step to ensure safety of its vulnerable residents whilst the fire remedial actions identified via the Fire Risk Assessment are delivered. Ten calendar day prior notice to be submitted to the Provider by the Council, should the Waking Watch provision need to be terminated therefore withdrawn from site and/or premises.

Approved by: Felicia Wright, Head of Finance – Place

6. LEGAL CONSIDERATIONS

- 6.1 The Head of Commercial and Property Law comments on behalf of the Director of Law and Governance that there that there are no additional legal considerations directly arising from recommendations in this report beyond those detailed in the body of the report.

Approved by Sean Murphy, Head of Commercial and Property Law on behalf of the Interim Director of Law & Governance.

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7. HUMAN RESOURCES IMPACT

- 7.1 TUPE may apply to the contracts and the existing incumbent Providers are being contacted to collate the necessary information which will form part of the tender documents. The application of TUPE will ultimately be determined by the incumbent and any new service Provider, for which the Council is the client. On that basis, the role of the Council would usually extend no further than facilitating the process, and the project team will seek advice and support from the Council's HR team.
- 7.2 The timetable for the project includes a 2 month mobilisation period between award and start of the contracts to enable smooth and compliant transition arrangements.
- 7.3 Any HR issues which arise will be managed under the Council's Policies and Procedures.

Approved by Jennifer Sankar, Head of Human Resources – Place, for and on behalf of Sue Moorman, HR Director.

8. EQUALITIES IMPACT

- 8.1 An equality analysis has not been undertaken because the proposed change is not relevant to equality and is unlikely to impact on groups that share one or more protected characteristics. The contract terms and conditions as part of the proposed ITT pack, will include the obligation for the successful Provider to comply with the Equality Act 2010. This will also include the commitment to support the Council with delivering its public sector equality duties as well as reporting on any equalities requirements as stipulated in the contract.

Approved by: Yvonne Okiyo, Equalities Manager

9. ENVIRONMENTAL IMPACT

- 9.1 The invitation to tender pack will reflect the Council's requirements for the potential Bidders to demonstrate their approach to applying environmental considerations. There will be an obligation on the successful Provider to support the Council's commitment to make the borough more sustainable and Carbon neutral by 2030.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 The security service contract will protect vulnerable residents and staff occupying the Council buildings. There are no crime and disorder reduction impacts from the proposed procurement strategy and when subsequently award the contract.

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11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 In accordance with the Council meeting its obligations as a responsible Employer and Landlord, following the outcome of the commissioning options that have been explored, it is recommended for the Council to issue a competitive invitation to tender via the PCR Open procedure in accordance with PCR 2015. This will enable provision of cleaning and security service contracts to commence from 2^{ne} July 2021 onwards, when the existing contract expires on 3rd July 2021.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 Following the outcome of the options appraisal undertaken by the Council, it has been determined that in order to achieve the best value for money, it is recommended to proceed with the invitation to tender via the PCR Open procedure for the provision of cleaning and security services.
- 12.2 Should the Council do nothing but continue to not proceed with this option, this would leave the Council unable to fulfil its obligations as a responsible Employer and/or Landlord and be in breach of PCR 2015. Also lack of reassurance can be given to ensure holistic compliance with Health and Safety requirements, including adherence to Government and Public Health guidance during pandemic. Also, significant financial implications may be borne on the Council with lack of formal strategic contract and risk management arrangements in place with regards to the provision of cleaning and security provision for the Council's estate including the extended temporary and emergency accommodations.

13. DATA PROTECTION IMPLICATIONS

- 13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NONE

- 13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

The Interim Director of Homes and Social Investment comments that there are no additional data protection implications arising directly from the report.

Approved by: Ozay Ali, Interim Director of Homes and Social Investment.

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|--------------------------|---|
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BACKGROUND DOCUMENTS: None