

# Cabinet

27 September 2017



|                                  |   |                     |    |
|----------------------------------|---|---------------------|----|
| <b>Title</b>                     | Knowle Green and Centres cleaning contract (exemption from contract standing orders)  |                     |    |
| <b>Purpose of the report</b>     | To make a Key Decision  |                     |    |
| <b>Report Author</b>             | Heather Morgan – Group Head Regeneration and Growth   |                     |    |
| <b>Cabinet Member</b>            | Councillor Colin Barnard  | <b>Confidential</b> | No |
| <b>Corporate Priority</b>        | Financial Sustainability  |                     |    |
| <b>Recommendations</b>           | <b>Cabinet to:</b><br><b>Authorise the Group Head Regeneration and Growth to determine the cleaning contractor to be appointed (in consultation with the Cabinet Member for Planning and Economic Development and the Chief Finance Officer)</b><br><b>Authorise the Head of Corporate Governance to enter into the legal documentation in order to appoint the new cleaning contractor</b>   |                     |    |
| <b>Reason for Recommendation</b> | <b>The Council is in the process of running a tender process as the current extended cleaning contract is coming to an end</b><br><b>It is an opportunity to review and ensure that the new contracts meets our needs and is sufficiently robust in its performance measures</b><br><b>Cabinet is being asked to delegate the final decision to the Group Head Regeneration and Growth, Cabinet Member for Planning and Economic Development and the Chief Finance Officer in order to ensure a smooth transition to the new contract</b> |                     |    |

## 1. Key issues

- 1.1 Spelthorne entered into a cleaning contract for its offices back on 1 November 2011 with Ocean Contract Cleaning London Ltd, who were taken over by Kingdom in June 2016. The contract covers Knowle Green, the car park office (Elmsleigh surface), plus Fordbridge and Greeno Centres. Staines Community Centre is not included as the cleaning was undertaken by Meyers when they had the catering contract – which came to an end in January 2017. Since then the cleaning has been done via a separate short term arrangement with Atlas. Kingdoms contract excludes the depot and the Councils main car parks which have very different requirements.

- 1.2 Back in August 2016 the Chief Finance Officer agreed (under an exemption to contract standing orders) to extend the contract with Kingdom for a further 12 months to 25 October 2017. The rationale was:
- (a) to give time to review whether the cleaning contract should be brought back in house (see contract options below)
  - (b) to clearly establish the future of Knowle Green which would affect the timeframe and scale of the contract (See para 1.5 below)
  - (c) to look at what other assets might need to be brought into a revised contract (See options analysis below)
  - (d) to draw up a very detailed performance management specification which reflects the terms of the current contract and outlined what is expected on a daily, weekly, monthly basis. (This has been done).
  - (e) To improve the current level of cleaning on and off site. (This has been patchy and variable and is very largely due to challenges of delivering the contract on a tight budget)
  - (f) Manage the level of spend to ensure precision in terms of future budget for contract and service delivery. (Contract moving forwards is likely to require a higher budget)
  - (g) consider what additional resource may be required in Facilities Management (FM) more generally. (We now have two apprentices).
- 1.3 The combined 2016/17 budget for contract cleaning and cleaning materials was £90,500 (actual spend was £83,005). The budget for Knowle Green was increased considerably to £144,000 for 2017/18, bringing the overall budget for this financial year up to £169,400. This was to deal with the need to ensure that we paid the living wage for our contracted staff, and to deal with quality concerns (staff need to have a suitable working environment).
- 1.4 The Commissioning and Transformation Group (CTG) have led on the specification for the contract, liaising with other services as required. In drawing up the new specification, officers have critically reviewed the current contract to see if it is 'fit for purpose', and a number of changes have been made as a result of this exercise (especially in relation to the centres). There are also lessons to be learnt around level of contractor resourcing, stock control, regular inventories, requiring supporting information with all invoices, frequency of extended and deep cleans, format of quarterly reviews, and using sustainably sourced materials. These have been woven into the new specification, as required, during its development.
- 1.5 It is understood that the current contract was awarded very much on the basis of price alone. Whilst this is an important consideration, to determine a contract solely on this basis can be a false economy. A lot of time has been spent dealing with the contractors on a range of issues which has meant that FM and Independent Living staff have not been able to devote their time to other matters. There is also the issue of public perception if the Council Offices do not present themselves well. For this reason there will be a quality measure when assessing the tender returns.
- 1.6 The CTG have considered a number of alternative options (see Options Analysis below). There has been considerable discussion around the length of the contract, especially as no firm decisions have been made on the extent

of refurbishment or redevelopment of Knowle Green (the area of main budgetary spend). Notwithstanding the lack of firm deadlines, it is not realistic to continually extend the current contract on a yearly basis. This gives no certainty to the current supplier, and critically it does not allow the Council to see if there are better providers out there in the market place.

## **2. Options analysis and proposal**

### Recommended option

2.1 That Cabinet agree:

- (a) Authorise the Group Head Regeneration and Growth to appoint the contractor (alongside the Chief Finance Officer and the Cabinet Member for Planning and Economic development)
- (b) Authorise the Head of Corporate Governance to enter into the legal documentation

2.2 The length of contract, and its breadth across a number of Council sites brings it over OJEU levels in terms of procurement of services so we need to go through a full tender process. By the time Cabinet consider this report, we will be part way through that process in order to ensure that a new contract is on place 25 October 2017. Wailing for Cabinet authority to appoint the contractors (as opposed to the delegations being sought) would mean a hiatus between 25 October and 22 November (the next Cabinet meeting).

### Extend current contract for a further month or so (not recommended)

2.3 This would involve a lot of legal paperwork for a very short period of time. It would not give the current contractor any real certainty and may well result in a deterioration of the service that they currently provide

### No cleaning contractor in place until new one in place (not recommended)

2.4 This is clearly not tenable for the organisation as it would present a very poor face to the public in of Knowle Green and especially the centres

### Bring in a contractor - short period of time/short notice (not recommended)

2.5 This is feasible but would undoubtedly come at a very high cost since any contractor would need to mobilise staff and resources at very short notice. It is not considered financially prudent to do so.

### **Contract options**

2.6 Officers have looked at a number of options in reaching the proposed course of action. Early discussions took place with Independent Living who confirmed they required Staines Community Centre to be included in any new contract – this has been done. There are currently separate cleaning arrangements for the depot (on an as required basis) which the Group Head Neighbourhood Services confirmed works very well. On this basis the depot has been excluded from the tender specification.

2.7 Consideration was given as to whether there should be a combined cleaning and caretaking contract for Knowle Green alone, or whether this could and should apply to the other buildings as well. There are also a number of community halls who have their own caretakers who open and lock up. On further investigation it was decided that these involved different skill sets and

we were unlikely to get a contractor who was able to fulfil the specification for both elements sufficiently well. This was therefore discounted.

- 2.8 A piece of work was done on whether we should be doing the function in house. It is clear from experience to date that contractors do have considerably difficulty in retaining quality staff. All of this burden would fall on our shoulders were we to do this in house which would in all probability require an additional member of staff to manage the cleaners. This is not a core area of the Councils work and for this reason the option of providing the service in house was discounted.
- 2.9 The contract which has gone out for tender is for cleaning only for Knowle Green, Forbridge Centre, Greeno Centre, Staines Community Centre and the car parks office at Elmsleigh surface car park. The time period will be for 5 years with break options as required at 2 years with 6 months' notice.

### **3. Financial implications**

- 3.1 The budget for 2017/18 is £169,400 and this may need to be revised in light of the tender returns which come back for a number of reasons:

- (a) The new contract will include the Staines Community Centre which is currently being dealt with as a separate short term contract
- (b) The Day Centres now require a higher cleaning specification due to increased usage (for example the Greeno Centre is now focused on high needs whereas previously it was more general needs)
- (c) The specification has been tightened up in a number of other areas on the basis of current experience to ensure that we get the quality of cleaning service that we need. It is a false economy if staff have to continually chase and escalate issues as this diverts them from more important areas of work.

- 3.2 The timetable is set out below in section 5. It is anticipated that the tender appointments will be made by end of October 2017 and will be fed into the budget setting process for 2018/19 onwards. It is not anticipated that the costs will reduce (especially as any contract will need to account for issues such as a National Living Wage etc which could affect the contractors spend on staffing).

### **4. Other considerations**

- 4.1 The success of any contract in part relies on having sufficient resource available to manage it successfully. This is especially important where there are issues which require addressing. The contract will include performance measures and regular review meetings will be built in. There has been recognition corporately that we need to have sufficient resource to assist with the wide range of contracts that we have in place. A Procurement and Contracts Manager will shortly be joining the CTG to assist the services with this.
- 4.2 On a day to day basis the Independent Living Managers will continue to closely monitor and challenge the contractors regarding the Day Centres. They will escalate matters and withhold payment where the level of service is not at a satisfactory level (as they do now). The Facilities Manager will oversee the Knowle Green part of the contract, with the day to day management undertaken by one of the Senior Facilities Management Officers

(with the whole FM team undertaking spot checks and encouraging staff to highlight where they have concerns). Again the same approach will be taken with regards to escalation and invoices.

- 4.3 There is a risk that any contract could be too rigid to enable the Council to change direction in future. Sufficient flexibility has been built into any new contract to suit the Council (depending on the decisions made regarding Knowle Green) as well as giving enough certainty to contractors who will have to mobilise staff to deliver any contract.
- 4.4 A change in contractor will involve TUPE of staff, but this will be between the current and new provider (if there is a change). The Council will not be involved in this process so there will be no specific HR resource required.
- 4.5 From a sustainability perspective, the tender documentation will require contractors to set out explicitly how they would use sustainably sourced materials. Their response on this element will be assessed as part of the tender return, so the Council can be clear what it is getting as part of any contract. As part of any contract monitoring there will be checks to ensure the contract is being adhered to (and rectified if necessary).

## **5. Timetable for implementation**

- 5.1 The tender pack went out early September with returns at the beginning of October. There will be a two week period to assess the returns and then make the final appointment. The aim is for the new contract to be in place by 25 October 2017.

**Background papers:** None

**Appendices:** None