

Agenda Item No: **Report No:**
Report Title: **LDC Office Accommodation Cleaning Contract**
Report To: **Cabinet** **Date:** **29th September 2014**
Cabinet Member: **Councillor Andy Smith**
Ward(s) Affected: **All**
Report By: **Alan Osborne, Director of Corporate Services**
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Purpose of Report:

To inform Cabinet of the options in regard to the future procurement of the office cleaning contract.

Officers Recommendation(s):

- 1 To seek approval to go out to tender for the LDC office accommodation cleaning contract due to end in March 2015.

Reasons for Recommendations

- 1 The current office accommodation cleaning contract is due to expire 31st March 2015 and has no options for extension.

Information

- 2 Tendering of LDC office cleaning Contract
 - 2.1 At its meeting on 13 February 2014, Cabinet agreed the award of the office cleaning contract for the period 1 April 2014 to 31 March 2015. This contract was awarded following a competitive tendering exercise. The current contract value is £72,120 per annum.

- 2.2** The current one year contract is on track to deliver a reduction of 27% in costs compared to the previous annual contract value. Some of the savings have been levered due to the change in the office accommodation footprint, but it is expected that the contract value could reduce further when a new contract, to start on 1 April 2015, start is let for a longer term
- 2.3** The current LDC office cleaning contract was tendered for just one year to enable a review of in-sourcing the activity.
- 2.4** The review has demonstrated that cost savings in the region of £6,500 per annum can be achieved compared to the current contract; however the risk and potential impact to LDC for officers managing the activity is likely to exceed the value of the savings.
- 2.5** An in-house option is less likely to have the same flexibility as an outsourced option. For example, there would be agency or casual staffing costs to cover holidays or sickness and there would also be officer time committed to managing the team on a day to day basis. Given the relatively high turnover of staff, any savings from bringing the service in-house could be eroded.
- 2.6** It is possible that the cost savings identified in para 2.4 above will be realised in any case through economies of scale via a longer contract, particularly if the contract is sufficiently flexible to include sites of potential partners within its scope. Officers are discussing the procurement method to be adopted with IESE.
- 2.7** It is recommended that the LDC office cleaning contract is tendered for 4 years on the basis of 2 years plus 2 separate 1 year extension periods at the Council's sole discretion. This option will give the Council maximum flexibility in terms of renewal and offers the opportunity to allow both the office cleaning contract and the public convenience cleaning contract to run co-terminus in the future. The public convenience cleaning contract expires on 31st March 2017.
- 2.8** As noted above, IESE are providing support to the procurement process. The expected contract value will exceed the defined threshold and the procurement process therefore will need to comply with procedural rules specified in the European procurement directives (OJEU). The possibility of utilising a framework agreement will be explored, as an alternative to an open tender process. If the open tender route is followed, it is proposed to issue a notice on the South East Business Portal to encourage local SMEs to apply.

Financial Appraisal

- 3** It is reasonable to assume that the Council will benefit from a reduction in the cost of its office cleaning by procuring a 4 year contract. As explained

in paragraph 3.3, the option of bringing this activity in-house has been explored, and, although it may generate a small financial saving, it is not considered to be the best approach in terms of value for money.

Legal Implications

- 4 The legal implications have largely been covered in paragraph 4 above (the Financial Appraisal). Any right to extend the contract will need to be set out in the contract documentation in full detail.

Sustainability Implications

- 5 The successful tenderer will be required to be EMAS certified (or equivalent) and to have active policies and practises that reduce harm to people and the environment through use of chemicals for cleaning and the reduction of waste water. This requirement will form part of the evaluation of tender scoring.

Risk Management Implications

- 6 The following risks will arise if the recommendations are not implemented, and it is proposed to mitigate these risks in the following ways:

Risk - The existing office cleaning contract expires on 31st March 2015 and arrangements need to be put in place for the continuation of the service.

Mitigation - It is proposed that the service goes through the OJEU procurement process.

Equality Screening

- 7 The successful tenderer will be required to have a robust Equality Policy in place and to demonstrate fairness and to have active policies and practices that promote equality of opportunity and discourage discrimination. This requirement will form part of the evaluation of tender scoring.

Background Papers

- 8 None

Appendices

- 9 None