

Title: Contract for Cleaning Services

Submitted by: Executive Director – Operational Services
Executive Director – Regeneration and Development

Portfolio: Leisure, Culture and Localism
Planning and Assets

Ward(s) affected: All but particularly Town, Keele and Bradwell

Purpose of the Report

To seek approval to enter into a contract with Clean Image Ltd for cleaning services at Jubilee2, the Borough Museum and Art Gallery, Keele Cemetery, and Bradwell Crematorium.

Recommendations

It is recommended that Cabinet

- a. **Approve the award of the two year contract for cleaning services to Clean Image Ltd. For the total contract sum of £158,628.**
- b. **Approve the realignment of internal financial resources, as detailed section 5 of this report, to enable the Council to award the cleaning contract at the living wage.**

Reasons:

To ensure the cleanliness of the Council's operational buildings and the maintenance of a safe a healthy environment for customers and staff.

1. **Background**

1.1 The Council had previously engaged two cleaning contractors to clean the above facilities. It was identified there was a potential opportunity to realign both contracts into one, and achieve appropriate economies of scale.

2. **Issues**

2.1 Following the approval to undertake a procurement exercise for the cleaning services, a working group was established to review the cleaning specifications to ensure that they were fit for purpose.

2.2 Given the value of the contract the opportunity was advertised in the Official Journal of the European Union.

2.3 A two stage restricted procurement approach was adopted. This resulted in six companies submitting a pre-qualification questionnaire. Following evaluation of these, four companies were invited to submit a formal tender for the contract.

2.4 The selection process determined the most economically advantageous tender. In this instance the ratio between quality and price was 60% quality and 40% price.

- 2.5 Following a panel evaluation of the tenders against the selection criteria, it is proposed to award the contract to Clean Image Ltd, who scored equal highest marks for quality and tendered the lowest price. The overall score for all four companies who submitted a tender is shown in the table below:

**STANDARD
WAGE RATES:**

Organisation	Cost	Adjusted Quality Score	Adjusted Cost Score	Total score
Clean Image	£137,354.14	60	40.00	100
Company 'B'	£193,074.00	60	28.48	88.48
Company 'C'	£147,988.40	55	37.12	92.12
Company 'D'	£139,097.31	60	39.52	99.52

LIVING WAGE:

Clean Image	£158,628.50	60	40.00	100
Company 'B'	£217,997.00	60	29.12	89.12
Company 'C'	£180,835.85	55	35.08	90.08
Company 'D'	£162,995.21	60	38.92	98.92

- 2.6 The Council has an aspiration to become fully accredited to the Living Wage Foundation. In order to achieve this, the Council needs to demonstrate that it is working towards its contractors paying the living wage. This is currently £7.65 per hour. As a result of this all companies provided the Council with two tender fees: Their standard rate and Living Wage proposal.
- 2.7 A consequence of the existing 'hybrid' approach to the Councils cleaning requirements (part delivered in-house and part contracted out), is that there is an imbalance between the resources committed to cleaning main buildings. Currently more staff hours are spent cleaning the Civic Offices (mainly non public facing areas) than cleaning J2 (predominantly all public facing.) This also limits the economies of scale that could be achieved by placing all cleaning requirements into one contract and this should be a consideration when the proposed cleaning contract is next renewed in 2 years time.
- 2.8 In the meantime, Cabinet have previously agreed to review the in-house cleaning service and set a target for savings of at least 10 per cent for this part of the cleaning services review based on current in-house costs of just under £150,000 per year. It was considered that this could be managed and implemented over a period of time and any changes to staffing needs could be addressed through natural wastage within the team.

3 Proposal

- 3.1 That Cabinet approve the appointment of Clean Image Ltd to undertake cleaning services for Jubilee2, The Borough Museum and Art Gallery, Keele Cemetery, and Bradwell Crematorium.
- 3.2 Approve the realignment of internal financial resources, as detailed section 5 of this report, to enable the Council to award the cleaning contract at the living wage.

- 3.3 That Cabinet receive further information in relation to cleaning for the Council's other public buildings.

4. **Reasons for the Preferred Solution**

- 4.1 To ensure the cleanliness of the Council's operational buildings and the maintenance of a safe a healthy environment.

5. **Financial and Resource Implications**

- 5.1 For the financial year 2014/15 a budget allocation for cleaning services across the designated areas (J2; Museum; Crematoria & Cemeteries) is £74,770.

Assuming the budget for 2015/16 is reduced to achieve the Councils target of achieving a minimum of 10% savings through procurement as part of its Medium Term Financial Strategy, this equates to a budget of £142,063 for the two year duration of the contract. (14/15 £74,770, 15/16 £67,293)

- 5.2 This option largely achieves the Councils target of achieving a minimum of 10% savings through procurement as part of its Medium Term Financial Strategy.

- 5.3 The cost of awarding the contract at the living wage will be in excess of the available budget for the 2 year contract duration by £16,563 (Year 1 £3,529, Year 2 £13,034)

- 5.3.1 The budget shortfall will be met by realigning funds from the building cleaning holding account to meet both the 10% saving identified in 2.7 above, and the projected 10% saving identified 5.1 above.

6. **Outcomes Linked to Corporate Priorities**

- 6.1 Ensuring operational buildings are kept clean and safe contributes to the Council's priority for a clean safe and sustainable Borough.

- 6.2 The Council is committed to working towards accreditation with the Living Wage Foundation.

7. **Legal and Statutory Implications**

- 7.1 The procurement of this contract complies with Public Procurement Regulations.

8. **Major Risks**

- 8.1 All risks associated with the procurement of this contract have been adequately managed

10. **Key Decision Information**

- 10.1 The Council's medium term financial strategy identifies that the Council will be required to make significant savings over the next two years.

- 10.2 Should Cabinet decide to award the contract on the living wage this will cost the Council an additional £21, 300 compared to standard rates of pay.

11. **Previous Cabinet Decisions**

- 11.1 On the 16th October 2013 Cabinet agreed that an external procurement exercise should be undertaken for contract cleaning services at Jubilee2, the Borough Museum and Art Gallery, Keele Cemetery, and Bradwell Crematorium for one year with an option to extend the contract for a further year.

On 16th January 2013 Cabinet approved a recommendation that arrangements be made for the Living Wage Initiative to be implemented for Council employees from 1 April 2013 and for the Council to obtain accreditation as a Living Wage Employer.

12. **List of Appendices**

None