

AGENDA ITEM: 17 Pages 143 – 146

Meeting Cabinet Resources Committee

Date 2 March 2011

Subject **Extension of Building Cleaning Contracts**

Report of Cabinet Member for Resources and
Performance

Summary To extend the existing Contracts for cleaning at Corporate
Buildings and Schools for a period of one year beyond 1st April
2011.

Officer Contributors Martyn Carter, Procurement Manager (Commercial Services)
Julia Gallaway, Contracts Manager (Commercial Services)

Status (public or exempt) Public

Wards affected All

Enclosures None

For decision by Cabinet Resources Committee

Function of Executive

Reason for urgency /
exemption from call-in (if
appropriate) Not applicable

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1. RECOMMENDATIONS

- 1.1 That the Commercial Services Director be authorised to extend the existing Contracts for Building Cleaning for a period of twelve months from 1 April 2011 to 31 March 2012.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee, 25 February 2008 (Decision item 4) – approved four corporate building cleaning contracts be awarded to the contractors for a three year period with an option to extend up to a further two years.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The existing contracts for the cleaning of the Council's corporate buildings and a number of schools numbered: A50132, B50133, C50134, D50135 commenced on 7 April 2008. The contract terms are for three years and there is provision for annual contract extensions to a maximum of 2 years. The combined value of the contracts over the 3 year period is £5,880,000.
- 3.2 The Corporate Plan 2010-2013 includes the priority of 'Better services with less money' with some of its key strategic objectives to 'explore new ways of bundling and commissioning services to generate better outcomes for less money'.
- 3.3 The main Contractor has offered cost reductions to the Council that can be applied in the event of contract extension. The reductions are based on altering existing contractual arrangements and creating more efficient ways of working. Such cost reductions would meet certain objectives of the Corporate Plan.

4. RISK MANAGEMENT ISSUES

- 4.1 The contracts expire on 31 March 2011 and ending these contracts without alternative provision would leave the Council's corporate buildings and school's in an untidy and un-hygienic state. This would result in negative publicity about the Council.
- 4.2 The Council will continue to ensure that the Cleaning Contractors are compliant with all the service requirements detailed within the contracts.
- 4.3 There is a proposal to withdraw the requirement for performance bond from the main building Cleaning Contractor in order to reduce costs. While it is recognised that this was originally intended as form of guarantee, there are ongoing contractual remedies available to the Council in the event of contract default.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The current Contractors demonstrated that they can support the Council's Equal Opportunities policies when they submitted their tenders. There have not been any negative equalities issues arising during the course of the current contracts.
- 5.2 There is ongoing contract monitoring to ensure that the cleaning contractors undertake English as a Secondary Language training for its employees. In addition there is ongoing evidence of the contractor undertaking training in relation to Safeguarding.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 There are four corporate building cleaning contracts – Children’s Service and Care Settings A 50132, Children’s Service and Care Settings B 50133, Children’s Service and Care Settings C 50134; and, Facilities Settings D 50135). Contracts A, B and C are paid from individual site budgets and total annual expenditure for these three contracts is £1,360,000. The annual cost for Contract D is £618,731. This covers Buildings 2 and 4 of North London Business Park, Libraries, Hendon Town Hall, Hendon Crematorium and some sheltered housing.
- 6.2 The Council has held discussions with the main buildings cleaning contractor – Turners with a view to creating savings based on a one year extension. The projected savings are based on two separate proposals in relation to Contract D. Firstly, the withdrawal of the requirement to hold a contract performance bond which results in considerable expense to the contractor. Secondly, the Council’s recent consolidation of office buildings has resulted in office layouts being more open plan as opposed to the previous modular type of office arrangements. The new open plan layout, coupled with the reduction of bins under each desk to centralised areas, has resulted the need for less cleaners at North London Business Park. Following a walk-through with Turners and Facilities Management, further efficiencies have been agreed which will mainly consist of a reduction in hoovering of general office areas from 5 days per week to 3, and the dusting of desks to 3 days per week, however there will be no reduction in cleaning of toilets, kitchen areas, Chief Executive and Leader’s offices.
- 6.3 Discussions are ongoing regarding the removal of the contract performance bond. This would create an annual saving of £8,000 and will be subject to agreement with Legal Services. A risk assessment would be undertaken in the event of withdrawal of the performance bond in order to comply with section 10.3.7 of the Contract Procedure Rules. It is anticipated that this saving can be realised during April 2011. Operational savings identified for contract D are £54,400. Therefore total annual savings identified for Contract D would be £62,400 in the event that the Council decides not to seek a performance bond in respect of this contract extension.

7. LEGAL ISSUES

- 7.1 None except any referred to within the main body of this Report.

8. CONSTITUTIONAL POWERS

- 8.1 The Council’s constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions of the Cabinet Resources Committee including agreeing exceptions to standing orders.
- 8.2 The Council’s Contract Procedure Rules in Paragraph 5.6.2 states the acceptance parameters for Contract Extensions.
- 8.3 The Council’s Contract Procedure Rules in Table 5-2 states the Acceptance thresholds for contract extensions and variations. It states that for contract extensions greater than £156,442 authority must be sought from Cabinet Committee.

9. BACKGROUND INFORMATION

- 9.1 The existing contracts were tendered during late 2007 and early 2008 with contracts

starting in April 2008. The contracts were initially for a three year period with the option to extend for a further two years in twelve month increments.

- 9.2 The corporate cleaning contracts cover the Council's corporate buildings and 40 Schools and other Educational Settings within Barnet. The remainder of the schools have their own arrangements for building cleaning.
- 9.3 There is a pricing schedule for the cleaning of every building to enable the monitoring of costs and reconciliation of invoices. Regular client side management and monitoring of the building cleaning contracts has been occurring since April 2008 and performance has been satisfactory.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal – JMCK
CFO – MC/JH