

**AGENDA ITEM: 22**      Pages 173 – 176

Meeting	Cabinet Resources Committee
Date	4 April 2012
<b>Subject</b>	<b>Extension of Building Cleaning Contracts</b>
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 1 <sup>st</sup> April 2012.

Officer Contributors	Praful Ladwa Procurement 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

Contact for further information: Praful Ladwa, Procurement Manager, 020 8359 7057.

## **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 the 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013. Once the extension has been granted a full EU compliant process will commence.

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 CRC Report Agenda Item 4 25<sup>th</sup> February 2008 which approved the recommendation of the award of contracts to Turner and Churchill.
- 2.2 CRC Report Agenda item 17 02 March 2011 which approved the recommendation to extend the existing contracts by a period of 12 months.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Corporate Plan 2011-2013 includes the priority of 'Better services with less money' with one of its key strategic objectives to increase the number vendors under formal contract.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The contracts expire on 31 March 2012. Ending the contracts without alternative provision would leave the Council's corporate buildings and school's in an untidy and un-hygienic state. By extending the contracts any health & safety issues will be avoided without the loss of service.
- 4.2 The Council will continue to ensure that the Cleaning Contractors are compliant with all the service requirements detailed within the contracts, whilst conducting a full OJEU tendering exercise.

## **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 ESOL 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, C, D are delivered by Turners, Contract B is delivered by Churchill's.
- 6.2 The Council has held discussions with the main buildings cleaning contractor - Turners with a view to creating savings based on this final 12 month extension. However there will be no reduction in cleaning of toilets, kitchen areas, Chief Executive and Leader's offices.

- 6.3 The total annual saving identified by Turners is £39,767. This saving has been achieved by a reduction in staff costs for the cleaning of Corporate Buildings and Libraries only.
- 6.4 Churchill's has offered not to apply the price increase for inflation in April 2012. This equates to approximately £84,810. The majority of this cost avoidance relates to schools and Barnet Homes managed locations and has been calculated using the latest published RPIx figure of 4.8% as published by the Office of National Statistics.
- 6.5 The combined value of Contracts A, C and D for 2012-2013 with Turners will be £1,252,619 for period of the final 12 month contract extension. The total value of the Contracts A, C and D including for contract extensions (initial 3 year term plus two extension periods of 12 months each) is £7,795,005.
- 6.6 The value of Contract B with Churchill for 2012-2013 will be £193,116 for the period of the final 12 month contract extension. This figure is greatly reduced from the original contract price due to more schools and academies deciding not use the corporate contract. The total value of Contract B including extensions (initial 3 year term plus two extension periods of 12 months) is £1,366,232.
- 6.7 The total value of the final 12 month contract extension for all building cleaning services contracts is £1,445,734
- 6.8 The total value of all contracts for building cleaning services (initial 3 year term plus two 12 month extensions) will be £9,161,237.

## **7. LEGAL ISSUES**

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

## **8. CONSTITUTIONAL POWERS**

- 8.1 Table 5-1 of the Contract Procedure Rules (Acceptance thresholds for contract extensions and variations) states that for contract extensions greater than £156,442 and approval to extend a contract more than once 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. An option to extend the existing contracts for 12 months has already been taken. The OJEU notice that was published detailed the Council's option to extend the contract for up to 2 years.
- 9.2 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<sup>th</sup> April 2008. Contracts were awarded to Turners and Churchill's following a full OJEU tender exercise.

The contract term was for three years and there was provision for annual contract extensions to a maximum of 2 years. The combined value of the contracts over the 3 year period was £6,230,000.

- 9.3 The initial corporate cleaning contracts covered the Council's corporate buildings and 40 Schools and other Educational Settings within Barnet. The remainder of the schools having

made their own arrangements for building cleaning. Since then a number of schools have made a decision not to utilise the corporate contract which has reduced the total value of the contract.

9.4 The contract awards were as follows:

Turners Contract A £1,650,000  
 Contract C £1,450,000  
 Contract D £2,150,000

Churchill's Contract B £980,000

The value of these contracts was based upon the tender returns from each of the successful suppliers and assumed that the suppliers would provide services for all Corporate Buildings, Schools (Primary & Secondary), Care Centres, Youth Centres and facilities owned by Barnet Homes. After contract award for example schools could decide whether or not to participate in the contract and therefore be included in the contract monitoring.

9.5 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 throughout both the initial term of the contract and subsequent extension period.

9.6 The table below summarises the current cost of each contract and the proposed new cost:

**Current Cost for Apr 2011- Mar 2012**

	Contract A	Contract B	Contract C	Contract D	Total
LBB	£21,644	£14,589	£74,879	£570,001	£681,113
Schools	£365,476	£164,133	£220,048		£749,657
Barnet Homes	£13,387	£14,394	£22,654	£4,297	£54,732
Total	£400,507	£193,116	£317,581	£574,298	£1,485,502

**Proposed Cost for Apr 2012- Mar 2013**

	Contract A	Contract B	Contract C	Contract D	Total
LBB	£21,644	£14,589	£72,982	£532,130	£641,345
Schools	£365,476	£164,133	£220,048		£749,657
Barnet Homes	£13,387	£14,394	£22,654	£4,297	£54,732
Total	£400,507	£193,116	£315,684	£536,428	£1,445,734

**10. LIST OF BACKGROUND PAPERS**

10.1 None.

Legal – SS  
 CFO – MC