

Committee: Cabinet

Date: 20 March 2017

Wards: All

Subject: Contract Award - School Cleaning Contract 2017-2020

Lead officer: Yvette Stanley - Director of Children, Schools and Families

Lead member: Cllr Caroline Cooper-Marbiah – Cabinet member for Education

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Recommendations:

Cabinet is asked to approve the following recommendations:

- A. That the council award to the organisation identified as Contractor C in the Confidential Annex to this report a contract for provision of the school cleaning service at Merton primary, secondary and special schools and other education buildings for a period of 3 years from 5 June 2017, with an option to extend for up to two further years at the discretion of the council.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to seek the approval of Cabinet for the award of the contract for the provision of cleaning services for schools and other education buildings including the council's Professional Development Centre to Contractor C following a two stage restricted tender process.
- 1.2. This new contract will be for an initial period of 3 years from 5 June 2017, with an option at the discretion of the council to extend the term for a further period or periods of any duration up to a maximum two years in total.
- 1.3. The value of the contract which initially covers 28 school sites, 4 children centres and 3 other buildings is in excess of £1,000,000 per year, so in excess of £3,000,000 over the minimum contract term with the potential to rise to over £5,000,000 if extended to the full five years. The total value will fluctuate according to the specific requirements from schools for additional services over and above the standard weekly cleaning provision.
- 1.4. In the tender documentation and the OJEU notice advertising this contract opportunity, the council retained the option to add up to a maximum of 23 further identified school sites should they wish to join the council's contract in future.

2 DETAILS

- 2.1. The school cleaning contract provides a cleaning service for a range of Merton primary, special and secondary schools – in total, 26 school (covering 28 sites)

expressed an interest in participating in the council's centrally organised cleaning contract. The contract also includes the cleaning service for some further education sites most adjacent to schools – these include the Professional Development Centre and South Wimbledon Community Centre buildings along with children centres at Aragon, Bond Road, Ivy Gardens and the Avenues. A full listing of the schools and other sites is set out in the schedule at end of this report.

- 2.2. The existing contract was awarded by Cabinet in January 2014 for three years with an option to extend until 2019 if desired. Following discussions with schools, a decision was taken not to extend but instead to re-tender this contract in order to test the market and ensure value for money.

Tender Process

- 2.3. The two-stage restricted procedure, as set out in the Public Contract Regulations 2015, was used for the purpose of this tender exercise.
- 2.4. In accordance with the requirements of that procedure, potential contractors were requested to express an interest in the proposed contract following the publication of a Contract Notice in the Official Journal of the European Union. The tender opportunity was also advertised to interested bidders through the London Tenders Portal.
- 2.5. Interested contractors were invited to submit requests to be selected to tender and to complete a Selection Questionnaire. Over 50 organisations expressed an interest in Merton's contract of which 14 submitted completed selection questionnaires to the council.
- 2.6. At the first stage, potential contractors were assessed based on their selection questionnaire submissions according to their financial standing and technical capability and using references obtained from existing clients.
- 2.7. Following assessment of those who expressed an interest, the council drew up a shortlist of five potential contractors to be invited to tender
- 2.8. Those organisations invited to bid were asked to submit a price proposal for the provision of school cleaning along with detailed statements explaining how they would deliver the cleaning service. The price proposal required potential contractors to provide a breakdown of their costs and prices for each of 35 sites with options for additional chargeable periodic and ad hoc cleaning tasks.
- 2.9. These organisations were advised that the contract would be awarded in accordance with the criteria and weightings detailed in Table 1 overleaf – equal emphasis was placed on cost and quality in light of discussions with schools about their priorities.

Published Award Criteria	Weighting
Qualitative Criteria Organisational Capacity (17%), Quality of Service (17%), Performance Management (16%)	50%
Price Total Cost (12.5%), Total Hours v. Benchmark (12.5%), Hourly Rate (12.5%), Ratio of Wage Cost to Charge (7.5%), Variation Rates (5%)	50%
Total Quality & Price Scores	100%

Table 1 - Contract Award Criteria

- 2.10. The qualitative elements of the tender submissions which were assessed included bidders' proposals in relation to staffing, training and recruitment (including safeguarding arrangements), quality assurance, management of the contract and the provision of equipment.
- 2.11. The financial element of the bids were assessed based on the overall price, average cost per cleaning hour, ratio of overheads to wages and the charge rates for additional works.
- 2.12. All bidders were provided details of the evaluation methodology to be employed in assessing each element of their bids.
- 2.13. Contractors were also advised that in the event of a tenderer other than the current contractor being awarded this contract, the terms of the Transfer of Undertakings (Protection of Employment/Regulations 2006) were likely to apply and that employees of the current contractor could be the subject of a TUPE transfer. Approximately, 140 employees of the current contractor could be the subject of a TUPE transfer.
- 2.14. All bidders were required to set out their experience of handling transfers of staff under TUPE provisions in the past and proposals for successfully dealing with the transfer of the existing contractor's workforce.
- 2.15. The return date for tenders was 22 February 2017. Four of the five organisations invited to bid submitted tenders.

Tender Evaluation

- 2.16. An evaluation team was established for the assessment of bids consisting of:
 - CSF Contracts & Procurement Manager
 - CSF Principal Contracts Officer
 - CSF Contracts Officer

The evaluation process was supported by a Commercial and Procurement Advisor from the council's Corporate Procurement team who acted in a quality assurance role to ensure EU procedures were being fully complied with, and that the approach of the team to scoring against the evaluation criteria was consistent for all elements of the tender. A moderation review of the scores was undertaken to ensure the integrity of the scoring process.

- 2.17. The council is seeking to appoint the bidder with the Most Economically Advantageous Tender (as opposed to lowest price) based on the assessment of both price and quality in accordance with the published criteria
- 2.18. Based on the combined qualitative and pricing scores, Contractor C (as detailed in the confidential appendix to this report) achieved the highest overall score and is recommended for the award this contract.

3 ALTERNATIVE OPTIONS

- 3.1. The making of arrangements for school cleaning is a matter for schools as budgets are delegated to them. It is not essential that there is a borough-wide contract. However, the schools who were consulted have indicated a wish to be part of a council organised contract. A centrally managed contract avoids the necessity for a school to spend extensive amounts of time making their own arrangements. It also allows them to engage with the council to monitor the service to ensure consistency of service across different school sites.
- 3.2. An extension of the existing contract for a further year was considered but, following consultation with schools, the decision was taken to re-tender the service.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Schools currently within the council's central contract were consulted in relation to their views about the school cleaning service and were invited to indicate their preference in regard to the continuation of the council's contracting arrangements. All agreed that they were satisfied with the current service but a significant proportion (approximately half by contract value) wished the council to re-tender to ensure that the service continues to provide value for money.
- 4.2. The Corporate Procurement Team and Legal Services have been consulted throughout the process to ensure probity existed at all times and to ensure we are able to fulfil our obligations at a later date in the event of a Freedom of Information Enquiry. Legal Services advised in detail on the drafting of the tender documentation.

5 TIMETABLE

- 5.1. It is anticipated that the new contract which will commence on 5 June 2017 after the end of the summer school half term holiday.
- 5.2. Approval of the award of this contract to the selected provider is required to be made subject to observing a compulsory 'standstill' period of a minimum of 10

days from notification to all tenderers of the council's intention to award to the successful tenderer. Provided no legal objection to the intended award is formally commenced or raised with the council by any unsuccessful tenderer during this standstill period the contract may be sealed.

- 5.3. Following the formal award of the contract, officers will work with the successful contractor to manage the implementation of the new contract.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Full details of the financial implications of the contract award are set out in the confidential appendix to this report.
- 6.2. The council has in retendering the service transferred the cost of its management of the school cleaning service from schools to the cleaning contractor. Under the new contract terms, the contractor will pay the council a sum of £30,000 for the council's costs in procuring, managing and monitoring this contract. Under the previous contract, schools had been required to contribute to the council's cost through the schools' Service Level Agreement.
- 6.3. The cost of the cleaning service is recharged by the contractor directly to the schools and other sites on a monthly basis.
- 6.4. The contract provisions allow for a modest increase in rates charged during each year of the contract term to allow for a rise in cleaners' wage costs. This allowance has been made because the majority of the staff engaged in delivering this service are paid at the National Living Wage. As their wages account for 70% or more of the cost of the cleaning provision, an increase in line with the rise in living wage will be necessary.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The procurement process has been undertaken in accordance with Contract Standing Orders, formal UK and EU procurement guidelines. Legal Services and Corporate Procurement have been consulted at various stages throughout to comment and add input where necessary.
- 7.2. The contract terms for the tender have been prepared by the council's Legal Services team
- 7.3. Legal Services advised in relation to the remainder of the documentation contained with the council's Invitation to Tender

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. There are no substantive human rights, equalities and community cohesion implications arising from the recommendations contained within this report.
- 8.2. The tender documentation required all tenderers to demonstrate that they comply with current equalities legislation.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. There are no substantive crime and disorder implications arising from the recommendations contained within this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. All organisations that are awarded contracts must have a health and safety policy that compliments the council's corporate procedures for effective health and safety and risk management. Tender documentation submitted by all tenderers included their health and safety documentation and practical arrangements for the safe delivery of the cleaning service.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Confidential Appendix

12 BACKGROUND PAPERS

[Contract Standing Orders](#)

Schedule of Schools and other sites

Cleaning Contract Premises List	
Bond Road Family Centre	Merton Professional Development Centre
Aragon Children's Centre	South Wimbledon Community Centre - Merton Hall
The Avenues Children's Centre	South Wimbledon Community Centre - Paterson Annexe
Ivy Gardens Children's Centre	
Abbotsbury Primary School	SS. Peter & Paul (RC) Primary School
Aragon Primary School	St. Mary's (RC) Primary School
Beecholme Primary School	St. Matthew's (CofE) Primary School
Dundonald Primary School	St. Teresa's (RC) Primary School
Garfield Primary School	St. Thomas of Canterbury (RC) Primary School
Gorrington Park Primary School	Stanford Primary School
Harris Primary Academy	Wimbledon Park Primary School
Holy Trinity (CofE) Primary School	Ursuline High School (RC)
Joseph Hood Primary School	Cricket Green School
Lonesome Primary School	Melrose School
Merton Park Primary School	Perseid School (Primary)
Morden Primary School	Perseid School (Secondary)
Pelham Primary School	Smart Centre - Main Building
Sacred Heart (RC) Primary School	Smart Centre - Annexe

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