

CABINET

17 AUGUST 2010

GATEWAY 4 CONTRACT REVIEW: CORPORATE BUILDING, WINDOW AND PUBLIC TOILET CLEANING CONTRACT

Portfolio Holder: Councillor Alan Jarrett, Finance

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Summary

To set out a review of the Corporate Building, Window and Public Toilet Cleaning Contract.

1. BUDGET AND POLICY FRAMEWORK

1.1 The Procurement Board has referred this report to Cabinet for consideration.

2. RELATED DECISIONS

2.1 There are no related decisions.

3. BACKGROUND/INTRODUCTION

3.1 The report offers an insight into the operations of the Corporate Cleaning contract on its first anniversary. Grade One Commercial Cleaning Services Ltd and Superclean Services Worthorpe Ltd have been contracted to provide Corporate Cleaning services to the Council from 17 August 2009 to 17 August 2012 with an option to extend the contract for a further 24 months at the Council's sole discretion. It is perceived that provision of the services by the said Companies will provide the Council with cost advantages combined with an opportunity to provide an effective and efficient service in respect of cleanliness to all its properties as dictated by legislation.

4. MANAGEMENT OF THE CONTRACT/ BENEFITS REALISATION

4.1 The contract was initially managed by Strategic Procurement but the contract management function of all three components of the contract namely; window cleaning, public toilet cleaning and building cleaning have been transferred to the Council's Facilities Management team. The Contract was initially awarded to the following companies as follows:

Corporate Cleaning Breakdown

Window Cleaning	Grade One Commercial Cleaning Services Ltd
Public Toilet Cleaning:	Grade One Commercial Cleaning Services Ltd
Building Cleaning:	Superclean Services Worthorpe Ltd

- 4.2 Grade One Commercial Cleaning Services Ltd was initially awarded two elements of the contract as stated above but due to a strain on Grade One Commercial Cleaning Services Ltd resources, Grade One Commercial Cleaning Services Ltd advised and the Council agreed through the execution of a formal deed of variation for Grade one Commercial Cleaning Services Ltd to relinquish the Public Toilet Cleaning element of the Contract and provide window cleaning services only.
- 4.3 It was agreed that the decision by Grade One Commercial Cleaning Services Ltd to relinquish an element of the cleaning Contract was in the interest of the Council, as this will ensure efficient service provision by a new contractor. Superclean Services Worthorpe Ltd who came second during the tender evaluation stage in terms of the application of the Most Economically Advantageous Tender (MEAT) criteria were approached by the Council to take provision of the services hitherto provided by Grade One Commercial Cleaning Services Ltd under the Contract. Superclean agreed to same.
- 4.4 To date, the contract has been managed on the basis of the Service Level Agreement (SLA) initially agreed and embedded within the contract documents. The SLA sets out detailed performance measures to assess the performance of contractors against set standards embedded in the contract. The SLA provides a tool for identifying any possible gaps in contractor performance and methods for discussing findings with the contractors with a view to identifying how any shortfall in performance can be addressed and/or improved.
- 4.5 Since inception, all elements of the contract have to a large extent achieved the initial objectives as set out in the business case. It is considered that this achievement provides justification for the continuation of these contracts.
- 4.6 As far as the volume of services commissioned under the contracts and its cost implications are concerned, the contract has seen an incremental rise in the total contract value as a result of contract variations required from addition of cleaning sites and an increase in the frequency of cleans. There has also a been minor reduction of the sites required to be cleaned. The cost implication of the variation is within the policy and budgetary framework.
- 4.7 The frequency of contract monitoring is largely dictated by outcomes of the SLA and frequency of receipt of client complaints received. Contract management meetings are also held to address escalating issues.

5. VARIATIONS REQUIRED DURING CONTRACT TERM

5.1 Since its inception, the initial sites required to be cleaned under the contract have been varied in response to requests from stakeholders and users. Some of the sites

have also been removed from the general list of sites originally identified under the contracts and some other sites have witnessed a reduction in the frequency of cleans required at the request of managers of the affected sites.

6. PERFORMANCE AND CHANGE MANAGEMENT

- 6.1 Both contractors have performed well up to the first anniversary of the contract and no major issues have been reported except for minor operational issues that have resulted from miscommunication on the part of the parties involved. These minor issues have been resolved to the satisfaction of both parties.

7. LESSONS LEARNED

- 7.1 A major lesson learnt is the need for FM services to have a single point of contact to coordinate all contract variations. This will ensure the effective and efficient contract management of the contractors and also ensure business objectives are aligned with corporate objectives.
- 7.2 There is also a need to streamline variation orders received from client departments if only to avoid the client departments issuing ad-hoc instructions to the Contractors.

8. NEXT STEPS

- 8.1 Future Variations / Amendments Required:

The nature of the contractual requirements are likely to necessitate further future variations relating to an increase or a reduction of sites required to be cleaned.

- 8.2 Contract Extension Required:

Not required at this stage. The Contract is in its first year of operation and has two more years to run with an option to extend for a further two years.

- 8.3 Service Improvement Plan / Continuous Improvement Plan:

No future service improvement plan is envisaged as the terms of the contract have been set out and agreed by the parties for the contract duration.

Currently contract performance is monitored to ensure gaps identified in service delivery are addressed.

Ongoing steps are taken to ensure all client departments are aware of their responsibilities as far as issuing variation orders are concerned.

Contractors are constantly encouraged to continuously maintain a good level of service provision and contract performance that clients will find satisfactory.

9. COMMENTS OF THE PORTFOLIO HOLDER FOR FINANCE

- 9.1 This report updates Cabinet on the Performance of Grade One Commercial Cleaning Services Ltd and Superclean Services Worthorpe Ltd (“Companies”/“Contractors”) to date following the first anniversary of the Council’s Contract for the provision of cleaning services for the Council, Corporate Buildings, and Public Toilets with the said companies.

10. PROCUREMENT BOARD – 21 JULY 2010

- 10.1 The Procurement Board considered this report on 21 July 2010 and recommended this report for the attention of Cabinet on the basis that the report provided greater detail on agreement costs, budgets, sites, locations and the value of all variations. This information is set out in an exempt appendix to the report.

11. FINANCIAL, PROCUREMENT AND LEGAL COMMENTS

11.1 FINANCE COMMENTS:

There are no financial issues that need to be highlighted at this stage as a result of the current contracts.

11.2 PROCUREMENT COMMENTS:

Strategic Procurement, having been involved in the contract management prior to transfer to Facilities Management, is satisfied that the contractors have performed well and have developed a sustainable and positive contractual relationship with the Council. The original procurement process and subsequent award demonstrated best value and this value has thus far been demonstrated in the operation of the contracts. There is a clear and robust contract management mechanism in place which the client department must ensure is constantly monitored to maintain high delivery standards. Although there are 2 years to run on this contract, the client department should commence consideration of how a future contract may be structured and procured in the future so that a decision can then be made closer to the time as to whether or not to take advantage of the permitted contract extension provisions or retender to achieve efficiencies and value for money.

11.3 MONITORING OFFICER OR DESIGNATED DEPUTY MONITORING OFFICER'S COMMENTS:

The contract appears to be working well to facilitate the provision of effective and efficient cleaning services in respect of the various sites specified in the contract.

12. RECOMMENDATION

- 12.1 The Cabinet is asked to note this report and note that the Contract will continue to the end of its full term on 17 August 2012.

13. SUGGESTED REASONS FOR DECISION(S)

- 13.1 The rationale for the recommended decision is to ensure all contracted sites are maintained at standard of expectation required by both internal and external stakeholders (Council and general public).

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BACKGROUND PAPERS

Corporate Building, Window and Public Toilet Cleaning Contract Award – report to Cabinet 12 May 2009.