

REPORT TITLE: HOUSING CLEANING PROCUREMENT

31 OCTOBER 2022

REPORT OF CABINET MEMBER: Cllr Paula Ferguson, Cabinet Member for
Community & Housing

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WARD(S): ALL

PURPOSE

The provision of cleaning services to housing's communal areas is a key service area for council tenants and leaseholders. Tenants and leaseholders require the cleaning service they receive to be consistently of good quality, which means the contractor meeting the defined service specifications whilst also providing value for money. Procuring a new cleaning provider is therefore a high profile decision and one that the housing service makes in consultation with its residents.

This report provides Members with an overview of the intended procurement process for the contract for cleaning communal areas in the council's Housing stock. The current contract with YBC Cleaning Services expires on 30th April 2023. No further extensions of the existing contract are being sought and a new contract should be established.

Consultation with both tenants and leaseholders has highlighted the issues within the current service together with improvements to the specification and contract in readiness for procurement.

Officers are requesting authorisation to proceed with the outlined procurement process and the relevant approvals to award the contract to the most economically advantageous tender in accordance with the Public Contract Regulations (PCR) 2015 and the council's Contract Procedure Rules.

RECOMMENDATIONS:

1. That it be agreed that the current cleaning contract to YBC Cleaning Services should not be extended for a further 1 year period.
2. That the procurement of a cleaning service using an open tender procedure be authorised in accordance with the council's Contract Procedure rules and the Public Contract Regulations 2015 (PCR 2015);
3. That to ensure best value for residents, tenders are to be evaluated based on a criteria of 60% cost and 40% quality and 10% of the quality criteria, will be allocated to environmental and social value matters;
4. That the Strategic Director be authorised to award the contract to the preferred bidder. This being the applicant with the most economically advantageous tender for a term of 3 years with an option to renew for up to a further 2 years based on performance of service provision.
5. That the Strategic Director be authorised to enter into all necessary agreements with the preferred contractor to provide a building cleaning service within the common and communal areas of the councils housing stock.
6. That delegated authority be granted to the Service Lead: Legal to execute and enter into all necessary contractual agreements.

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

- 1.1 Tackling the Climate Emergency and Creating a Greener District
- 1.2 Sustainability will be a consideration throughout the procurement life cycle: planning, refining the specification, evaluation and selection of a preferred supplier and contract management.
- 1.3 Suppliers will need to evidence at the procurement stage the measures they employ to minimise their organisations carbon footprint and environmental impact and enhance environmental and social benefits and how these will be applied in the delivery of the service. For example use of sustainably sourced materials, management of hazardous materials, toxic chemicals, solvents and ozone depleting substances, management of waste and recycling, use of technology to enhance customer interactions, reduction in the impacts of transport through car sharing and/or the use of electric vehicles is to be explored.
- 1.4 The measures specified within the preferred bidders tender response will be monitored as part of the ongoing contract management activities. The aim is to work collaboratively with the preferred supplier to foster innovation where feasible throughout the contract term. Tackling the Climate Emergency is everyone's responsibility.
- 1.5 Homes for All
- 1.6 The council's housing stock delivers quality housing options for Winchester residents.
- 1.7 Vibrant Local Economy
- 1.8 Utilising an open tender procedure means that the opportunity is 'open' to all and local companies can apply if of interest.
- 1.9 The council is an accredited Living Wage employer, certified by the Living Wage Foundation and this applies to both our own employees and our suppliers. A requirement will be that the supplier must pay the Living Wage Foundation rates of pay.
- 1.10 The Local Economy can also be supported by seeking to incorporate provisions into the contract, where appropriate, to offer training and employment opportunities for members of the local community.
- 1.11 Living Well
- 1.12 Having well maintained communal areas is an important contributor to providing good quality housing which has a direct impact on the health and

wellbeing of residents. Feedback from tenants and leaseholders shows that the appearance of communal areas is important to them. Having areas in a poor condition can be detrimental to feelings of pride in their communities and that their landlord does not give sufficient care and thought to them.

- 1.13 These are issues which were highlighted in the Governments Social Housing White Paper, published in November 2020. From April 2023 landlords will be required to evidence to the regulator that they provide a good quality home and neighbourhood for their residents to live in and levels of satisfaction towards communal areas and services form part of this.
- 1.14 Your Services, Your Voice
- 1.15 Housing tenants and leaseholders are directly involved in the preparation of the cleaning specification and also the award of the contract. This has included a survey to tenants and leaseholders living in a flat to gain their views about the cleaning survey and what is important to them, followed by two focus groups to assist in finalising the cleaning specification around contract delivery, monitoring and management.
- 1.16 Two volunteers from the focus groups will also be involved in the tender selection process including participating in the interviews of shortlisted contractors.
- 1.17 In addition, both TACT and the Housing Management and Maintenance Service Delivery Group will be kept informed on the tender process and their views taken into account throughout.
- 1.18 The council is also required under Section 20 of the Landlord and Tenant Act 1985 to consult with leaseholders who are required under the terms of their leases to contribute through payment of service charges for costs incurred under a qualifying long-term agreement, where the contribution of any one leaseholder exceeds £100 in any accounting period.
- 1.19 Included in the consultation process is the provision for leaseholders to make written observations on the proposed agreement. Leaseholders will also have the opportunity to nominate a contractor of their choosing to tender. Once a preferred supplier has been identified, a notice of intention to enter into a long-term agreement will be issues to leaseholders, who will be invited to make written observations on the selection. The Council has a duty to have regard to all written observations from leaseholders made within the consultation period.

2 FINANCIAL IMPLICATIONS

- 2.1 Provision for the cost of a building cleaning service has been included within the Housing Revenue Account (HRA) budget for 2022/23 and beyond, as reported in CAB3334 Housing Revenue Account Budget 2022-23 dated 17 February 2022.

- 2.2 The budget for next financial year 2023/24 will allow for a cleaning contract value of £270,600 for that financial year. The total value of the contract over the full 5 year life of the contract is expected to be approximately £1.5million.
- 2.3 When the cleaning contract was last tendered in 2019 there was a cost saving to the HRA of approximately £25,000. However, in light of the current economic landscape, with rising labour and other on costs, it is anticipated the overall value of the contract will increase.
- 2.4 Although the contract value is likely to increase, the Housing service expects to see other financial savings from re-tendering the contract associated with the client management. Officer time spent on overseeing and administering the contract will reduce through improvements to the contract and specification which will allow this resource to be utilised in other areas of the Housing service.
- 2.5 The expectation is that the labour element of the contract charge will be linked to the nominal average wage index (as published by the Office for National Statistics (ONS)). Following the initial year (for which a firm and fixed price is required) subsequent years will be subject to adjustment in accordance with this index. Providers will be required to fully price the contract to allow fair comparison (i.e. to provide the base line price). However, applying a 60% cost evaluation model will help ensure that bids are competitive.
- 2.6 Sufficient provision will be made within the HRA for this contract cost. The provision of cleaning services is also a recoverable cost through service charges.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The procurement exercise will be conducted in accordance with the Public Contract Regulations 2015 (PCR 2015) and the Council's Contract Procedure rules.
- 3.2 The tender opportunity is above the UK threshold for a services contract and an open tender procedure is compliant with the PCR 2015.
- 3.3 An open tender procedure is recommended as this process will enable any interested local suppliers and SME's to bid in addition to enabling leaseholders to nominate a contractor in accordance with Qualifying Long Term Agreement legislation as detailed in 1.18.
- 3.4 The evaluation criteria will be created to meet stakeholder's outcomes and the opportunity tailored specifically for the Winchester district. The process has been reviewed and agreed by the both the Council's legal and procurement services.

- 3.5 The council has an obligation as a best value authority under section 3 of the Local Government Act 1999 to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” By following due process through the UK compliant procurement exercise, upon entering into the cleaning contract, the Council will have observed its other statutory duties, including in regard to the duty to obtain best consideration.

4 WORKFORCE IMPLICATIONS

- 4.1 The contract will continue to be managed and monitored by the Housing Estates Compliance Officer.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The successful contractor will be entering and cleaning council housing stock. The contract provides for relevant insurances and maintenance regimes.

6 CONSULTATION AND COMMUNICATION

- 6.1 Housing tenants and leaseholders are directly involved in the preparation of the cleaning specification and also the award of the contract.
- 6.2 In May 2022 a digital survey was emailed to tenants and leaseholders living in general needs flats and a paper copy was hand delivered to sheltered residents. The survey sought residents’ views on both the current contract and what a new service should look like. The response rate for general needs households was 10.82% and 28.40% for sheltered. A summary of the feedback is provided in Appendix 1.
- 6.3 As part of the survey residents were asked if they would like to be involved in a focus group to discuss the cleaning service in more detail in order to help shape the specification in relation to contract delivery, monitoring and management. Two focus groups were held in July 2022 attended by 9 tenants and 3 leaseholders. The tenant representatives covered both general needs and sheltered sites.
- 6.4 The focus groups were an effective way of consulting with residents on issues with the current contract and officers’ thoughts on potential improvements for the new contract. Residents also put forward a number of excellent suggestions which will be incorporated into the contract specification and contract.
- 6.5 Two volunteers from the focus groups also confirmed they would be prepared to be involved in the tender selection process including participating in the interviews of shortlisted contractors.
- 6.6 As detailed in 1.18, the council is required to undertake statutory consultation with leaseholders following a prescribed format to ensure their views are taken into consideration.

6.7 Members were provided with a briefing note in May 2022 outlining the consultation process and a copy of the residents' survey. Moving forward Members, TACT and tenants/leaseholders will be updated on the tender process and the outcome.

6.8 In addition, on 22nd September 2022 a draft of this paper was presented at TACT. TACT were supportive of the recommendations and the proposed procurement process as outlined in this document.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 As part of the tender process, applicants will be required to set out how they will assist the council to meet its environmental targets by reducing its carbon footprint, proactively managing and reducing its impact on the environment and its use of natural resources and to develop its Corporate Social Responsibility.

7.2 It will be a requirement for applicants to agree with this approach should they wish to progress in the tender qualification. Applicants will also need to state their waste management practices, emergency practices including chemical spills and water contamination, environmental use of water, COSHH (Control of Substances Hazardous to Health) and risk assessments due to the nature of the services.

7.3 All bidders will need to complete and 'pass' a standard qualification selection questionnaire as part of the procurement exercise. The questionnaire is designed to check the business conduct of suppliers including proven offences of grave professional misconduct, including environmental matters and modern slavery.

7.4 Additionally 10% of the evaluation weighting for 'quality requirements' will be allocated to environmental considerations.

8 PUBLIC SECTOR EQUALITY DUTY

8.1 Whilst there are no actions which arise directly from this report, officers have regard to s149 (1) of the Equality Act in that the council must have due regard, in the exercise of its functions, (and Cabinet must, as the decision maker in respect of the proposed decision, have due regard) to the need to:

- a) Eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act.
- b) Advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them.
- c) Foster good relations between persons who share relevant protected characteristics and persons who do not share them.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Financial Exposure <i>Risk of increased service costs</i>	Provision for an increase to the cost of the cleaning contract will be included within the HRA budget for 2023-24 A 60% cost 40% quality evaluation model is recommended taking into account feedback from residents about concerns for rising service charges	
Exposure to challenge <i>Challenge from residents</i> <i>Challenge from tenderers</i>	Consultation at an early stage with residents including involvement in tender selection Undertaking statutory consultations with leaseholders as outlined in regulations Robust tender process supported by the councils procurement and legal services to ensure compliance with the PCR 2015	
Innovation <i>Standardised contract that does not address service challenges</i>	Open tender procedure provides the opportunity to tailor the procurement and contract documents Officer and resident input has generated innovated options to improve contract specification,	Environmental and social value opportunities Digital options for customer feedback and contract management To foster collaboration and continuous

Risk	Mitigation	Opportunities
	management and monitoring	improvement through robust contract management and in accordance with the councils contract management framework
<p>Reputation</p> <p><i>Risk of quality/service delivery not meeting resident expectations and/or contract requirements</i></p>	<p>Robust quality assessment as part of tender process including references</p> <p>Robust monitoring of the contract through a range of measures including contractor, officer, resident and KPIs, contract management framework</p>	
<p>Achievement of outcome</p> <p><i>Contractor does not deliver service as stipulated</i></p>	<p>Robust monitoring of the contract through a range of measures including contractor, officer, resident and KPIs, contract management framework</p>	
<p>Property</p> <p><i>Poor maintenance of Council housing asset</i></p>	<p>Contract clearly defines cleaning responsibilities and contractor expectations</p> <p>Robust monitoring through a range of measures including contractor, officer, resident and KPIs, contract management framework</p> <p>Robust escalation process in place that ensures any performance issues are addressed in a</p>	<p>Contractor reports property issues which may not have identified by officers and residents</p>

Risk	Mitigation	Opportunities
	timely manner	
Community Support <i>Resident satisfaction with cleaning service</i>	Quality assessment of method statements Resident involvement during the tender process Requirement to meet and work in partnership with residents and officers throughout contract term including contract monitoring	Positive consultation with residents brings forward options/solutions that may otherwise have not been considered
Timescales <i>Delay in procurement process may result in new contract not starting on time</i>	Project timetable with key milestones in place Key service teams/officers aware of roles and targets Option to secure overlap/extension with current cleaning provider	
Project capacity - <i>None</i> <i>Will be delivered within existing officer resources</i>		
Other - <i>None</i>		

11 SUPPORTING INFORMATION:

Background

- 11.1 YBC Cleaning Services have been the contractor providing cleaning services to housing communal areas within blocks of flats and sheltered schemes on behalf of the council since 2019. The contract was initially for 3 years and was extended in May 2022 for a further year. The contract is due to expire at the end of April 2023.

- 11.2 The contract could be extended for a further year. Due to the limitations of the current contract and specification, officers are requesting that approval be given to commence the procurement process to secure a new cleaning service contract.
- 11.3 The purpose of the housing cleaning contract is to provide consistent, good quality cleaning services to all housing communal areas. This encompasses communal areas within 72 general needs sites, 12 sheltered schemes, 3 extra care schemes and 7 temporary accommodation and/or leased sites.
- 11.4 The requirements at each site and the frequency of cleans is determined by the individual elements and physical aspects of the site together with any issues identified. This is set out clearly in the contract specification. For example, some sites have communal areas which are cleaned daily due to the high footfall and/or identified hazards whereas for others fortnightly cleaning is sufficient. In addition to the general cleaning that takes place, there is a programme of deep cleaning for all sites which happens quarterly together with a programme for window cleaning. The contract will give flexibility to amend cleaning frequencies and scope of cleans should this be necessary. Likewise, sites can be added and removed from the contract as the need arises, for example new schemes coming on line or decommissioning buildings.
- 11.5 The contractor is required to supply all cleaning materials, equipment and tools in order to undertake the cleaning to the standard set in the specification. The quality of the cleaning is monitored by both the contractor and the council. Requirements in terms of quality controls and performance measures will be clearly defined in the tender documentation, monitored and subject to change throughout the contract term.
- 11.6 The contract will be for the initial term of 3 years with the option to extend for a further period/s of up to 2 years.
- 11.7 Provision for the cost of the cleaning service will be included within the HRA budget forecast for 2023/24 at £270,600. This sum will be adjusted once the actual cost of the contract is determined following the completion of the tender process. The expectation is that the labour element of the contract charge will be linked to the nominal average wage index (as published by the Office for National Statistics (ONS) as detailed in paragraph 2.2 above.
- 11.8 Set out in the tender documentation and contract will be robust monitoring and satisfaction requirements, including key performance indicators. These will be used to robustly manage the performance of the contractor throughout the contract term. Failure by the contractor to perform to the required standard could result in a financial remedy for the contractor. The contract also contains clauses for termination in relation to breach of contract.

Tender Process

- 11.9 The estimated value of the tender is above the UK threshold for a services contract. It is recommended that an 'open' tender procedure compliant with the PCR 2015 and the councils Contract Procedure Rules is undertaken. The contract will be advertised on the UK 'Find a Tender Site' and on the Central Government's website: 'Contracts Finder'. Consideration has been given to alternative tender processes such as a Dynamic Purchasing System, DPS and use of a suitable Framework. Enquiries have also been made with other Local Authorities and registered social landlords as to how they procure similar cleaning services.
- 11.10 Using a DPS or Framework can save time as some of the procurement activities and due diligence checks have already been undertaken. However, there are constraints in terms of having to comply with the conditions of that DPS or Framework which can impact on the evaluation criteria used, which suppliers we can invite to tender and contract terms.
- 11.11 Following research, an open tender procedure was identified as the most suitable tender procedure as it provides flexibility to tailor the opportunity including contract requirements and enables local suppliers to bid.
- 11.12 Tenders will invited from suitably qualified service providers who are required to 'pass' the first stage qualification process. Stage 1 is an assessment of all tenderers to ensure they meet the council's minimum requirements for economic and financial standing and mandatory standards relating to business conduct, insurance, health and safety and relevant experience. Tenderers that do not pass this stage will not progress any further in the procurement exercise.
- 11.13 In stage 2 and in accordance with the published evaluation criteria the Tenderer will be formally assessed on how contract requirements will be met. in accordance with the evaluation criteria. This stage will also include an interview process whereby shortlisted tenderers will be invited to meet with both officers and tenant and leaseholder representatives to discuss their submission.
- 11.14 The preferred bidder will be the applicant with the most economically advantageous tender, MEAT, calculated in accordance with published evaluation criteria and scoring mechanism.

Conclusion

- 11.15 The provision of cleaning services to housing stock is a high profile service for both tenants, leaseholders and members. It is important for the council to procure a contractor who can consistently provide a good quality service as set out in the customised specification whilst also providing value for money. The housing service fully recognises the value of involving residents, leaseholders and members in the procurement process whilst ensuring it meets all legislative requirements.

11.16 We are therefore seeking authorisation to conduct a tender process using an open tender procedure and to evaluate tender submissions based on a criteria of 60% cost and 40% quality. In addition, we are requesting that delegated authority be given to appropriate officers to authorise the award of contract and enter into all necessary contract arrangements.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 The primary alternative option would be to access another cleaning contract via an existing national framework or deliver the service in-house. Research available demonstrated that frameworks do not offer the relevant benefits, control and flexibility.

12.2 A further option considered and rejected is to extend the contract with YBC Cleaning Services. The current specification and contract require amendments in order to ensure improvements to services currently received by tenants to include clarity around operational and contractual requirements.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None.

Other Background Documents:-

None.

APPENDICES:

Appendix 1