

By:	Patrick Leeson, Corporate Director for Education, Learning and Skills
To:	Roger Gough, Cabinet Member for Education and Health Reform
Subject:	<b>Premises Cleaning In Educational Establishments – Framework Agreement Award</b>
Classification	For publication

Summary	<p>This report details the recent changes to the provision of school cleaning services. It describes KCC's ambition to support new arrangements for schools, without providing a county-wide contract as had previously been the case, and the solution devised: a Framework Agreement whereby preferred providers are selected for specified geographical lots from whom schools can secure cleaning services without a separate procurement process and which provides other securities for schools in terms of support and management.</p> <p>The report explains the procurement process designed and utilised to select these providers and the outcome of the bidding process.</p> <p>It goes on to explain the chronology of the decision to date and some of the issues that have arisen and been resolved.</p> <p>Finally the report recommends that the Cabinet Member take a decision to authorise the Council to enter into the Framework Agreement.</p>
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## 1. Background Information

- 1.1 For many years ELS Client Services has offered all educational establishments the opportunity to buy back into a County-let contract for premises cleaning. This allows a uniform standard to be set and a competitive price to be tendered. Schools, units, nurseries, etc, have been reassured by having an experienced team to support them in complying with procurement legislation, establishing appropriate contractual terms and conditions and also to manage the contract throughout its life. By using the services provided by Client Services it helps manage a range of risks and reduces the pressure on the school management team.
- 1.2 Under new arrangements it was agreed that similar aims could be achieved by creating a Framework Agreement. KCC can set the standard for provision within the specification, ensure that procurement practices are sound and provide follow up support and guidance for schools who choose to call off a contract with the winning service provider for their area.
- 1.3 The procurement exercise has been conducted and the Service Providers identified. A challenge was received in relation to the procurement process,

which has been settled through negotiation and no financial agreements or payments have been required.

- 1.4 Schools have now engaged in contracts with those providers selected as preferred providers for the particular geographical area and services are being provided.
- 1.5 Should a school choose to make their own arrangements for cleaning they may engage a private contractor as a single site contract, alternatively schools may employ their own direct labour. This gives the Headteacher the responsibility of employing staff, covering of absenteeism, training, monitoring standards and dealing with day to day problems. In addition, should the contract be of sufficient value the contract must be procured in line with Public Contract Regulations 2006.
- 1.7 The cleaning standards to which bids were made was based on a generic specification. It has been designed to offer flexibility to suppliers in delivering the service, whilst maintaining appropriate standards. Tenderers were required to submit Method Statements derived from this generic specification, with their tender submission. These were used to measure the outputs as an integral part of the tender assessment and subsequent measurement of contract standards. Individual establishments will vary in size considerably depending on status of the school.
- 1.8 Only one firm was selected as the approved Framework provider for each lot and all establishments using the Framework have been able to contract directly with that provider without further competition.

## **2. The Procurement Process**

- 2.1 An opportunity was posted on the South East Business Portal in December 2011 for contractors to provide cleaning services to publicly funded educational establishments in Kent. 70 Expressions of Interest were received.
- 2.2 A Prequalification process was undertaken during January 2012 from which 28 responses were received.
- 2.3 Following evaluations of the Prequalifications, 23 contractors were invited to tender during February 2012.

## **3. Tender**

### **3.1 Tender Evaluation & Selection Criteria**

The tender evaluation model was weighted as follows:

<b>Criteria</b>	<b>Weighting</b>
Cost/Price	25
Quality	30
Experience	20
Service Delivery	25

Specifically:

- Cost - final tendered price
- Quality - a combination of references, evidence provided against Additional Information” and Method Statements
- Experience - references
- Service Delivery - Method Statements and Productivity and staffing information provided in the Pricing Matrices

3.2 In order for tenderers to be short-listed, they had to achieve a minimum un-weighted Quality/Experience/Service Delivery score of 250 points out of a possible 400.

3.3 Tender Response

Of the 23 contractors invited to tender, 17 responses were received.

#### **4. Tender Evaluations & Scores**

4.1 Technical (Quality) Evaluations were carried out by the Client Services Team in accordance with a pre-determined set of scoring matrices. Once these evaluations had been carried out and the scores recorded, a financial evaluation was carried out and scored accordingly. In addition, all schools were invited to take part in the evaluation and one Business Manager spent some time reviewing the Lot their school was part of.

4.2 Post Tender Clarifications

Initial evaluations raised a number of queries with tenderers, specifically around their interpretation of the TUPE requirements for existing cleaning staff:-

(a) Ocean initially came back with what appeared to be a price competitive tender, however, following post tender clarification where questions on TUPE application were raised, Ocean withdrew their tender on the basis that appropriate application of TUPE would make them uncompetitive.

(b) Post tender clarification with Superclean indicated that they had reduced many of the staff operational hours in order to offer competitive pricing. Whilst they have confirmed that they would cover the cost of any TUPE related redundancy or compensation this did not address the potential issue of reduced operational hours resulting in a lower standard of cleaning. The risk is that it could result in post contract issues and complaints and ultimately, in unsustainable pricing and/or in schools not calling off contracts from the framework agreement at all. (This practice is also borne out of current experience).

#### **5. Winning bids**

(a) **Ashford - Metro**

Metro was the winning service provider and already gives a quality service to a few schools in this area, outside the group contract. Currently most schools

in the Ashford Lot are serviced by another contractor providing a contract for fewer weeks per year. This has resulted in a lower standard of cleaning and schools opting to make their own arrangements. By awarding to Metro it is hoped more schools will make use of the new contract.

The price bid by Metro is approximately £5000 above the current price (taking into account annual RPI increase) It is expected that all 7 schools in this Lot who have previously expressed their intent to using the framework will accept the higher price for an improved specification.

**(b) Canterbury & Swale - Steadfast**

Steadfast was the winning service provider and already provided a quality service to schools in the Swale area. The Canterbury schools are keen to change their service provider.

The price bid by Steadfast is approximately £20,000 higher than the current contract. It is expected that all 13 of the schools in this Lot which have previously expressed their intent in using the framework will accept the higher price for an improved specification.

**(c) Dartford - Solo**

Although Metro scored the highest, they have expressed unwillingness to take on multiple contracts over a total value of £325k due to their size, financial standing and available resources. Steadfast was second placed but have already been awarded 3 other large areas. Therefore the Dartford lot was awarded to the third placed service provider, Solo.

The price bid by Solo is approximately £20,000 less than the current contract (on the basis of the 5 schools in this lot that have previously expressed their intent to use the framework).

**(d) Dover, Shepway & Thanet - Metro**

Metro was the winning service provider in this area. Due to service concerns, the schools are keen to change from their current provider. This area is geographically close to the other lot awarded to this company so should make supervision of the two lots manageable for Metro.

The price bid by Metro is approximately £25,000 more than the current contract. It is expected that all of the 12 schools in this Lot which have previously expressed their intent in using the framework will accept the higher price for an improved specification.

**(e) Gravesham - Steadfast**

Although Metro was the winning service provider, we were not able to award to them for the reasons summarised in point (3) above. Steadfast was second placed and currently providing a quality service to schools in the Gravesham area.

The price bid by Steadfast is approximately £12,000 lower than the current contract (on the basis of the 5 schools in this lot that have previously expressed their intent to use the framework).

**(f) Maidstone - Steadfast**

Although Metro was the winning service provider, we were not able to award to them for the reasons summarised in point (3) above. Steadfast was the second placed service provider. Currently most schools in the Maidstone Lot are serviced by another contractor, providing a contract for fewer weeks per year. This has resulted in a lower standard of cleaning and schools opting to make their own arrangements. The schools in this area appear to be keen to change from their current contractor. By awarding to Steadfast it is hoped more schools will make use of the new contract.

The price bid by Steadfast is approximately £18,000 higher than the current contract (on the basis of the 22 schools in this lot that have previously expressed their intent to use the framework). However, cleaners are currently only employed for 48 weeks per year, whereas the new contract will be for 52 weeks per year.

**(g) Sevenoaks - Solo**

Although Steadfast was the winning service provider they had already been awarded 5 other Lots, therefore this Lot was awarded to the second placed service provider. Solo already provided a quality service to schools in this area.

The price bid by Solo is approximately £9,000 lower than the current contract (on the basis of the 11 schools in this lot that have previously expressed their intent to use the framework).

**(h) Tonbridge & Malling - Steadfast**

Steadfast was the winning service provider and already provided a quality service to most schools in this area.

The price bid by Steadfast is approximately £5,000 lower than the current contract (on the basis of the 18 schools in this lot that have previously expressed their intent to use the framework).

**(i) Tunbridge Wells - Solo**

Although Steadfast was the winning service provider they had already been awarded 5 other Lots, therefore this Lot was awarded to the second placed service provider, Solo.

The price bid by Solo is approximately £30,000 lower than the current contract (on the basis of the 19 schools in this lot that have previously expressed their intent to use the framework).

**(6) Single Sites**

**(a) Meadowfields – Steadfast**

Steadfast was the winning provider and was already providing an excellent service to this school. The tender price is approximately £13,000 lower than they currently pay.

**(b) Pembury - Steadfast**

Although Metro was the winning service provider, we were not able to award to them for the reasons summarised in point (3) above. Steadfast was the second placed tender in the evaluation and were currently providing a quality service to this school.

## (7) Summary

School District	Contractor Award	Value (£ per annum)
Ashford	Metro Cleaning (South East) Ltd	£136,218
Canterbury & Swale	Steadfast Cleaning Company Ltd	£232,250
Dartford	Solo Service Group	£150,539
Dover, Shepway & Thanet	Metro Cleaning (South East) Ltd	£276,833
Gravesham	Steadfast Cleaning Company Ltd	£204,270
Maidstone	Steadfast Cleaning Company Ltd	£286,217*
Sevenoaks	Solo Service Group	£115,855
Tonbridge & Malling	Steadfast Cleaning Company Ltd	£275,244
Tunbridge Wells	Solo Service Group	£363,037
<b>Single Sites:</b>		
Meadowfields	Steadfast Cleaning Company Ltd	£66,920
Pembury	Steadfast Cleaning Company Ltd	£26,555
<b>TOTAL</b>		<b>£2,133,938.00</b>

## 8. Post Award Amendments - July 2012

- 8.1 Following receipt of a process challenge from Solo Service Group on 24 May 2012 and a subsequent review of the procurement process, KCC conceded to amend the award for the Maidstone lot. This amendment was negotiated between all parties concerned and Steadfast Cleaning Company agreed to this change in award with no detrimental effect to their original tender offer for all remaining lots awarded to them.
- 8.2 No financial settlements were necessary in the renegotiations but it should be noted that the procurement process has been successfully challenged, which has the potential to weaken the agreement in the face of any future challenge.

Amendment as follows:

Solo Service Group price per annum £239,127  
 Steadfast Cleaning Company price per annum £286,217

These awards are now also in place and contracts have been entered into by schools with winning bidders, where desired.

## 9. Background

- 9.1 Following the procurement process Legal Services requested the relevant Record of Decision in order that the Kent County Council Seal could be affixed to the agreement. .

- 9.2 A signed record of decision sheet was duly received by Legal Services but concerns were raised when it was noticed that no decision number appeared on it as should be expected.
- 9.3 Officers within Democratic Services established that, although a genuine attempt had been made to secure the proper authority, certain statutory and administrative requirements of the decision making process had been omitted and as such the Framework agreement could not be sealed.
- 9.4 Thorough research was conducted to establish whether a delegation to officers to implement the Framework Agreement existed within the Medium Term Financial Plan, Budget Book or annual plan entries. Although there were several entries related to the future of school budgets and to the provision of services it was agreed that they were not sufficient to provide the authority needed to seal the agreements and that a Cabinet Member Key decision would need to be taken.
- 9.5 Work towards the execution and implementation of a Cabinet Member decision began. However, this process was delayed by the need for careful investigatory work into the robustness of the procurement process and therefore the Framework Agreement. It is important that the Cabinet Member be fully informed and in receipt of a viable and legal way forward when taking any decision.
- 9.6 The likelihood and scale of the risk is deemed to be very low now that the initial issue has been settled and as with any decision this risk must be contemplated by the Cabinet Member in relation to the risk of the other options available to him. These being not entering into the agreement and continuing to allow risk to the council, or dissolving the agreement and running another procurement process to create a new agreement. The risks associated with these two options are high, both reputationally and financially.

## **10. Urgency Procedures**

- 10.1 This decision is being taken outside of the Cabinet Committee process. The Chairman of the Council has been consulted and has agreed that the decision should not be deferred until the next meeting of the relevant Cabinet Committee.

### **Recommendations:**

That the Framework Agreement for Premises cleaning in Kent educational establishments be agreed and adopted

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