

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 14 MARCH 2017

Title of report	AUTHORITY TO AWARD THE COMMUNAL CLEANING CONTRACT
Key Decision	a) Financial Yes b) Community No
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Purpose of report	This report is to seek approval to award a contract for provision of the communal cleaning at various Housing sites for a period of 5 years.
Reason for Decision:	The current contract led by Leicestershire County Council and let collaboratively on behalf of the County and districts in Leicestershire is due to expire on 31 March 2017. The new contract procured in the same way provides cashable savings, which will be invested to improve service delivery directly to the tenants.
Council Priorities	Value for Money
Implications:	
Financial/Staff	Financial implications can be met from approved HRA budgets. There are no NWLDC staff implications.
Link to relevant CAT	Not applicable
Risk Management	Not applicable
Equalities Impact Screening	Not applicable
Human Rights	Not applicable
Transformational Government	This is a collaborative framework contract let on behalf of Leicestershire and the Districts by the County.
Comments of Head of Paid Service	Report is satisfactory

Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	Procurement Legal Services
Background papers	None
Recommendations	<p>IT IS RECOMMENDED THAT CABINET:</p> <p>(A) APPROVE THE AWARD OF THE COMMUNAL CLEANING CONTRACT FOR HOUSING SITES THROUGH THE COUNTY CONTRACT</p> <p>(B) DELEGATES AUTHORITY FOR THE AMENDMENT OF SITES INCLUDED IN THE CONTRACT, FOLLOWING TENANT CONSULTATION, TO THE DIRECTOR OF HOUSING IN CONSULTATION WITH THE HOUSING PORTFOLIO HOLDER</p>

1. BACKGROUND

- 1.1 On 29 June 2010, Cabinet approved the award of the Communal Cleaning Contract through a collaborative arrangement with Leicestershire County Council (LCC). That contract with Servest will end on 31 March 2017.
- 1.2 The arrangement with the County Council included the contract management service and overall, the quality of the service received since 2010 has been good and the level of costs very reasonable given the economies of scale this large contract provided.

2. PROCUREMENT ROUTE

- 2.1 As this contract was coming to an end, the County Council has undertaken a tendering exercise for a Facilities Management Contract for the County's portfolio of buildings, as well as for local authority partners and external client organisations. The contract was tendered in various Lots covering the range of facilities management services.
- 2.2 They have awarded the Building Cleaning Lot to Solo Service Group, for a period of five years, commencing April 2017.
- 2.3 It is proposed that the council awards a contract directly to the County Council which taps into the services delivered by Solo Service Group following a competitive tender. Following appropriate due diligence of the County Council's procurement documents, Legal Services are satisfied that awarding a contract in this manner is compliant with the public procurement regime (under Regulation 37 of the Public Contracts Regulations 2015) and compliant with the council's own contract procedure rules.

3. FINANCIAL IMPLICATIONS

- 3.1 The full cost of the cleaning at residential sites is recovered through service charges to tenants who receive the service. In net terms the arrangement is therefore self financing from income received. The cleaning of the non residential site at Greenhill Community Office is covered by the Housing Revenue Account.
- 3.2 The cost of the communal cleaning being undertaken via the collaborative arrangement with Leicestershire County Council, based on our inclusion in the contract for the full term, is £59,283.44 per annum or a total of £296,417.20 over the five year contract period. There has been a reduction of the number of sites included in the contract due to the disposal/decommissioning of four sheltered housing schemes, meaning costs are not directly comparable with the previous arrangement. However a cost comparison of the sites included in both contracts show a price reduction of £5,666.56 per annum or a total of £28,332.80 over the five year contract period.
- 3.3 The terms of the agreement provides flexibility to amend the number of sites included in the contact which supports our desire to enhance the quality of communal areas at 76 blocks of flats across the district. The additional cost is £42,640 per annum, (£31,980 for year one due to proposed commencement in Q2), and £202,540 over the five year contract period. Following the due diligence referred to in paragraph 2.3 above, Legal Services are satisfied that awarding this additional work through the contract to LCC is also compliant with the public procurement regime (under Regulation 37 of the Public Contracts Regulations 2015) and compliant with the council's own contract procurement rules.
- 3.4 The council is required to consult the tenants affected regarding the potential introduction of services for the new sites as the cost will be recovered through a new service charge. The consultation will be undertaken by 31 May 2017 with a view to commencing the cleaning and charging in July 2017.
- 3.5 The overall cost of the communal cleaning contract assuming all of the additional sites are included will be £101,923.44 per annum, (£91,263.44 for year one due to the proposed commencement of the additional sites in Q2) and £498,957.20 over the five year contract period.
- 3.6 The current budgetary provision for 2017/18 of £130,000 for communal cleaning was established assuming an inflationary increase in the existing contract costs and a £50,000 provision for the additional sites. Also included was equivalent income from service charges excluding the £735.28 cost of cleaning Greenhill Community Office as this is met from other HRA budgets and not through a service charge.