

Finance and Resources Committee

10:00 am, Thursday, 29 September 2016

Provision of a Stair Cleaning Service to Domestic Properties from 2016-2020

Item number	7.9
Report number	
Executive/routine	
Wards	All

Executive Summary

This report outlines the result of a competitive tender process for the provision of a Framework for Stair Cleaning Services to Domestic Properties, and recommends the appointment of a city wide contract.

It is proposed that the new Contract will commence on 1 November 2016, for a period of up to four years. Based upon previous years' usage the overall value of the contract is estimated at £3,720,000.

Links

Coalition pledges	P25 , P28
Council outcomes	CO25
Single Outcome Agreement	SO4

Provision of a Stair Cleaning Service to Domestic Properties from 2016-2020

1. Recommendations

It is recommended that Committee:

- 1.1 Approves the appointment of a framework agreement, for the provision of the city wide stair cleaning service to domestic properties, to the three named service providers listed in paragraph 3.6 of the report.
- 1.2 Approves the award of a contract to the first ranked supplier, ISS UK Ltd.
- 1.3 Notes the framework and contract will operate for an initial period of two years from November 2016 to 2018, with the option to extend for up to a further 24 months.
- 1.4 Notes that the service charge to tenants for the remainder of 2016/17 will be frozen at £2.19 per week.

2. Background

- 2.1 Housing and Regulatory Services required the Framework Agreement for the Supply of Communal Stair Cleaning Services to be retendered, as the existing contract was due to come to the end of its maximum term.
- 2.1 The service covers 2,980 blocks located across the four localities. Of these blocks, 2,500 are fully or partially Council-owned, with 480 within the private sector, which are mainly located in the city centre. In those blocks that are partially owned by the Council, other homeowners and private landlords have the option of paying for the stair cleaning service or cleaning the stairs themselves on a rotational basis. In the 480 blocks in the private sector, property owners are billed in advance for the service.
- 2.2 Council tenants pay for this service as part of their overall rent charge. Owners are billed in advance for the service and, if the required payments are not made, the service is withdrawn.
- 2.3 The stair cleaning service was moved to a single city wide contract under the previous contract and delivered by a single supplier. This service model was retained in the specification for the new contract, with contingency arrangements as outlined at paragraph 5.4 to support potential expansion of the service.

3. Main report

- 3.1 Housing & Regulatory Services (Place) requested a replacement framework with a contract to be awarded for a period of two years, with a further two option periods of 12 months each.
- 3.2 The service specification and evaluation criteria were reviewed and developed with the service area, taking account of the tenant views on the service.
- 3.3 Commercial and Procurement Services (CPS), undertook a full tendering exercise utilising the Public Contracts Scotland advertising portal and the Official Journal of the European Union (OJEU).
- 3.4 A two stage tender evaluation process was undertaken and a price quality ratio of 60% price to 40% quality was applied, in order to select the tender that represented the best overall value for money. A summary of the tender process undertaken is provided at Appendix 1, and a summary of the pricing is provided at Appendix 2.
- 3.5 The weighting ratio for the evaluation was 60% price to 40% quality. The Quality/Cost scoring of the bidding suppliers, is as follows:

Supplier	Quality	Cost	Total	Rank
ISS UK Ltd	36%	60%	96%	1
Allander Cleaning Services Limited	24.5%	58.9%	83.4%	2
Sercon Support Services Ltd	32.5%	50.4%	82.9%	3
4 th Bidder	27%	53.8%	80.8%	4
5 th Bidder	27.5%	52.3%	79.8%	5
6 th Bidder	18.5%	59.6%	78.1%	6
7 th Bidder	33%	34.2%	67.2%	7
8 th Bidder	15%	46%	61%	8

- 3.6 The Framework for stair cleaning is awarded to a maximum of three suppliers; the top ranked supplier will receive a contract for the services as outlined in the service specification. To provide contingency for any increased demand as outlined in 5.4 below, further mini-competitions may take place with all three Framework suppliers, as and when required.
- 3.7 The first ranked supplier had demonstrated commitment to delivering community benefits including, work placements to young people, training opportunities and

recruitment opportunities in the local community and paying their workforce a Living Wage Foundation rate wage.

4. Measures of success

- 4.1 Tenant satisfaction with the stair cleaning service is increased.
- 4.2 There is increased take-up of the service from private owners.

5. Financial impact

- 5.1 The contract has an estimated total value of £3.7 million, over the full four year period of the contract.
- 5.2 The stair cleaning service is self-financing through the Housing Revenue Account, and contributes a small annual surplus to the General Fund through take-up of the service in the private sector.
- 5.3 The current service charge to tenants is £2.19 per week, which equates to an annual charge of £105.12 per property. The service charge for the remainder of 2016/2017 will be frozen and then reviewed annually for the remaining period of the contract.
- 5.4 The stair cleaning service will continue to seek increased participation in the scheme, of owners of former Council properties in mixed tenure stairs, as well as marketing the service to housing associations, private developers and owners in traditional tenement blocks.
- 5.5 The costs of Procurement are estimated at less than £10,000.

6. Risk, policy, compliance and governance impact

- 6.1 The following risks have been identified as potential issues to the Council as to the successful delivery of the Contract:

Risk	Mitigating Action
Provider cannot meet requirements within the terms of the contract	<ul style="list-style-type: none">○ Utilise mini competition to increase supply

7. Equalities impact

- 7.1 There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.
- 7.2 There will be no infringement of existing rights for those with protected characteristics.

8. Sustainability impact

- 8.2 Suppliers tendering for the contract were asked to evidence, any initiatives that they were operating to improve their sustainability, such as reducing energy consumption, emissions and waste.
- 8.3 The preferred bidder stated that they would be updating their fleet of vehicles used to deliver this contract, with more fuel efficient models, during the mobilisation period.

9. Consultation and engagement

- 9.1 The stair cleaning contract is monitored through a Stair Cleaning Management Board that includes representation from the Edinburgh Tenants Federation. Tenants are therefore actively involved in monitoring the standards set for the contract and in developing the service specification, for the tender for the new contract.

10. Background reading/external references

- 10.1 None required.

Paul Lawrence

Executive Director of Place

Contact: Jennifer Hunter, Resident and Tenant Services Manager

E-mail: jennifer.hunter@edinburgh.gov.uk | Tel: 0131 529 7532

11. Links

Coalition pledges	<p>P25 - Introduce a “living wage” for Council employees, encourage its adoption by Council subsidiaries and contractors and its wider development.</p> <p>P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well-being of the city.</p>
Council outcomes	<p>CO25 - The Council has efficient and effective services that deliver on objectives.</p>
Appendices	<p>Appendix 1 – Summary of Tendering and Tender Evaluation Process.</p> <p>Appendix 2- Summary of Pricing (per annum)</p>

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Provision of a Stair Cleaning Service to Domestic Properties from 2016-2020 Ref: CT9761
Contract Period	1 December 2016 – 30 November 2020
Estimated Value	£3,700,000
Estimated Savings	N/A as self funding
Standing Orders Observed	<p>2.4 EU Principles applied</p> <p>2.7 Commercial and Procurement Manager provided resource to undertake tendering</p> <p>3.1 Director has responsibility for selecting and appointing contractors</p> <p>3.2 Director has responsibility for all Contracts tendered and let by their Directorate</p> <p>5.1 Tenders were evaluated on the basis of most economically advantageous criteria</p> <p>5.3 Tenders evaluated by a panel with the appropriate technical knowledge and expertise</p> <p>6.1 Standstill period will be observed</p>
EU Procedure Chosen	Restricted Route
Invitations to Tender Issued	10
Tenders Returned	8
Preferred Supplier	1
Primary Criteria	<p>Most economically advantageous tender to have met the qualitative and technical specification of the service area.</p> <p>60% Price 40% Quality</p>
Evaluation Team	<ul style="list-style-type: none"> • Housing and Regulatory Services Staff
Procurement Advisors	<ul style="list-style-type: none"> • 2 CPS Staff

Appendix 2 – Summary of Pricing (Per Annum for evaluation)

Contract	Provision of a Stair Cleaning Service to Domestic Properties from 2016-2020 Ref: CT9761
ISS UK Ltd	£717,137
Bidder 2	£722,072
Bidder 3	£730,872
Bidder 4	£799,729
Bidder 5	£821,977
Bidder 6	£852,936
Bidder 7	£933,414
Bidder 8	£1,258,751

The above prices are used for evaluation purposes based on hourly rates for operatives against historic usage, and will fluctuate depending upon demand.