



Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

## Decision Report

**Report reference number:** 031-23

**Government security classification:** Not protectively marked

**Title of report:** Contract Cleaning Procurement

**Area of county / stakeholders affected:** Service-wide

**Report by:** Director of Corporate Services – Karl Edwards

**Date of report:** 28<sup>th</sup> July 2023

**Enquiries to:** Director of Corporate Services – Karl Edwards

### 1. Purpose of the report

The purpose of this report is to seek approval for the awarding of a contract for General Building Cleaning and Ancillary Services following a tender process run by the NFCC's FM & Construction National Category Lead on behalf of Essex County Fire and Rescue Service. The new contract will result in improved cleaning provision across all Authority sites alongside increased contract management. This will provide a consistent approach to cleaning across all ECFRS sites, whilst making a saving against the original cleaning costs. ECFRS is able to demonstrate greater value for money (VFM) through all of our on-call stations being cleaned that were not part of our previous cleaning provision.

### 2. Recommendations

The Commissioner is asked to:

- Approve the contract award to Pinnacle Housing Ltd for the cleaning provisions across all of the Authority's sites following a procurement process run against the YPO Cleaning Services Dynamic Purchasing System. The contract is for an initial term of 48 months with the option to extend for any period or periods of up to two years in six- or 12-month blocks. The cost of the contract over the initial four-year period totals £2,336,157.72, based on the national living wage, which comprises:

■ [REDACTED]



- Approve and sign the Inter-Authority Agreement attached at Appendix E. The Inter-Authority Agreement ('IAA') was produced by the NFCC FM & Construction National Category Lead. The purpose of the IAA is to set out the roles and responsibilities of all parties involved in the procurement process, identify the resources that would be required in order to complete the evaluation and moderation process, lay out the escalation and dispute resolution to be adopted in the event any disagreements were to arise during the procurement, and finally confirm commitment to participate in the procurement. The IAA must be signed and returned to the NFCC FM & Construction National Category Lead ahead of release of the Intention to Award Letters. This would be our instruction that we wish to proceed with contract award to the winning bidder (Pinnacle Housing Ltd).
- Delegate authority to the Chief Finance Officer to approve the purchase order.
- Execute the contract attached at Appendix F following successful completion of the standstill period.

### **3. Benefits of the proposal**

The benefits of the proposal include:

- Ensuring that the Authority has a compliantly awarded contract for all cleaning services across all sites.
- Moving away from only wholetime fire stations and corporate sites such as HQ, Kelvedon being cleaned under contract, to all ECFRS sites being included with a consistency of total hours per site per sq m.
- Standardisation: By having a single supplier, the Authority can ensure consistent cleaning standards across all sites. The supplier will follow the same cleaning protocols and deliver a uniform level of service, maintaining a cohesive and professional appearance throughout all locations.
- Streamlined operations: Managing multiple cleaning contracts with various suppliers can be time-consuming and complex. Consolidating the contracts simplifies the administrative tasks, such as invoicing, contract negotiation, and communication, leading to improved efficiency and reduced administrative burden.
- Cost benefits: Negotiating a single contract with a supplier for multiple sites can provide cost advantages by improving pricing terms across a larger scope of work. Additionally, consolidating suppliers can lead to savings on administrative costs and potential economies of scale that are offered back to the customer.
- Enhanced service levels: A single supplier means that ECFRS can establish a strong working relationship and better communication channels. This allows for better co-ordination and responsiveness to any issues. The supplier can gain a deeper understanding of the organisation's unique needs, resulting in improved service levels and solutions.
- Increased accountability: A single supplier encourages greater accountability. There is a clear point of contact responsible for overseeing all sites, ensuring that service expectations are met consistently. This simplifies the management and oversight process, making it easier to track performance and address any concerns promptly.

- Flexibility and scalability: It is easier to modify the terms of a single contract compared to multiple contracts with various suppliers. The supplier can adapt to ECFRS's evolving needs, which may mean adding or reducing services, accommodating seasonal variations, or accommodating changes in site requirements.
- Quality control: With a single supplier, it is easier to enforce quality control measures. Regular inspections and performance evaluations can be conducted uniformly across all sites. This ensures that the cleaning standards are consistently maintained, and any necessary improvements or adjustments can be implemented promptly.

A regular cleaning provision is critical in supporting our workplaces and ensuring the health and welfare of our building users as well as reducing fire risk and decreasing maintenance costs on key asset areas across the property portfolio.

The collaboration cleaning contract has already brought benefits in terms of reduced professional fees and reduced costs in drafting. Changes in specification have assisted in reducing the overall cost of cleaning although the introduction of further stations and the increasing inflation rates will have an impact on the possible expenditure. Other benefits include:

**Financial benefits:**

- The new procurement exercise fits with audit and procurement regulations
- The contract should decrease the current cleaning costs by circa £63,000, although this is only an indicative estimate.
- The proposed cleaning times allocated have been reduced at all sites to decrease the financial liability.
- Centralised refuse areas at KPHQ are also planned to help reduce the financial liability although the cost benefit has not been mapped yet.
- Increased procurement benefits for sundry items such as cleaning materials and consumables from larger purchase amounts

**Operational benefits:**

- All stations will now be included on the cleaning contract whereas previously on-call stations were self-cleaned on an overtime basis by on-call firefighters.
- Key areas such as ablutions and kitchens on whole time stations and KPHQ will be cleaned regularly to reflect use.
- The Operational directorate has been involved in the design of the specification and is supportive of the outcome to reduce costs.
- Heavier traffic buildings, whole time stations, Control and KPHQ should keep their current standards of cleanliness.
- More robust contract management with monthly meetings and quarterly centralised performance meetings to report on KPIs.

**4. Background and proposal**

The Authority's building cleaning and ancillary services are currently delivered across twenty-three (23) sites by Monthind Clean Limited and across six (6) sites by Pinnacle Housing Ltd on the basis of a rolling arrangement which has been in place for a period of circa twelve (12) years. On call stations (28 sites) currently carry out the cleaning of their own stations as additional shift working. The standard and frequency therefore varies across each on call site.



The National Fire Chiefs Council (NFCC) National Strategic FM and Construction Task and Finish Group led on running a collaboration for fire and rescue services for cleaning services. In total four fire and rescue services joined this collaboration, namely Essex, Kent, Lancashire and Royal Berkshire (collectively referred to as the Contracting Authorities).

In line with the national targets set out within the 2020/21 Delivery Plan agreed by the Home Office and the NFCC for the UK Fire Sector, placing significant emphasis on collaboration, savings, commercial risk and environmental / social benefits, and pursuant to the duty to collaborate in accordance with the relevant provisions of the Policing and Crime Act 2017, the Contracting Authorities' key strategic drivers relating to this procurement are:

- Standardisation of technical requirements and performance standards for the core contract deliverables.
- Cashable and process cost efficiencies through collaboration and standardisation whilst ensuring that quality standards are not compromised.
- Flexibility in service design and service delivery to align with the changing estates and operational needs of the Contracting Authorities.
- Service optimisation and continuous improvement through the use of innovation and technology.
- Flexibility to adapt to changing needs and commercial thinking in service design to mitigate as much as reasonably possible the unfavourable effects of current adverse economic, market and supply chain conditions.
- Maximisation of social value outcomes and minimisation of the Contracting Authorities' overall carbon footprint.

The Contracting Authorities' commercial strategy is underpinned by the following principles and characteristics:

- The Contracting Authorities are seeking to commission quality-consistent, cost-effective, and well-balanced services, which will be based on a genuine partnership with the appointed contractor who will actively assist the Contracting Authorities throughout the contract term to maintain a hygienic workplace, achieve continuous optimisation in service delivery and realise innovation benefits.
- Introduction of a standardised, baseline technical specification in relation to the core service provision with a view to positively impacting on costs and outcomes.
- The contract opportunity will be split into Lots but packaging of Lots will still be permitted to take advantage of potential economies of scales.
- Bidders were requested to put forward their own service design proposals based on the specification requirements, rather than the Contracting Authorities prescribing the method of delivery, including but not limited to the number of hours and number of operatives per site. In all cases, the minimum technical and quality requirements must be met.
- Prices will be fixed for the first twelve (12) months; following that inflationary uplifts shall apply in accordance with the published Call-off Terms and Conditions (see Section 8). Benchmarking exercises will be undertaken in Year 2 and Year 4 of the contract for the purpose of evidencing value for money throughout the initial contract term and enabling the Authority to make an informed decision on whether any of the extension options will be exercised.
- Traditionally used performance deductions will be replaced by an incentivisation regime (based on a gain sharing mechanism) with a view to creating a genuine partnership with the appointed contractor, encouraging innovation and continuous improvement (both in technical and financial terms).

- Partial termination and partial suspension provisions shall apply for the purpose of embedding flexibility in the contractual arrangements by ensuring that any future reduction either in any one of the Contracting Authorities' estates or a change in their level of need at any part of the contracted estate is required.

Currently all cleaning consumables are provided by the Authority for use by the current suppliers and on call staff undertaking the cleaning but, under the new contract, Pinnacle will be responsible for the supply of all cleaning consumables, materials and equipment required to deliver the services and meet the specification.

The full-Service Delivery Specification and Performance Standards can be found in Appendix A.

## 5. Alternative options considered and rejected.

Following a review of historical spend data and a detailed supplier fragmentation analysis across the fire sector, and having full regard to the market analysis findings, the FM & Construction National Strategic Task and Finish Group undertook an options appraisal on the cleaning and janitorial category of spend, primarily focusing on the delivery of building cleaning and ancillary services.

Considering the above, the following procurement options were identified:

- **Option 1: Do Nothing**, i.e. to continue with the current arrangements with the two cleaning suppliers. Under the Public Contract Regulations this is not an option as, due to contract spend, we must tender for these services.
- **Option 2: Procurement for the Authority only** - This option discounts any opportunity for collaboration within the remit of the FM & Construction National Strategic Task and Finish Group and would mean that the Authority runs its own tender process for Essex only.
- **Option 3: Pre-Tender Collaboration without Joint Procurement** - This option entails collaboration amongst fire and rescue services in the delivery of market consultation activities and the production of standardised technical specifications, performance standards and baseline commercial terms, without being accompanied by a joint procurement. This option discounts efficiency savings achieved from carrying out a joint procurement exercise. It would also mean a repetitive procurement exercise would be carried out for each fire and rescue service resulting in multiple tender responses from the market increasing their bid costs.
- **Option 4: Joint Procurement based on a Regional 'Lotting' Strategy** - This option entails the delivery of a joint procurement exercise undertaken at a national level with a view to enabling the award of cleaning and janitorial contracts based on geographical Lots. This option will also include the development of a set of baselined standardised technical quality outputs, performance standards, and commercial and pricing strategies, as well as the ability to implement strategic supplier management for the purpose of ensuring collaborative benefits secured during the procurement phase are indeed realised at the contract management phase.

The collaboration proposed under Option 4 can be delivered via different routes to market as follows:

- Option 4a – Further Competition under an existing framework agreement or Dynamic Purchasing System,
- Option 4b – Formal Tender in line with prevailing procurement legislation, or
- Option 4c – Establishment of a new Framework Agreement or Dynamic Purchasing System



The recommended option is Option 4A, further competition under a Dynamic Purchasing System. A Dynamic Purchasing System (DPS) is unlike a traditional framework for the supply of goods, works or services. It is an electronic system which suppliers can join at any time. An 'open market' solution, a DPS is designed to give buyers access to a pool of pre-qualified suppliers.

## 6. Strategic priorities

The Authority's Fire and Rescue Plan sets a clear direction on its future development of "working closer together with other emergency services and wider partners" with a view to "delivering a better service while being closer to the communities." The Plan also sets out a set of key priorities and it is considered that the re-procurement of the cleaning service provision under the auspices of the national programme will support and further enhance the following priorities:

- Collaborate with our partners,
- Make best use of our resources, and
- Promote a positive culture in the workplace (on the basis that a clean and healthy working environment helps to promote the physical and mental wellbeing of staff).

## 7. Operational implications

Currently, on call staff undertake the cleaning of their stations as additional paid duties under their standard on call rate. It has been agreed that the Authority no longer requires operational staff to carry out cleaning services on their station and for all sites to be included in the new contract. Cleaning consumables will still be provided at all sites so that spot cleaning in the cases of a spillage can still be dealt with immediately by any member of staff. ECFRS will not be paying staff to undertake any form of cleaning service. The Area Manager for Response has been engaged throughout and is communicating this change of approach through the Station Manager Team. The change was also communicated at the recent Managers Conference held on 26-06-23.

## 8. Financial implications

The contract has an initial term of four years, with a year one contract price (based on the national living wage) of [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

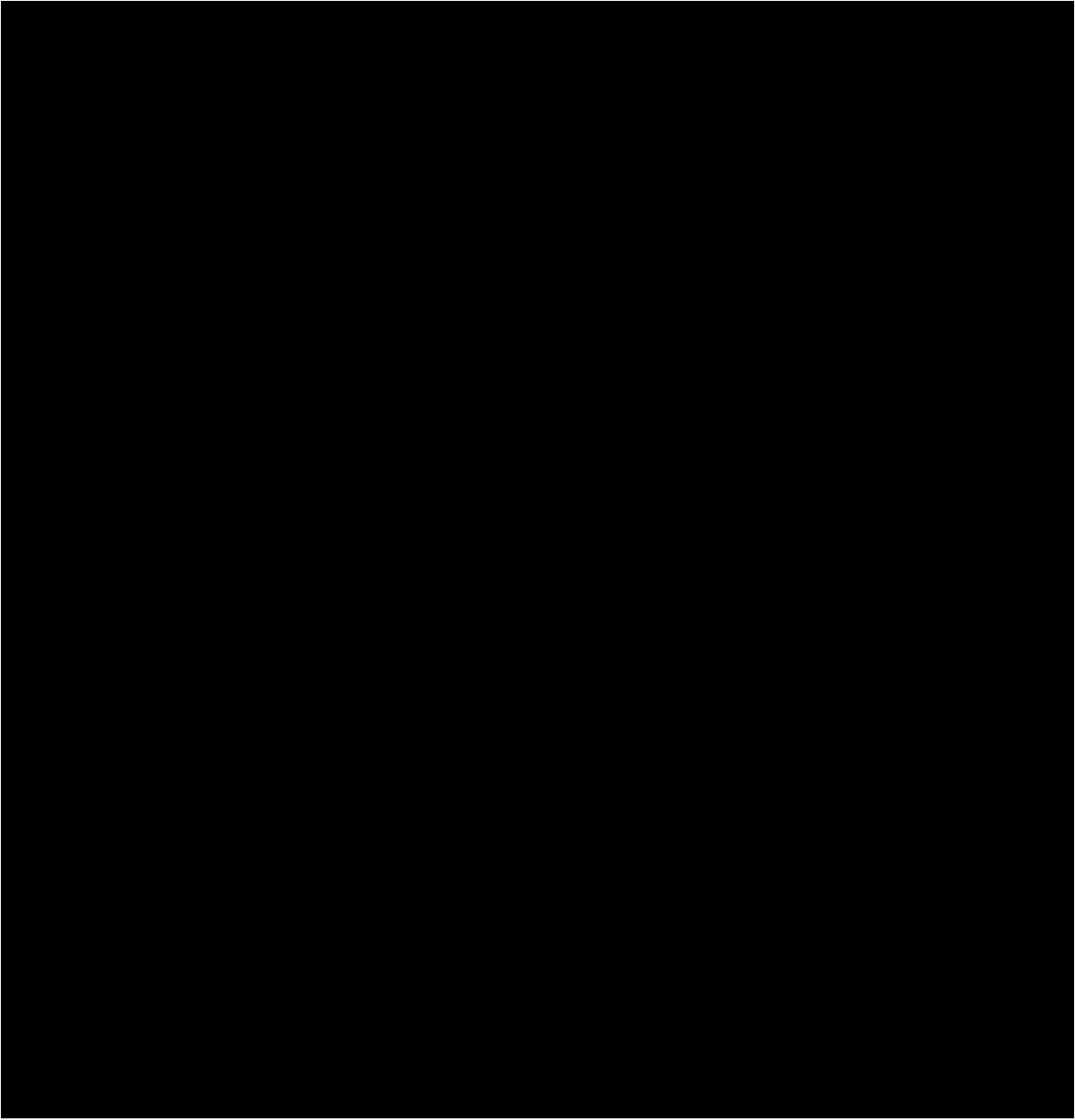
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The breakdown of costs is as follows. See Appendix C for the full pricing evaluation breakdown and calculations.



No inflationary uplifts shall be applied during contract year 1 for labour and non-labour costs, and any other costs related to the delivery of the planned ancillary services. The first price adjustment shall be applied on the first day of the second month of April following the commencement date and on the first day of April in each subsequent contract year. In other words, contract price shall be fixed until 31st March 2025.

For evaluation purposes, bidders were requested to apply the following financial assumptions for contract years 2, 3 and 4 costs:

- a. In relation to labour costs (staff hourly rates), a flat year on year increase of 8%, and
- b. In relation to non-labour costs, a flat year on year increase of 4%.

Labour and non-labour costs for contract years 2, 3 and 4 shall be adjusted up or down accordingly during the contract term in line with the real-time inflationary uplifts.

An informal benchmarking exercise will be undertaken in contract year 2 for the purpose of establishing whether the contract continues to deliver value for money and identifying cost efficiencies and service optimisation opportunities. A formal benchmarking exercise will be undertaken in contract year 4 for the purpose of formally comparing the costs of the contracted provision with market prices provided by comparable businesses for the same provision. This exercise will evidence whether the Authority is paying a fair price for the services to contribute to our decision-making process as to whether we will invoke the contract extension provisions.

Pinnacle has assumed the financial risk for any errors or omissions related to the Pre-Tender TUPE Data that incumbent providers made available to us and any subsequent liabilities which may come to light following the provision of the full Employee Liability Information.

The current cleaning costs with the incumbent suppliers are as follows, based on the amount paid for financial year 2022/23:

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

The above costs include any one-off charges for deep cleans / window cleans.

The cleaning consumable costs for financial year 2022/23 were approximately [REDACTED] [REDACTED]  
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Following the tender process, Pinnacle scored highest in all 4 Lots. Further to the evaluation process, one Service will not be proceeding and is pulling out of the collaboration. [REDACTED]

[REDACTED] The pricing evaluation took place without considering the multi-Lot discount in order to ensure that all bidders were evaluated on the same basis and will be applied following the successful completion of the standstill period.

## 9. Legal implications

The tender process was run as a further competition under YPO's Dynamic Purchasing System for cleaning services (ref: 879) by the NFCC National Procurement Hub led by the NFCC National FM & Construction National Category Lead on behalf of four fire and rescue services: Essex, Kent, Lancashire and Royal Berkshire. The full breakdown of the procurement process undertaken can be found in Appendix B which details all key stages of the pre-market



engagement, the tender process and evaluation. The route to market is a compliant procurement process under the Public Contract Regulations 2015.

Where issues and / or risks were identified during the procurement process, these were addressed having due consideration to the core procurement principles, the instructions contained within the Further Competition Pack, and (where appropriate) legal advice provided by the NFCC National Procurement Hub’s external legal advisors (DLA Piper).

During the procurement phase, Kent Fire and Rescue Service assumed the role of the ‘Lead Contracting Authority’ and is responsible for the successful award of the resulting contract/s, as well as the successful completion of the contract TUPE Transfer and contract mobilisation process. The NFCC FM & Construction National Category Lead assumed the role of the ‘Procurement Lead’ acting on behalf of the Lead Contracting Authority.

It was advised during the tender process that TUPE shall apply to the procurement, but bidders were encouraged to seek their own independent legal advice for the purpose of ascertaining if TUPE applies and on TUPE liability and mobilisation issues. Pinnacle’s pricing is fully inclusive of TUPE liabilities. This means that Pinnacle has assumed the financial risk for any errors or omissions related to the Pre-Tender TUPE Data that incumbent providers made available to us and any subsequent liabilities which may come to light following the provision of the full Employee Liability Information (ELI).

The contract terms and conditions that will apply are those of the DPS approved contract terms which all suppliers who join the DPS have to confirm acceptance of. Some additional terms were added to bolster the contract which were written and approved in conjunction with DLA Piper.

**10. Staffing implications**

The contract stipulates that Pinnacle will undertake all TUPE arrangements from any existing suppliers. In terms of ECFRS engagement, a full update was provided at the Managers Briefing session on 26<sup>th</sup> June and a service wide communication has been released to notify of the up and coming changes to our current cleaning arrangements.

**11. Equality and Diversity implications**

We have considered whether individuals with protected characteristics will be disadvantaged as a consequence of the actions being taken. Due regard has also been given to whether there is impact on people who identify as being part of each of the following protected groups as defined within the Equality Act 2010:

Race	N	Religion or belief	N
Sex	N	Gender reassignment	N
Age	N	Pregnancy & maternity	N
Disability	N	Marriage and Civil Partnership	N
Sexual orientation	N		

The Core Code of Ethics Fire Standard has been fully considered and incorporated into the proposals outlined in this paper.

**12. Risks**

There are several health risks arising from not having a cleaning contract in place for the Property portfolio: -

- Inconsistent service: Without a contract, there is no formal agreement or set expectations between the organisation and the cleaning service provider. This can lead to inconsistent

service levels, as there are no defined standards or protocols for the cleaning tasks. The lack of consistency may result in varying levels of cleanliness across different areas or sites.

- **Unclear responsibilities:** Without a contract, the responsibilities of the cleaning service provider and the organisation may be unclear. This can lead to confusion and disputes regarding tasks, schedules, and areas of coverage. It becomes difficult to hold the cleaning service provider accountable for any shortcomings or breaches of service.
- **Lack of liability protection:** A cleaning contract typically includes provisions for liability and insurance coverage. Without a contract, ECFRS may be at risk of assuming liability for any damages or accidents that occur during the cleaning process. This can result in financial losses or legal complications if the cleaning service provider is not adequately insured.
- **Pricing and cost uncertainty:** Without a contract, there are no agreed-upon pricing structure or terms. The cleaning service provider may change their pricing arbitrarily, leading to unpredictable costs. Additionally, without a contract, it becomes challenging to negotiate favourable pricing terms or secure any volume discounts.
- **Legal and compliance risks:** A well-drafted cleaning contract typically includes clauses related to legal compliance, safety requirements, and environmental standards. Without a contract, the organisation may be exposed to legal and regulatory risks, such as non-compliance with occupational health and safety regulations or environmental regulations.
- **There is a risk that on-call firefighters who were previously providing a level of cleaning to their on-call stations and claiming overtime payment for this, may object to no longer having a requirement to do so. In liaison with the Area Manager for Response, it is planned that any hours returned from not undertaking cleaning duties can be better utilised for community activities. If hours are reallocated for community activities, then this will impact on overtime hours being claimed. This will be monitored in line with overtime spend and approvals. It is essential that this is closely monitored to ensure that it does not impact on the potential savings returned from the new cleaning arrangements.**

### **13. Governance Boards**

The cleaning contract specification has been developed with the Operations Directorate and the specification and hours per site have been reviewed through the Director of Corporate Services. The Service Leadership Team (SLT) has been briefed for awareness on all aspects of the change from the current position to that of the intended new contract arrangements.

### **14. Background papers**

[REDACTED]

**Decision Process**

**Step 1A - Chief Fire Officer Comments**

(The Chief Fire Officer is asked in their capacity as the Head of Paid Service to comment on the proposal.)

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Sign: 

Date: 4<sup>th</sup> August 2023

**Step 1B – Consultation with representative bodies**

(The Chief Fire Officer is to set out the consultation that has been undertaken with the representative bodies)

Not required.

**Step 2 - Statutory Officer Review**

The report will be reviewed by the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority’s (“the Commissioner’s”) Monitoring Officer and Chief Finance Officer prior to review and sign off by the Commissioner or their Deputy.

Monitoring Officer

Sign:



Print: P. Brent-Isherwood

Date: 28 July 2023

Chief Finance Officer

Sign:



Print: Neil Cross

Date: 4<sup>th</sup> August 2023

