

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Universal Services
<b>Date:</b>	20 May 2024
<b>Title:</b>	Hampshire County Council Non-Educational Cleaning Contract
<b>Report From:</b>	Director of Universal Services

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### Purpose of this Report

1. The purpose of this report is to seek approval to procure and spend for an agreement with a single supplier for the non-education cleaning contract.

### Recommendation

2. That the Executive Lead Member for Universal Services gives approval to procure, spend and enter into contractual arrangements, in consultation with the Head of Legal Services, for a three-year single supplier contract for Hampshire County Council corporate sites to be cleaned with the option to extend the contract for an additional 2 years, commencing on 1 February 2025 and totalling a 5 year contract and at a total cost of £12.5 million to be funded from the existing revenue budgets of each individual service.

### Executive Summary

3. This paper seeks to set out the background to the project to replace the existing non-education cleaning contract in terms of the work required, payment processes, and opportunities for further improvements and benefits. This contract is to manage cleaning of County Council corporate buildings.
4. The existing strategy for a single supplier contract for the County was approved by the Executive Member for Policy and Resources on the 17 January 2020 and the contract was let in 2022 on an initial two-year basis with the option of an additional two-year extension.
5. The contract is for the cleaning of non-education Hampshire County Council corporate buildings including corporate offices outside of the HQ buildings in Winchester, Libraries, Country Parks, Adult Services sites, Children's Services sites, Highways Depots and Outdoor centres. The contract is calculated based on the square meterage of the cleaning areas. The

amalgamation of all cleaning into a single contract provides efficiencies and streamlined contract administration processes.

6. The contract currently requires cleaning of 111 properties in total, of which 38 are libraries, 13 Adult Services sites, 19 Children’s Services sites, 13 Hampshire County Council Corporate Office buildings, 7 Country Parks, 3 Hampshire Cultural Trust sites, 11 Highways sites, 2 Outdoor Centres, 3 Registry Offices and 1 visitor centre.
7. The centrally managed contract approach has meant that there is a focus on performance of the contract as a whole and has allowed communication with stakeholders on a range of cleaning, finance and quality issues.
8. The team has consulted with stakeholders around a range of options including other frameworks, integration with other Facilities Management (FM) contracts, fixed term contracts, multi supplier or geographic lotting, and has concluded that the existing single supplier best suits the needs of Hampshire County Council for the cleaning of corporate sites. Other arrangements do not cover the full range of cleaning practices required, and lotting the arrangement would lead to different contractors, different cleaning practices, and different management regimes across the estate, therefore the current single supplier strategy maximises the efficiency of management, reporting and purchase to pay systems.
9. In the current contract, for the year December 2022 – November 2023, the contractor, Nviro cleaned a total of 22,479,839 m<sup>2</sup> of floor area. The table below summarises the cleaning area of Hampshire County Council:

<b>Customer</b>	<b>Percentage of area cleaned %</b>	<b>Area Cleaned</b>
Libraries	33%	7,255,603m <sup>2</sup>
Adult Services	7%	1,462,492m <sup>2</sup>
Childrens Services	9%	2,087,957m <sup>2</sup>
Country Parks	8%	1,600,713m <sup>2</sup>
Hampshire Cultural Trust	7%	1,556,278m <sup>2</sup>
HCC Offices	17%	4,757,605m <sup>2</sup>
Highways Depot/Workshops	4%	567,573m <sup>2</sup>
Outdoor Centres	14%	2,964,006m <sup>2</sup>
Registry Offices	1%	227,612m <sup>2</sup>
<b>Total</b>	<b>100%</b>	<b>22,479,839m<sup>2</sup></b>

10. Mobilisation of the new contract and the potential transfer of staff and obligations will be critical to the successful implementation from December 2024.

### **Contextual information**

11. Hampshire County Council Non-Educational Cleaning is one of the contracts within the Soft FM category which includes Waste Collection, disposal and recycling, Security, and Grounds Maintenance of the Hampshire County Council estate and schools.

## Background

12. The Hampshire County Council Non-Educational Cleaning Contract was previously let in early 2020 for 5 years, with spend approval for £10million granted at the Executive Member for Policy and Resources Decision Day on 17 January of that year. The tender was won by YBC and was due to expire on 31 March 2025. Due to performance issues, the contract with YBC was ended early. Subsequently, a new 2-year contract was tendered, starting on 1 December 2022, with the option to extend the contract for a further 2 years pending spend approval. Nviro was awarded the contract, having tendered the best price and quality combination, and service levels have improved significantly. Since then, a proposed uplift in rates on the part of the provider has precluded the possibility of contract extension.
13. Current contract key objectives to be taken forward into the tender for the replacement include:
  - maximise consolidation across client organisations to achieve economy of scale
  - transparent pricing structure that provides value for money to all directorates.
  - incentivise innovation from within the industry to help improve efficiency and value for money
  - robust KPIs to enable good contract management
  - flexibility to allow for changes to buildings covered by the contract, and for new services to join the arrangement
  - social responsibility through engagement with services on innovative initiatives
  - high quality management information to enable informed decisions on cost reduction strategies
  - collaboration between Supplier and Authority to simplify the payment process
  - pricing structure consistent with the wider commercial cleaning market to facilitate benchmarking and like for like comparisons
  - continued stakeholder engagement and management
  - improved working practices that ensure buildings are cleaned to standard but improve efficiencies and provide value for money
  - Corporate Social Responsibility Objectives – To work with a supplier that can reduce and report scope 1 & scope 2 carbon emissions
  - Work with a supplier that can provide a cleaning service up to the required standard using environmentally friendly cleaning chemicals.
  - the contract arrangements will be constructed in such a way to allow flexibility so that the new supplier will be expected to adjust the service

requirements to add or remove sites as and when requested by Hampshire County Council meeting the future office accommodation strategy.

## Finance

14. The current contract spends a total of around £1.93million per annum across Hampshire County Council which will be consistent for the two years of the contract. However, experience of other contracts has seen inflationary uplifts of between 15% and 20%. Due to the high cost of the current contractor, inflationary uplifts in the tender are not expected with the new contractor. The proposed framework value includes a top end estimate of £2.5million per annum for the three-year contract for approval. The final cost will be within this figure for all users of the contract and will be determined by the actual meterage of floor area cleaned based on the tendered rates. The funding for this contract will come from the existing revenue budgets of each individual service. The table below summarises the spend by Hampshire County Council for the year December 2022 - November 2023:

<b>Customer</b>	<b>Percentage of spend %</b>	<b>Spend 2022 / 2023</b>
Libraries	31%	£593,094.69
Adult Services	6%	£118,415.34
Childrens Services	9%	£167,982.96
Country Parks	12%	£229,480.50
Hampshire Cultural Trust	7%	£129,796.62
HCC Offices	20%	£390,909.19
Highways Depot/Workshops	2%	£45,375.23
Outdoor Centres	12%	£236,729.72
Registry Offices	1%	£18,754.53
<b>Total</b>	<b>100%</b>	<b>£1,930,538.79</b>

## Performance

15. During the current contract, there has been a review of possible performance measures which can be built into the new contract. These will be developed in the tender.
16. The Supplier will be required to perform, deliver, resolve problems and monitor their service to comply with the Key Performance Indicators developed during tender and these will be monitored throughout the contract.

## **Consultation and Equalities**

17. Internal stakeholders, including the Soft FM Service Leads for all the services have been engaged throughout to help inform the proposal.
18. A market engagement event with potential suppliers has been held to take on board market suggestions and ideas, and to test our contract strategy.
19. The County Council held a social value workshop, in February 2023, for suppliers across all categories including construction, consultancy, hard and soft FM to develop ideas around embedding further social value in all our contracts and not just employment opportunities on major construction contracts. The output from the workshop, which included colleagues from Hampshire 2050 (Skills and Participation) and Hampshire Futures requires further work, but this contract includes reference to Hampshire Futures, and equality questions are being developed to invite some fixed commitments around employment opportunities for young people and adults in Hampshire.
20. An EIA has found that the impacts of these proposals are neutral, as they will ensure the continuation of the existing cleaning service without any direct impacts on service users.

## **Climate Change Impact Assessments**

21. The recent workshop on social value with a wider supply chain identified opportunities for more common reporting of carbon emissions which could in future lead to more accurate assessment of the County Council's own carbon emissions. This will be included in the tender.
22. As a service contract, there is a key requirement for the environmental priorities to be detailed in the specification. These will include targets for reducing cleaning waste, the use of environmentally friendly chemicals and a reduction in carbon emissions from the supplier.
23. There will be a requirement for the supplier, and other suppliers and contractors on other contracts to report on their carbon emissions, to enable the County Council to better understand the indirect carbon emissions of its suppliers and contractors.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	no
<b>People in Hampshire live safe, healthy and independent lives:</b>	yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	no

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

2.1 The proposal is to procure a contract to provide for the ongoing delivery of cleaning services for the Non-Education Hampshire County Council estate and those of other parties to the procurement process. Therefore, after consideration of equality, there is no anticipated impact on the Hampshire residents or staff. Subsequently, the equality impact remains neutral for all category characteristics.