



Report of: Executive Member for Finance and Performance

| Meeting of: | Date | Ward(s) |
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| Executive | 21 May 2015 | All |

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SUBJECT: Procurement Strategy for Cleaning Janitorial Supplies

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of cleaning janitorial supplies, in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The service to be procured is for the provision of janitorial products, including cleaning equipment, materials and consumables for cleaning council buildings.

2. Recommendations

- 2.1 To approve the procurement strategy for contract Cleaning Janitorial Supplies as outlined in this report.
- 2.2 To note the Executive will be asked to delegate the key decision of the award of the contract to the Corporate Director of Finance and Resources.

3. Background

3.1 Nature of the service

- 3.1.1. The service to be re-procured is for the provision and supply of janitorial products for council buildings, including cleaning equipment, cleaning detergents and disinfecting agents; washroom consumables including toilet tissue, hand soaps and hand towels; refuse sacks and bin liners; personal protective equipment; uniform and safety shoes.

- 3.1.2 In January 2012 the Council entered into an access agreement for the London Contracts and Supplies Group (LCSG) framework with Bunzl Greenham to obtain cleaning and janitorial supplies which expired on 31st December 2014. There is a continuing need for this service and it is now deemed appropriate for the council to establish a contract that demonstrates value for money and seeks actively to give consideration to supplier diversity.
- 3.1.3 Islington Council's in house Building Cleaning Service currently provides cleaning services to various council buildings including council offices, libraries, early years centres, housing offices, community care centres and work depots. Each of these building requires a monthly delivery of janitorial supplies direct to site.
- 3.1.4 Other services, such as Facilities Management, across the Council make ad-hoc purchases of products included in the contract and have been obtaining the benefit of competitive prices.
- 3.1.5 The current contract was procured by LCSG framework and a new contract is currently being procured. Islington Council was named in the contract notice for this framework. It is expected that this framework will provide value for money because of economies of scale and increased buying power of a large organisation.
- 3.1.6 Spend analysis on the current contract has been conducted in order to determine the value for the new contract.

3.2 **Estimated Value**

- 3.2.1 The supplies procured will be used across all council buildings excluding residential. The funding sources will be:
- the Cleaning Services budget to purchase cleaning and janitorial core products; and
 - the services using the contract to acquire non-core materials or equipment.
- 3.2.2 The value of the proposed procurement is estimated at £800,000 over four years, that is, £200,000 per annum. This estimate is based upon analysis of the Council spending £385,000 on the existing contract over the two previous calendar years. No guarantee will be given to the supplier regarding the value or volume of work. The framework agreement will not imply any employment relations between the council and the supplier.
- 3.2.3 There is no fixed budget for the provision of these supplies. Spend is minimised by operational managers through constant review of the products being used and the level of cleaning being provided. The building cleaning service has made savings of £500,000 over the last two years through careful and direct management of the service.
- 3.2.4 Procuring this contract will reduce costs and spend. The risk of not procuring it would be that future purchases are made from suppliers outside the framework contract and therefore at significant risk of greater cost than prices resulting from a contract. The Council would have less control over the amount of expenditure because it would be difficult to monitor where money is being spent.
- 3.2.5 Benchmarking will be conducted by comparing prices from the current contract to those prices in the new LCSG framework.
- 3.2.6 The key cost drivers of the Cleaning service are building space; the frequency of cleaning, labour costs, and the cost of janitorial supplies.

3.3 **Timetable**

- 3.3.1 The contract expired on 31st December 2014. A waiver request has been completed to seek permission to extend the current contract by six months to 30 June 2015 and is now being reviewed by the Legal Department.

- 3.3.2 LCSG has advised that the e-auction is due to be completed by 14th of April 2015, with award expected on 1st of May 2015. The framework will be awarded to a single provider.
- 3.3.3 The provisional timetable for Islington if the LCSG framework is deemed appropriate is as follows:
- Approval of procurement strategy by Executive – 21 May 2015
 - Award decision under delegated authority – 1 June 2015
 - Contract signed – mid-June 2015
- 3.3.4 There are no statutory deadlines applying to this contract.
- 3.3.5 This proposal has been consulted with the Service Director of Property and Procurement, the Team Manager (In House Contracts) and the Strategic Procurement Team.
- 3.4 **Options Appraisal**
- 3.4.1 The Council has considered two options for procuring this contract:
- (a) Joining the LCSG framework. It is expected that this will offer value for money because of economies of scale and increased buying power of a large organisation. The consortium arrangement led by the London Borough of Newham which is let on behalf of the London Contract and Supplies Group (LCSG).
- (b) Conducting own competitive tendering. However, this route will not be pursued because the tender process would take a long period of time as the value of the contract is over the OJEU threshold. This option would require allocation of more council's resources; and Islington would not obtain the price benefit of larger purchasing organisations.
- 3.4.2 Provided it suits the requirements of the Council, then the preferred procurement route is via joining the LCSG framework.
- 3.4.3 Collaboration has been considered by aiming to join the consortium arrangement organised by the LCSG, which is currently used by numerous boroughs and can provide a convenient, competitive, and reliable service to the Council.
- 3.4.4 The benefits and drawbacks of the option being pursued are:
- LCSG - Benefits
- It provides a quick and efficient route for procuring.
 - It is a compliant route to market
 - It provides value for money through economies of scale and increased buying power.
- LCSG - Drawbacks
- The Council will be tied to the LCSG procurement timetable.
 - Terms and conditions and specification will not be bespoke to London Borough of Islington, although minor changes may be made.
 - The winning supplier may not benefit the needs of the local community.
- 3.5 **Key Considerations**
- 3.5.1 Key social benefit clauses that have been considered, some of which are detailed below, include environmental assessments; payment of the London Living Wage (LLW); and the beneficial impact that the award to a local supplier may have on the local community.
- 3.5.2 Since this is a supply contract, the supplies that are made are not produced by staff specific to Islington. Therefore as with other supply contracts, LLW will not be a pre-condition for establishing the contract. However, once the contract has been awarded, we will enter into discussion with the new supplier to explore how best they can reflect the Council's commitment to paying the Living Wage.

- 3.5.3 It is considered that best value will be achieved through entering into the collaborative multi borough arrangement being procured by the LCSG. The LCSG route will offer transparency of charging, information sharing, and ensure that the awarded company will provide a competitive market pricing and performance.
- 3.5.4 An environmental assessment has been completed. Please see implications (4.3)
- 3.5.5 We have been advised by the current service provider that TUPE does not apply to this service. However it is for the current provider to assess if TUPE is applicable when there is a service provision change.
- 3.6 **Evaluation**
- 3.6.1 The procurement process will be conducted according to the rules set out in the LCSG framework.
- 3.7 **Business Risks**
- 3.7.1 There are no business risks associated with this procurement.
- 3.7.2 The business opportunities arising from this procurement could be:
- Identifying cleaning products that are easy to dispose of and therefore may cause less damage to the environment. The opportunity to use products that have not been tested on animals may also be considered in the choice of goods.
 - Assessing the option to use consolidated deliveries to address environmental concerns.
- 3.7.3 No specific service user implications have been identified.
- 3.8 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

| Relevant information | Information/section in report |
|---|--|
| 1 Nature of the service | Provision of cleaning and janitorial products, including cleaning equipment, materials and consumables for cleaning council buildings. |
| 2 Estimated value | The estimated value per year is £200,000. The agreement is proposed to run for a period of 4 years. No guarantee will be given to the supplier regarding the value or volume of work. See Paragraph 3.2.1 |
| 3 Timetable | Award of the framework arrangement organised by the LCSG is expected on 01/05/15. The Islington contract is expected to be in place by mid-June 2015. See paragraph 3.3. |
| 4 Options appraisal for tender procedure including consideration of collaboration opportunities | Joining the framework led by the London Borough of Newham which is let on behalf of the London Contract and Supplies Group (LCSG). See paragraph 3.4.1 |
| 5 Consideration of: Social benefit clauses; | Environmental assessments, payment of the London Living Wage (LLW) and the beneficial impact that the |

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|--|---|
| London Living Wage; Best value; TUPE, pensions and other staffing implications | award to a local supplier may have on the local community have been considered. See paragraph 3.5.1 |
| 6 Evaluation criteria | The procurement process will be conducted according to the rules set out in the LCSG framework. No evaluation criteria will be required. See paragraph 3.6.2 |
| 7 Any business risks associated with entering the contract | There are no business risks identified |
| 8 Any other relevant financial, legal or other considerations. | See paragraph 3.8 |

4. Implications

4.1 Financial implications:

There is no objection from Finance since the London Contracts and Supplies Group aim is to ensure value for money and Islington will not be required to provide any guarantees on volumes or values.

4.2 Legal Implications:

The Council has power to procure janitorial supplies under section 111 of the Local Government Act 1972 which enables the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The council may enter into contracts for such supplies under section 1 of the Local Government (Contracts) Act 1997. The Executive may provide Corporate Directors with responsibility to award contracts with a value over £500,000 (council's Procurement Rule 14.2).

The procurement of janitorial supplies is subject to the Public Contracts Regulations 2015 (the 2015 Regulations) that came into force on 26th February 2015. Supply contracts over the value of £172,514 need to be procured in compliance with the requirements of the Regulations. An appropriately procured framework contract by the London Contracts and Supplies Group (LCSG), where Islington council was noted in the contract notice to the Official Journal of the European Union (OJEU) as proposed in the report, will satisfy this requirement. Since this contract notice was published before the 2015 Regulations came into force the provisions of the Public Contracts Regulations 2006 will apply to this procurement. The relevant provisions for the purposes of this paragraph are the same for both the 2006 Regulations and the 2015 Regulations.

On completion of the LCSG's procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council.

4.3 Environmental Implications

The findings identified in the environmental impact assessment are related to the cleaning products to be supplied. The environmental implications and measures to mitigate these risks identified in the environmental impact assessment are as follows:

Cleaning products may potentially include harmful substances. The council should seek to procure non-hazardous cleaning products wherever possible.

It is important that any chemicals or chemical containers are disposed of appropriately; harmful chemicals will have to be disposed of as hazardous waste, as will their containers unless washed out. However, if non-hazardous products can be purchased instead, this means hazardous waste disposal will not be required.

The potential for pollution incidents can be addressed by ensuring that spill kits are kept at sites and on vehicles as appropriate.

Enforcement action can be avoided through ensuring proper storage, spill kits are available during transportation, and/or using non-hazardous chemicals.

Other mitigation measures could include ensuring that products such as hand towels, toilet tissue, bin liners, refuse sacks and uniforms or PPE are made from recycled material. If any equipment is supplied (e.g. hand soap dispensers), avoid less sustainable options such as battery operated dispensers (which will generate hazardous waste when the batteries require replacing).

4.4 **Resident Impact Assessment:**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

The initial screening for a Resident Impact Assessment was completed on 31/03/15 and this did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

5. **Conclusion and reasons for recommendations**

- 5.1 The procurement of cleaning janitorial supplies is essential to the functioning of the building cleaning team, and used by other services Council-wide. It is therefore recommended that the procurement strategy is approved, and delegated authority granted, as outlined in the above report.

Appendices: None

Background papers: None

Final report clearance:



Signed by:

7 May 2015

Executive Member for Finance and Resources

Date

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