

## Report – Finance Committee

# Report of Urgent Action Taken: City of London Freemen’s School Catering, Cleaning and Housekeeping Services – Contract Award Report

*To be presented on Thursday, 19<sup>th</sup> July 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### SUMMARY OF ACTION TAKEN

1. On 10 April 2018 Finance Committee approved the procurement strategy report for the re-tender of the Soft Facilities Management service including catering, cleaning and housekeeping services at the City of London Freemen’s School.
2. A Working Group, consisting of representatives from the Freemen’s School and City Surveyors, was established to undertake soft market testing, and review and update the existing specification. The Working Group also developed robust tender evaluation criteria based upon criteria deemed important for service delivery.
3. The tender process was undertaken using a one-stage procedure, as allowed for under the terms of the ESPO Framework Agreement for Total Facilities Management Services. 10 suppliers were invited to submit tenders via the City’s e-Procurement portal.
4. Of these 10 suppliers, three formally declined to submit a response. Reasons cited included lack of resources and lack of FORS (Fleet Operator Recognition Scheme) accreditation, a driving standard that is now Corporation Policy.
5. All bidders were offered the opportunity to attend a site visit, that was held on 30 April 2018. As only two bidders attended the visit, a further date was offered, but this offer was not taken up by any of the other bidders.
6. One tender was received by the submission deadline on 18 May 2018. Due to limited timescales to undertake the tender, it was not possible to extend this deadline further.
7. The tender evaluation panel, consisting of representatives of the Freemen’s School and City Surveyor’s Department, conducted the evaluation in accordance with the methodology as set out in the tender. The tender was evaluated based on 65% quality and 35% price weighting and the evaluation results are shown in the table below:

Tenderer	Quality (65%)	Price (35%)	Total Score
Sodexo Limited	56.8%	35.0%	91.8%

8. Whilst the number of tenders received was the minimum, Sodexo Limited achieved high scores for several quality criteria which is reflected in their overall high-quality score. As Sodexo Limited are the incumbent provider; the impact on mobilisation, including TUPE provisions, is limited.
9. For the commercial evaluation, bidders were asked to provide year one fixed costs for meal provision, cleaning services, equipment, and associated staff costs. In addition, prices were sought for a 'shopping basket' of food supplies to be used throughout the contract.
10. The tendered costs for 2018/19 is £1,535,402. This represents an increase in current contract costs of approximately 9%. This increase is mainly due to living wage increases, the requirement to recruit qualified category D drivers in accordance with the City's transport policy, and the increasing costs of food. It should be noted, that, as the contract is paid entirely from parental income, this is not a call on City of London Corporation funds, and, therefore, increases in prices are absorbed by increases in fee income.
11. The tendered costs also include an annual rebate of £50,000. This is for Capital equipment purchases which assist the School in delivering the service – such as the mobile Tuck Truck purchased in 2017.
12. The recommended suppliers have confirmed they will comply with the City's Living Wage policy and any subsequent annual increases in the Living Wage will be managed within the proposed commercial envelopes.
13. Operational performance will be managed locally by School representatives, who will also be responsible for the overarching contract management. The contract management strategy is contained within the Contract Terms & Conditions. There are, however, some areas of performance management, such as School specific KPIs, which will be agreed during the contract mobilisation stage. The contract service specification also incorporates the City's healthy eating objectives.
14. Approval was consequently given to the award of a three-year contract for Soft Facilities Management, commencing 1 August 2018, to Sodexo Limited at a cost of £1,535,402 per annum.

## **RECOMMENDATION**

15. We **recommend** that the urgent action taken be noted.

All of which we submit to the judgement of this Honourable Court.

DATED this 1<sup>st</sup> day of July 2018.

SIGNED on behalf of the Committee.

**Jeremy Paul Mayhew**  
Chairman, Finance Committee