

Re-procurement of the Cleaning and Grounds Contract

| | |
|------------------------|---|
| To: | Assets and Procurement Committee |
| Meeting Date: | 11 March 2026 |
| From: | Executive Director of Finance and Resources |
| Electoral division(s): | All |
| Key decision: | Yes |
| Forward Plan ref: | 2026/007 |
| Executive Summary: | This report considers the re-procurement of the corporate properties cleaning and grounds contract that is due to expire on 31 March 2027. |
| Recommendation: | <p>The Assets and Procurement Committee is invited to:</p> <ul style="list-style-type: none">a) Approve the commencement of the re-procurement of the Cleaning & Grounds Maintenance Facilities Management Contract for a term of two years from 1 April 2027 to 31 March 2029 with the option to extend for two one-year periods. (2+1+1)b) Delegate authority to the Executive Director of Finance and Resources in consultation with the Chair and Vice Chair of the Assets and Procurement Committee to re-procure the Cleaning and Grounds contract under the agreed terms. |

Officer contact:
Name: Chris Finch
Post: Head of Facilities Management
Email: chris.finch@cambridgeshire.gov.uk

1. A healthy, fair and sustainable Cambridgeshire

- 1.1 This proposal aims to indirectly support all the Council's key ambitions; by ensuring the Council continue to provide good quality public services from our properties.

2. Background

- 2.1 The Council's non-school operational properties require regular statutory cleaning and grounds maintenance to keep buildings healthy, safe and operational for the delivery of Council services and use by colleagues and public.
- 2.2 There is currently a combined cleaning and grounds maintenance contract in place across 72 buildings. This contract expires in March 2027.
- 2.3 The cleaning contract is currently managed by shiftwork, using a workforce of around 80 cleaners who are all employed locally. The grounds maintenance team consists of two staff dedicated to the Council contract, with backup teams providing cover and several tree teams used as required. TUPE applicability will be determined by bidders as part of the procurement process, and all relevant employee information will be shared in accordance with legal requirements to allow bidders to make that assessment.
- 2.4 The procurement strategy of the Cleaning and Grounds Facilities Management Contract will be by way of Restricted Tender due to the potential for a high degree of market interest and will be advertised at the Find a Tender (FATS) website, which has replaced the previous requirement to advert at the OJEU (Official Journal of the European Union), as approved by our procurement colleagues.

3. Main Issues

- 3.1 The value of the current contract is approximately £2.0m per annum, with a total value of £4.0m over the initial term of the contract, with a potential for two further 1 year extensions. However, mitigation work carried out in the last 12 months to remove routine window cleaning and reduce cleaning services across the estate by 20% have saved approximately £170k per year. Cleaning services are provided at 72 buildings and grounds maintenance at 41 locations, The combined service provision provides efficiency savings the Council in contract administration and management.
- 3.2 As part of the financial review supporting this re-procurement, it has been identified that inflationary pressures, particularly the Real Living Wage (RLW) uplift, were not fully reflected in earlier modelling for the current contract. This underestimation contributed to the contract value exceeding initial forecasts; this position has now been corrected in the updated financial model. For planning purposes, a 6.7% RLW inflation estimate has been applied for 2026/27, equating to an uplift of approximately £123k. This ensures the revised baseline budget accurately reflects true delivery costs and prevents recurrence of previous estimation shortfalls.
- 3.3 The contract value will fluctuate as buildings are added to or removed from the contract schedule as the estate evolves. This fluctuation will be particularly relevant as Local Government Reorganisation (LGR) progresses and decisions are confirmed as to how the

future estate and service contracts will be managed. Some buildings will close and others may be added to this contract, if it remains in place. Changes resulting from the internal Asset Challenge process and ultimate building rationalisation prior to LGR and possible new ways of working will further influence the contract.

- 3.4 Primary cleaning functions include internal cleaning of all types of Council buildings (e.g kitchens, carpets, communal areas, library furnishings etc), washroom services, supported by a reactive cleaning function (for spillages, window cleaning and additional deep cleaning etc) deployed via the Council's Property Helpdesk.
- 3.5 Grounds maintenance includes grass management, hedge maintenance, weeding of borders, litter picking, gritting and other activities. This is also supported by a reactive callout function via the Council's Property Helpdesk.
- 3.6 As part of preparing this re-procurement, the current service specifications have been reviewed to assess whether any further reductions, efficiencies or alternative delivery models could be applied without compromising statutory obligations or building safety. While previous changes, such as the removal of routine window cleaning and the 20% reduction in cleaning frequencies have already realised savings, additional reductions were considered but discounted. Further service reduction would materially affect hygiene standards, increase health and safety risk, and lead to a higher volume of reactive callouts, which are more costly per intervention. The revised specification instead focuses on outcome-based delivery, innovation, and improved KPI measures to drive efficiency and quality rather than reducing core service levels.
- 3.7 The procurement process will follow a Competitive Flexible Procedure with a shortlisting and final tender stage. Fenland District Council (FDC) has accessed the cleaning element of this contract for the past three iterations and intends to continue to do so. The contract will also be available, where appropriate, to the other Cambridgeshire District Councils and to other local authorities within the county should they wish to access either the cleaning or grounds maintenance elements during the life of the contract.
- 3.8 The contract specification will be based upon outputs designed to encourage cost saving and improved performance through innovation, adoption of environmentally friendly techniques and materials, use of new technology and socially responsible practices.
- 3.9 A waiver to extend the current arrangement was considered; however, this is not recommended because extending the contract would limit competitive tension, restrict opportunities for innovation and environmental improvements, and may not provide best value for money. These reasons are set out further in section 4.2. In addition, procurement colleagues advise that a further extension would require strong justification, which is not present unless Members determine that LGR uncertainty prevents re-procurement.
- 3.10 The cleaning contract in place is finely tuned around costs. If the Council do not have a cleaning and ground maintenance contract in place or further reduce the current contract, issues would present around the lack of safe and clean spaces to work and for the public to visit and the lack of reactive services to make good any areas after an emergency such as water leaks. Issues would also present around the upkeep of grounds, tree work and litter picking services at our sites. Given these reasons and the fact that on demand orders would breach procurement rules and thresholds to not award a contract is not an option.

3.11 In line with section 71 of the Procurement Act 2023, the new contract will require the Council to publish performance against three mandated KPIs annually to ensure compliance with the Act. These KPIs will be selected to reflect the most material aspects of service delivery and will ensure transparency of contract performance throughout the life of the contract. Performance monitoring is currently measured against KPIs including:

- Site audit scores (target 95% compliance)
- Response times for reactive cleaning (target within 2 hours for urgent requests)
- Completion of scheduled tasks (target 98%)
- Grounds maintenance cycle completion (target 95%)

Performance has remained consistently strong, with audit scores averaging 94–96% over the past 12 months and reactive response times met in over 97% of cases. The new contract will retain these KPIs but introduce clearer outcome-based standards, environmental measures (e.g., sustainable materials, fleet emissions) and options for applying financial deductions where material non-performance occurs.

3.12 While the current provider maintains performance at a level where penalties have not been routinely required, the ability to apply service credits or deductions will be explicitly retained in the new contract. The reactive nature of the service means that when issues arise, the contractor is required to recover service standards immediately, which has prevented prolonged underperformance to date.

3.13 Where scheduled cleaning tasks are missed due to staffing issues or emergencies, the provider will be required to deliver equivalent additional cleaning time within an agreed period (usually the same week) to ensure standards are restored without additional cost to the Council.

4. Alternative Options Considered

4.1 Do nothing / in-house delivery. As part of the options assessment, the potential for bringing the service in-house was considered to establish whether this could offer savings or greater control. Benchmarking against neighbouring authorities and commercial market rates shows that in-house delivery would be materially more expensive due to staffing overheads, equipment investment, and management structures required. This option was therefore discounted but remains recorded as having been explored. Updated cost modelling, including RLW-driven inflation, demonstrates that the baseline cost of service delivery is higher than historic estimates, further reinforcing that in-house delivery would not provide a cost-effective alternative.

4.2 An extension or waiver was considered but was not recommended. The contract has already undergone a mid-term amendment (e.g., removal of routine window cleaning and revised cleaning frequencies), and further extension may not deliver best value for money. A waiver would also limit market competition, potentially reducing opportunities for innovation, social value, environmental improvements and cost efficiencies. Procurement colleagues advise that a waiver at this point would not be justified unless Members determine that LGR uncertainty prevents a re-procurement.

4.3 A separate cleaning and grounds contract was considered but rejected due to the loss of

efficiencies associated with a combined soft Facilities Management (FM) model. The integrated approach enables streamlined contract management, consolidated supply chains, consistent service standards, and economies of scale. Splitting the services would increase contract administration costs, operational complexity and may result in higher overall service costs.

- 4.4 Re-procurement via a restricted competitive tender process for a new contract is recommended. This approach enables multiple local authorities, including FDC, to call off services as required, supports flexibility during LGR-driven estate changes, and ensures compliance with procurement regulations while maximising competition and innovation.

5. Conclusion and reasons for recommendations

- 5.1 Re-procuring the Cleaning and Grounds Maintenance Facilities Management Contract will ensure continuation of essential soft FM services that support safe, operational and compliant Council buildings. The current contract expires in March 2027 and cannot be relied upon beyond this point without triggering commercial, operational and legal risks.
- 5.2 The recommended procurement route will maximise supplier interest, support value for money and ensure the Council complies with statutory procurement requirements through Find a Tender. The new contract will incorporate updated specifications that promote environmental sustainability, innovation, modern methods of working, and social value outcomes, while retaining flexibility to accommodate changes to the corporate estate as LGR progresses.
- 5.3 Approval of these recommendations ensures the Council continues to provide safe, clean and accessible buildings for staff, residents and service users, supporting service delivery and reducing risks associated with non-compliance, hygiene standards and grounds management.

6. Significant Implications

6.1 Finance Implications

The current combined cleaning and grounds budget for 2025/26 is £1.805m for cleaning and £0.211m for grounds, totalling £2.016m. The £170k efficiency reduction included within the Council's Business Plan has been incorporated into the forward model for this re-procurement. To ensure financial accuracy for the new contract period, updated inflation assumptions have been applied, including a 6.7% Real Living Wage uplift for 2026/27. This equates to an estimated increase of £131k in year one of the contract and £140k in year two.

For the two-year initial contract period, the estimated value is:

- Year 1: £1.964m + £131k = £2.095m
- Year 2: £2.095m + £140k = £2.235m

Should the Council exercise one or both of the optional one-year extensions, the financial impact would continue to follow the projected inflation profile. On current assumptions, the indicative year-three value would increase to £2.385m, with the full 2+1+1 term therefore estimated at approximately £9.3m in total. These figures will be kept under review as inflation

forecasts and national pay policy evolve. Revenue budget provision exists to support the revised cost profile, subject to the annual budget setting process.

The procurement will be structured to maintain flexibility in pricing and service levels so that budget impacts can be managed effectively.

There are no additional capital implications arising from this decision. Revenue budget provision for these services already exists within the Facilities Management budget.

6.2 Legal Implications

A competitive restricted procurement process is required to comply with UK Public Contract Regulations 2015 and the Council's Contract Procedure Rules. Advertising on Find a Tender is mandatory at the contract value threshold. Legal Services will support development of the contract terms to ensure clear specification, performance measures and risk allocation.

There are no additional legal risks anticipated beyond normal contract management requirements.

6.3 Risk Implications

Failure to reprocure the contract would present significant operational and health and safety risks, including inadequate cleaning and hygiene standards, unmanaged grounds risks (e.g., slips, trips, tree safety), and reduced ability to respond to urgent reactive issues.

No new corporate risks are required at this stage.

6.4 Equality and Diversity Implications

No negative impacts have been identified. The contract specification will include requirements for fair employment practices, workforce equality standards and accessibility within buildings. An Equality Impact Assessment will be completed as part of the procurement process and appended where required.

6.5 Climate Change and Environment Implications

The re-procurement provides an opportunity to strengthen the Council's environmental requirements. The new specification will encourage:

- Use of environmentally friendly cleaning materials and reduced chemical use.
- Reduced carbon emissions through efficient scheduling and modern fleet.
- Biodiversity-positive grounds maintenance approaches.
- Waste reduction and increased recycling.
- The use of technology to improve energy and water efficiency in service delivery.

7. Source Documents

N/A