

A fresh approach

Anthony Tyrrell shares his experience of tendering LUPC’s Cleaning and Security Services agreement, and how it can benefit Members.



In 2011, LUPC’s existing Cleaning and Security agreements were coming up for re-tender, and I was asked to be part of the project board, made up of procurement professionals and colleagues from estates and facilities, to take this process forward.

Beforehand, Cleaning and Security were tendered very separately. But this time round some Members wanted there to be scope for the two services to be joined. In my view, this is particularly beneficial to smaller Members, who could then contract just one provider for both services under Lot 3.

Early stages of the tender followed the normal process. All the bidders that got passed the initial stage were invited in for a briefing at the Institute, as we were used as the case study.

However, we decided to take an innovative, zero-based costing approach to the Cleaning agreement by not disclosing staffing or TUPE information to bidders.

So, unlike the original framework, this one was productivity-led and got bidders to think about their overheads and fixed costs for the duration of the framework.

Our reasoning was that, unless it’s the client driving it, contractors can be a little bit reluctant to come to the fore with efficiencies. After all, if you started reducing hours, you’re reducing their profit.

Of course, this was a bit gamble for LUPC. It could have gone spectacularly wrong! But we took the risk because it gives Members the chance to talk about efficiencies with your provider and to really assess and tailor staffing requirements to your estate.

Through the well-developed specification, we also definitively now know how many additional hours would be required if the Institute were to change from its current cleaning frequencies. Previously, I could never truthfully say what were the total hours required to clean our estates,

especially when we take cleaning areas out during large scale refurbishment, and we based frequencies on what we perceived we could afford.

The new specification will benefit us, and other Members, because a classroom at the Institute of Education is essentially no different to classrooms in Birkbeck, SOAS, or University of East London. So why would cleaning times be different? We’ve now set a benchmark for productivity, to ensure consistency and put the sector in a better position to negotiate with suppliers.

And if you need any further persuasion, just look at the figures! We’ve developed a good specification that Members can vary if they want, with a very clearly defined schedule of charge rates. With this new approach, hourly charges are composed of fixed and variable elements, but the variable only relates to potential increases in wages, not other supplier costs.

Members have the option of which wage structure to include, be it Minimum Wage, London Living Wage and other variances. At the Institute, we’ve committed to London Living Wage for staff within our new contract, yet are still able to make savings of 13% on labour charges. Members would have the same opportunities at mini-competition stage to squeeze this sort of value from suppliers.

For the sector, this agreement could have profound benefits for increasing efficiency, encouraging collaboration and challenging performance - it’s quite exciting!

A SNAPSHOT OF IOE’S RESULTS

	Under old contract	Under new contract	Total saving
Labour costs (per year)	£411,832	£326, 225	£55,607 (net); over £200k over four-year framework
Hourly rates	Below London Living Wage	1st Feb, £8.72 (above LLW) from 1st May 2013	13% labour saving after implementation of LLW
Hourly productivity rates (academic areas)	254m2	334m2	Increase of 23%
Hourly productivity rates (residency areas)	101m2	276m2	Increase of 63%
Other benefits	<ul style="list-style-type: none"> - Total hours going forward account for 10% non-productive time allowance (residential) and 5% (academic) - Periodical cleaning built into new contract, rather than by request only - Benchmark on productivity rates allows the Institute to definitively know the impact of fewer or additional cleaning hours per week. 		

Anthony Tyrrell is Head of Estates and Facilities at the Institute of Education. For further information on the Cleaning and Security agreement, contact Anthony directly (a.tyrrell@ioe.ac.uk) or LUPC’s Clemmie Smith (c.smith@lupc.lon.ac.uk, 020 7863 1697).