



## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	OPERATIONAL MANAGEMENT COMMITTEE	11 JANUARY 2022	4
<b>PUBLIC CONVENIENCE CONTRACT FOR CLEANSING AND MAINTENANCE</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

#### SUMMARY

Danfo (UK) Ltd 'Danfo' has carried out the contract for the provision, maintenance, and cleansing of the public convenience units in Fylde for the last 15 years; this arrangement comes to an end in March 2022. The Public Contracts Regulations normally requires contracts to be subject to competition, after advice from legal and procurement officers an open tender procedure under the Public Contracts Regulations 2015 was implemented to award a new contract.

Tender documents were issued on the 25<sup>th</sup> October 2021, with compliant bids received from two potential suppliers: Danfo UK Ltd and Healthmatic Ltd. Both companies passed compliance checks prior to the evaluation based on a 60:40 quality-price ratio, Danfo was the successful bidder based on the evaluation model. Danfo's overall submission was high quality providing the panel with complete assurance that they will be able to deliver requirements to the high standards expected and which they currently deliver.

Provisional outcome letters have been sent to both bidders on the 10th December, providing a 10-day standstill period for the bidders to seek further clarification on the decision if required. The new contract start date is 1<sup>st</sup> April 2022 subject to Member ratification and will run for a period of 15 years with an option to extend up to a period of 5 further years, subject to termination clauses contained within the contract terms and conditions.

This decision will be put to the February council meeting for approval because it is an increase in service delivery price on a required contract, providing sufficient time for Danfo to mobilise ahead of the new contract start date.

#### RECOMMENDATION

1. The Operational Management Committee is requested to recommend that full council award the retendered Public Convenience contract for cleansing and maintenance to Danfo UK Ltd for a period of 15 years based on the tender submission and evaluation assessment identifying Danfo as the best value for money option.
2. That Full Council approve an unfunded revenue budget increase of £52,543 per annum (plus CPI increases from year 3 onwards) to meet the additional cost of the contract covering the cleansing and maintenance of public conveniences and additional services which include maintenance, inspection of hydration points (£8,300 per annum) as well as programmed improvements and refurbishments (£33,356 per annum).
3. That on an annual basis a report is presented to the Operational Management Committee at the first meeting after the end of each financial year to provide details of the improvements and refurbishments delivered across the service in the previous financial year under the agreed contract.

#### SUMMARY OF PREVIOUS DECISIONS

An information update item was presented at the 9<sup>th</sup> November Operational Management Committee to inform Members of the latest position with regards to the retendering of the public convenience contract, including the cleansing and maintenance of the existing facilities across the borough.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	√
Environment – To deliver services customers expect	√
Efficiency – By spending money in the most efficient way	√
Tourism – To create a great place to live and visit	√

## REPORT

- Local authorities do not have a statutory obligation to provide public conveniences however, adequate, quality provision of the service is essential in Fylde because it is a popular tourist destination with many outdoor recreational attractions. For the past 15-years, Danfo (UK) Ltd 'Danfo' has carried out the contract for the provision, maintenance, and cleansing of the public convenience units in Fylde; this arrangement comes to an end in March 2022. To put in place arrangements beyond the contract end date an open tender procedure was carried out under the Public Contracts Regulations 2015.
- The two compliant bids received were from Danfo UK Ltd and Healthmatic Ltd ( <http://www.healthmatic.com> [www.healthmatic.com](http://www.healthmatic.com)) who are the national leading companies for toilet provision, maintenance and cleansing with Danfo UK Ltd having a greater presence in Lancashire and the North West. There are other toilet cleansing companies, but they do not carry out repairs or maintenance on facilities which was a requirement the tender required. Tender documents were issued on 25<sup>th</sup> October 2021.
- The bids were required to pass the initial compliance checks through the completion of a standard selection questionnaire confirming supplier information, any exclusion grounds, financial standing and technical and professional ability; the bids then progressed through to the award stage, which was based on a 60:40 quality-price ratio evaluation assessment, this is a pre-agreed standard model used at Fylde intended to identify the best value bid as opposed to the cheapest service.
- The pricing schedule was broken down to include the following categories which contributed up to 40% of the overall contract evaluation score:
  - Cleaning of the public conveniences to the standards set out in the specification
  - Maintenance of the public conveniences as set out in the specification
  - Cash collection services
  - Hydration points, and
  - Improvements and refurbishment
- Healthmatic submitted the lower price at £189,500 per annum and was therefore awarded full marks (40), Danfo received a score of 33.28 submitting a price of £221,043 per annum. Danfo provided the rationale for the increase on the current contract price, citing cost increases in almost all areas of service provision, in particular labour, fleet, energy, and supply chain costs. As the current provider of the service Danfo submitted details on the increase use of public conveniences in Fylde resulting in the need for additional cleansing and maintenance, demonstrated by the sharp increase in coin income through the pandemic. It is expected that demand will remain high based on the popularity of the area with tourists and regular visitors from the immediate Lancashire and North West hinterland.
- The quality of the service is essential therefore this element of the tender evaluation accounts for 60% of the overall score. The bidders were required to provide a comprehensive response to four detailed questions referred as 'method statements' that provide the opportunity to outline how the service will be delivered and

the unique aspects of their offer. Each bidder was required to provide detail on:

- Methodology (30%)
- Investment and Improvements (10%)
- Environment (15%)
- Social Value (5%)

7. Danfo's submission was more detailed and comprehensive providing the panel with complete assurance they will be able to deliver requirements to the high standards expected. The panel noted in particular:
- Comprehensive and more specific detail of the methodology on the delivery of the key requirements in all areas of the service
  - Improvements to the door locking mechanism to increase coin income / prevent doors being left unlocked for multiple use from a single payment – this would have a positive impact on the coin income that is retained by the council
  - Installation of 'pay to enter' cubicles at the Victorian Monument toilets, further increasing coin income
  - A proposal for a cashless entry system (contactless) that would again increase the income that the council retains
  - Commitment to clean any changing places facilities free of / without additional charge throughout the duration of the contract
  - Refurbishment programme commencing from year 1 with a more ambitious programme
  - LED lightbulbs, rainwater harvesting and electric vehicle charge points to be included as part of the refurbishment and improvement costs
  - Donation to the Fylde Sand Dunes project
  - Local job employment guarantee – something they already deliver because they operate the Blackpool and Wyre contracts with a much stronger presence in Lancashire and the North West
8. Healthmatic's submission scored fair in their methodology response and weak in the other three areas. The evaluation panel had reservations that they would be able to deliver to a high standard because of the lack of specifics provided and commitments beyond the cleansing and maintenance of toilets for example, technological innovation, contribution to local projects etc.
9. It is recognised that Danfo had some advantage because they have delivered the service for the last 15 years, during this period they have developed a good understanding of the quality requirements at Fylde, a strong rapport with officers resulting in a flexible approach to ad hoc requirements and knowledge of the local facilities so they are aware of the future requirements when it comes to refurbishment and improvements. Healthmatic have unfortunately not had the same opportunity that delivering the service offers. This is not a factor in the evaluation score but would explain the difference in the content and knowledge between the methodology statements.
10. The price and quality consensus scores are combined to determine the value for money provider. The panel have recommended that Danfo Ltd would offer the best value service based on price and quality:

Table 1: Tender Scores

<b>Evaluation Summary</b>	<b>Danfo</b>	<b>Healthmatic</b>
<b>Price</b>	33.28	40.00
<b>Quality</b>	48.00	24.00
<b>Total Score</b>	<b>81.28</b>	<b>64.00</b>

11. Provisional outcome letters have been sent to both bidders on the 10th December, providing a 10-day standstill period for questions or to seek further clarification on the decision. The new contract start date is 1<sup>st</sup> April 2022 and will run for a period of 15 years with an option to extend up to a period of 5 further years, subject to termination clauses contained within the Contract terms and conditions.
12. The recommendation to award the contract to Danfo Ltd will be put before the February Council meeting for approval because there is an increase in the service delivery price that is unfunded in the 22/23 budget proposals. Making the decision at the February council will allow sufficient time for Danfo to mobilise ahead of the new contract start date.

## FINANCIAL IMPLICATIONS

13. The Table below sets out the Council's existing base revenue budget provision for the maintenance and cleansing of public conveniences and compares this with the budget required under the new contract:

Table 2: Revenue Budget - Costs

	2022/23 Onwards
Existing base revenue budget p.a. for maintenance and cleansing of public conveniences	168,500
*New contract price p.a. from DANFO	*221,043
Additional unfunded base revenue budget required per annum	52,543

\* The contract price figure above is fixed for the first two years of the contract and will then increase by CPI annually from 1<sup>st</sup> April 2024. Included in the contract price are the following additional elements:

- £8,300 per annum in respect of Hydration Points, the contractor will "clean and complete scheduled water quality testing, such as Legionella, TVC, E-coli, Coliforms and any other drinking water quality tests that may be required to ensure the water from the hydration points is maintained at an approved and safe standard for drinking". Whilst this element of the contract price will only be incurred when the hydration points are installed, it is recommended that budget provision is included so it is in place when required. The hydration points are being installed as part of the approved capital programme with most proposed points either attached to existing toilet blocks or located close by, and
- £33,356 per annum for programmed improvements and refurbishments; Danfo clearly demonstrated a comprehensive understanding of the Fylde estate with comprehensive detail on implementing improvements and technologies that will have a positive impact on the coin income that is retained by the council.
- The current contract price to service, cleanse and maintain the toilets is £168,500, the additional requirements that will enhance and future proof the service total £41,656, resulting in an increase of £10,887 (6%) on the cleansing and maintenance element of the contract tender.

## COIN INCOME

14. Coin income is retained by the council, the Danfo tender bid included several improvements that will increase coin income through a reduction in access without payment which at busy periods can be significant. The commitment includes a 12-month replacement programme of all current turn locks with a new push button locking system that has been proven to achieve a 25% increase in coin income reducing free access to facilities. Other improvements include the installation of a single-entry access point which prevents loss of income during "peak" periods when doors have been left open for use without payment.
15. The current charge for using public conveniences in Fylde is 20p through a coin activated locking system on each cubicle door. This charge was introduced at the start of the current contract 15 years ago, without any increases over this period during which costs have increased. Neighbouring Local Authorities have been charging a higher rate for some time and there is a proposal to increase the Fylde charge to 50p (using a single coin) that will be considered at Budget Council in March 2022, as part of the annual fees and charges review.
16. Any increase in the charge for using the facilities would represent additional income for the council. If a fee of 50p is approved at budget council the additional income could exceed £35,000 per annum based on current use of the facilities.

IMPLICATIONS	
Finance	This report considers the letting of a 15 year contract to DANFO and recommends that Full Council approve an unfunded revenue budget increase of £52,543 per annum (plus CPI increases from year 3 onwards) to meet the additional cost of the contract covering the cleansing and maintenance of public conveniences and additional services which include maintenance, inspection of hydration points (£8,300 per annum) as well as programmed improvements and refurbishments (£33,356 per annum).
Legal	No implications from this report
Community Safety	No implications from this report
Human Rights and Equalities	No implications from this report
Sustainability and Environmental Impact	No implications from this report
Health & Safety and Risk Management	No implications from this report

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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
N/A		