

4.3 2020047- PROVISION OF CLEANING SERVICES – VARIATIONS EXCEEDING OFFICERS’ DELEGATION
(2020047: BM)

Responsible Officer: Jarrod Doake, Director City Services

RECOMMENDATION*

That Council:

- 1. Approves a variation to Contract No. 2020047 with Alpha Corporate Property Services Pty Ltd for the category Cleaning Services for Council Facilities and Properties (including Group 1 Major Facilities and Group 2 Clayton Community Hub) in the amount of \$652,322 for the initial contract term ending 30 November 2023;*
- 2. Notes that the revised contract value for the Groups 1 & 2 Cleaning Services for the initial contract term ending 30 November 2023 will increase from \$5,372,572 to \$6,024,894 (excluding annual contract CPI adjustments); and*
- 3. Approves an additional \$195,000 per annum for future extension options available under Contract No. 2020047 to increase the annual contract value from \$1,790,857.60 to \$1,985,857.60 (excluding annual contract CPI adjustments).*

BACKGROUND

On 25 August 2020, Council approved contracts resulting from the tender 2020047 for provision of Cleaning Services, for Groups 1 & 2 to Alpha Corporate Property Services Pty Ltd with an annual lump sum price of:

- Group 1 Major Facilities, for a fixed Annual Lump Sum of \$1,549,089.80 (subject to annual CPI adjustment) with an extra \$44,000 per annum for contingencies;
- Group 2 Clayton Community Hub, for a fixed Annual Lump Sum of \$187,267.80 (subject to annual CPI adjustment) with an extra \$10,500 per annum for contingencies.

The contract was for an initial period of three (3) years ending 30 November 2023 with two (2) separate optional extensions of two (2) years each.

The contract includes provision of cleaning services to approximately 106 buildings/facilities and structures, directly managed by Council.

Excluding annual CPI adjustments, the original combined lump sum value of this contract for Group 1 and Group 2 Services with Alpha Corporate Property Services Pty Ltd is as follows:

Service Component	Annual Lump Sum	Annual Contingency	Total per annum
Group 1 Major Facilities	\$1,549,089.80	\$44,000.00	\$1,593,089.80
Group 2 Clayton Community Hub	\$187,267.80	\$10,500.00	\$197,767.80
Total	\$1,736,357.60	\$54,500.00	\$1,790,857.60

During this contract term, spend has been higher than anticipated due to the following factors:

- Covid 19 restriction cleaning, to comply with O.H & S guidelines issued in response to the Chief Health Officer's directions, over the full duration of the pandemic, which ran for approximately two and a half years.
- The impacts of Covid necessitated increasing cleaning routines to reduce risk to staff and community.
- Covid 19 detail cleaning following workplace outbreaks, required in accordance with O.H & S and Chief Health Officer guidelines.
- Additional ad hoc requests, to improve community service standards at Recreation, Aquatics and Community Halls directly managed by Council.
- Flood and restoration cleaning, following storm events.
- Additional cleaning of new and larger facilities recently added to Council's building portfolio, including Oakleigh Recreation Centre, Wellington Family & Children's Hub and Pinewood Integrated Family & Children's Hub.

The total amount incurred due to the above factors is \$652,322.

Whilst the additional cleaning services required due to Covid-19 have ceased, asset growth and increases in service level standards has still resulted in the need for additional funds for all future available extension options.

Some of these changes include additional day cleans at Halls and Aquatics Facilities and cleaning of new facilities including Oakleigh Recreation Centre, Wellington Family & Children's Hub and Pinewood Integrated Family & Children's Hub.

The estimated annual additional funds required is approximately \$175,000. Further to this, an additional contingency of \$20,000 per annum is required for the remainder of this contract including allowance for future growth. The total estimated additional funds required is \$195,000 per annum for all future extension options.

FINANCIAL

In line with Council's Financial Delegation Limits (Item 3.5 Delegation Manual), Council must approve variations to Council Approved Contracts that are greater than 10% of the awarded sum including Contingency, or greater than \$100,000 of the original contract sum.

Operational budgets were adjusted as part the annual budget process and reporting Covid cleaning costs were charged to the Covid Response accounts.

The draft 2023/24 budget makes provision for additional funds to cater for changes that have occurred over the period to include new cleaning services now required.

CONCLUSION

That Council approves the recommendations contained within this report.