

CABINET

2 NOVEMBER 2010

REPORT OF THE CABINET MEMBER FOR CRIME, JUSTICE AND COMMUNITIES

Title: Tender for Corporate Contract for the Supply of Security Industry Authority (SIA) Licensed Security Personnel	For Decision
<p>Summary:</p> <p>The Council currently has a contract for the supply of Security Industry Authority (SIA) Licensed security personnel which expires on 28 February 2011. The contract supplies security personnel for concierge offices, vacant buildings, libraries, hostels and corporate buildings. The value of the current contract is variable dependent on the needs of the Council, however, the Council spend on the contract was nearly £2.4 million in 2008-09 and £2.2 million in 2009-10. It is estimated that the spend in 2010-11 will be £1.8 million and ongoing discussions with Council departments project that this sum may reduce further.</p> <p>This report asks for authority to seek tenders using the two part Restricted Procedure in accordance with the European Procurement Directives, for a three year term contract with the possibility of a one year extension, subject to satisfactory performance of the nominated contractor.</p> <p>The current contract works on a 'Call Off' basis from a priced schedule of rates, therefore, the Council's spend is directly associated to the services provided. The Council is not committed to a stand-by or retention fee. It is proposed that the new contract will also work on a 'Call Off' basis from a priced schedule of rates for the duration of the contract. This will ensure that the Council benefits from economies of scale.</p> <p>The current contract allows for both a 'No Fault' and a 'Fault' termination period. The No Fault Termination notice period is six months and can be given by either party. In accordance with the conditions set out in the contract a Fault Termination notice period can be with immediate effect. An example of the type of circumstances in which a 'fault' termination can be implemented include a substantial or persistent breach of contractual obligations, the company becoming bankrupt or committing fraud or failing to carry out and / or update checks of its employees. It is proposed these conditions remain in the new contract. The proposed contract allows for cessation of a particular service at seven days notice, subject to that service not being replaced by a 'like for like' service and for cessation of a service at six months' notice should a 'like for like' replacement service be put in place.</p> <p>The current security contract is managed and monitored by Adult and Community Services, Community Safety and Neighbourhood Services. The processes in place to monitor and manage the current contract include monthly requests for service user feedback, random site checks, daily checks of officer's paperwork, complaint tracking, monthly operational meetings to which service users are invited to discuss issues directly with the contractor and monthly contract monitoring meetings. Furthermore the service monitors the contractors' compliance with Security Industry Authority licensing requirements, staff training and development, equalities and diversity, insurances and health and safety. It is proposed that although the contract may vary the way in which</p>	

security is delivered that these monitoring processing will remain in place for the new contract.

Officers are continuing to investigate alternative solutions to address security issues and reduce the need for dedicated security personnel. These include better use of technical and physical risk reduction solutions, better use of existing council resources and improved partnership working with agencies such as the Metropolitan Police and the Strategic Partner.

However, it is expected that there will continue to be a requirement for some dedicated security personnel, for example to provide a mobile intruder and panic alarm response service to schools and corporate buildings.

Wards Affected: None

Recommendation(s)

The Cabinet is recommended to:

- i) Authorise the seeking of tenders for a new term contract for the supply of Security Industry Authority (SIA) Licensed security personnel over a three year term with the possibility to extend for a further 1 year subject to satisfactory performance.
- ii) Decide, in accordance with paragraph 3.6.4 of the Council's Contract Rules (part D of the Constitution) if it wishes to be further informed or consulted on the progress of the procurement and the award of the contract.
- iii) Authorise the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Resources and Legal Partners, to award the new term contract following the conclusion of the procurement process.

Reason(s)

To reduce the opportunities for theft and damage to Council buildings and assets, to provide reassurance to residents and to assist the Council in achieving its Community Priority of reducing crime and improving safety in the borough.

Comments of the Chief Financial Officer

Current costs associated with the Security Contract amounted to £2.2m in the last financial year. This overall amount has been reducing over recent years and is expected to continue to do so. The Adults and Community Services Department administer the contract for the Council. All costs are charged to and met from existing departmental budgets as services are required.

Current hourly rates charged for the service compare very favourably to the rate at which the Council could provide a service on a 24/7 basis due to Council pay rates (including enhanced hourly rates for evenings and week-end) and council on-costs (pension contributions, holiday and sick pay).

The costs of security services, as a result of the new contract, will continue to be met from existing departmental budgets.

Comments of the Legal Partner

1. This report is seeking Cabinet's approval to re-tender the current contract for the provision of a Security Industry Authority (SIA) - Licensed security personnel to the Council, for a period of three years with an option to extend for a further one-year period.
2. The reports states that the annual value of the Council's current security contract is over £2m per annum which means that the estimated total value of the proposed contract exceeds the European Union (EU) threshold for services / supplies contracts (currently £156,442), and there is therefore a legal requirement to tender the contract in the EU.
3. Contract Rule 3.6 of the Council's Contract Rules furthermore requires the strategy for the procurement of contracts of above £400,000 in value to be submitted to Cabinet for approval prior to procurement of such contracts.
4. The Cabinet Member for Crime, Justices and Communities, in compliance with the Contract Rules, has accordingly set out the proposed strategy for the procurement of the contract in Section 2 of this report, for approval by Cabinet.
5. It is proposed that the security contract will be re-tendered in the EU, using the Restricted Procedure - a two-stage tendering procedure which allows a procuring authority to shortlist the service providers to be invited to tender from a list of those who have expressed an interest in the contract, by undertaking a Pre-qualification exercise.
6. The contract will be tendered as a "call-off contract" which is a binding contract for the provision of agreed services, subject to requirement, over a period of time and in accordance with pre-agreed specifications, prices, terms and conditions.
7. The procurement strategy outlined in the report complies with the EU public procurement rules as contained in the Public Contracts Regulations, 2006.
8. The report is furthermore seeking a decision pursuant to Council Contract Rule 3.6.4, as to whether or not Cabinet should be kept informed on the progress of the procurement or would wish to be involved in the award of the contract.
9. The Cabinet has the power under Section 15 (6) of the Local Government Act 2000 and under Part C of the Council's Constitution to delegate its powers to officers. Accordingly, the report is seeking delegation of Cabinet's authority to award the contract to the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Commercial Services, following the conclusion of the procurement process
10. The Legal Partner (Procurement, Property and Planning) confirms that there is no legal reason preventing Cabinet from approving the recommendations of this report.
11. It is expected that the Legal Practice will be consulted in the planning and preparation of this contract.

Head of Service: Glynis Rogers	Title: Divisional Director for Community Safety and Neighbourhood Services	Contact Details: Tel: 020 8227 2827 E-mail: Glynis.rogers@lbbd.gov.uk
Cabinet Member: Cllr Jeannette Alexander	Portfolio: Crime, Justice and Communities	Contact Details: Tel: 020 8924 8239 E-mail: jeannette.alexander@lbbd.gov.uk

1. Background

- 1.1 On 9 November 2004 a report was tabled before the Executive (Executive Minutes 184 refers) that included proposals on concierge charges and associated security requirements of Council departments. The Executive authorised officers to jointly contract with other departments and, if practical, with other London boroughs, for the externalisation of the concierge provision, static security guards, night-time mobile patrol security provision and responsive security dog patrols for the whole Council.
- 1.2 Following a competitive tender process a contract for the provision of close protection, mobile patrol, CCTV monitoring, cash in transit, door supervisor, concierge, static and mobile security staff, dog handling staff and dogs services was awarded to the current provider.
- 1.3 The current provider supplies Security Industry Authority Licensed security personnel to twenty three regular sites, including five concierge offices, Barking Learning Centre, Barking Registry Office and two Housing Advice Centres and provides a 24 hour a day, 365 day a year mobile security response service.
- 1.4 The mobile security response service provides a varied service as dictated by the needs of the council. The service includes:
- response to intruder, panic and fire alarms at over two hundred council sites around the borough, including schools, libraries, Children’s Centres, pavilions;
 - park and cemetery locking and unlocking;
 - health and safety checks on vacant buildings and land;
 - out of hours emergency lift and plant room access for engineers;
 - incident response support for security personnel at regular sites.
- 1.5 The current security contract is managed and monitored by the Adult and Community Services Community Safety and Neighbourhood Services CCTV and Security Contract Team. The processes in place to monitor and manage the current contract include monthly requests for service user feedback, random site checks, daily checks of officer’s paperwork, complaint tracking, monthly operational meetings to which services users are invited to discuss issues directly with the contractor and monthly contract monitoring meetings, monitoring of the contractor’s compliance with Security Industry Authority licensing requirements, staff training and development, equalities and diversity, insurances and health and safety. It is

proposed that although they may vary in the way they are undertaken these monitoring processing will remain in place for the new contract.

1.6 The current contract expires on 28 February 2011.

2. Proposal

2.1 It is proposed to seek tenders using the two part Restricted Procedure in accordance with the European Procurement Directives, for a three year term contract with the possibility of a one year extension subject to satisfactory performance of the nominated contractor.

2.2 It is proposed that the new contract will work on a 'Call Off' basis from a priced schedule of rates for the duration of the contract. This will ensure that the Council benefits from economies of scale. The 'Call Off' arrangement does not commit the Council to a guaranteed payment to the contractor by way of a retention fee or stand-by arrangement. However, it will allow for the supply of security personnel as risks are identified.

2.3 It is proposed that the contract will meet all the Council's needs for Security Industry Authority licensed security personnel.

2.4 It is proposed that the contract will give fixed costs for the duration of the contract. This will enable the Council to budget its resources effectively. Costs may reduce further if the need for dedicated Security Personnel is reduced through other solutions or assets are disposed of.

2.5 A full review of the Council's requirement for dedicated security personnel has been undertaken and considered the following:

- opportunities to incorporate some security duties into the job descriptions of existing staff;
- reducing opening hours of some non-essential sites;
- amalgamating the security provision from multiple sites to provide better value for money and use of resources;
- new access control technology to reduce the opportunities for unauthorised access;
- opportunities to work with the successful strategic partner, other local authorities and agencies such as the Metropolitan Police to address identified risks and needs.

2.6 The tender will be advertised in the Official Journal of the European Union (OJEU) as a restricted procedure, under the Directive 2004/18/EC for Services Contracts and The News. A posting will also be made on the Council web site. Applicants shall complete a Pre Qualification Questionnaire (PQQ). The applicants will also be asked to submit a wide variety of information, including environmental, equalities, references and financial accounts, together with the PQQ.

2.7 The applicants will be assessed on their economic and financial standing, health and safety standards, relevant British Standard (BS) and International Organisation for Standardisation (ISO) (or equivalent) standard achievements and corporate human resource policies, particularly in relation to recruitment and selection procedures. Applicants whose PQQs and references are assessed as most

economically advantageous will be offered the opportunity to tender for this work via a 'Schedule of Rates' based on a minimum person requirement for staff undertaking designated positions, such as Concierge Officer, Event Security Officer and Security Dog Handler.

2.8 Applicants will be assessed on a range of criteria relevant to the contract tender process based on a 70% price 30% quality basis. The quality assessment will include:

- Contract management and control
- Contract implementation
- Equipment, uniforms, recording and reporting systems
- Risk management
- Complaints managements
- Response times for provision of each of the specified staff / carrying out the specified activities.

The above list is not exhaustive and may be added to during finalisation of the tender documentation.

2.9 Following tender evaluation and in line with the Council's constitution, unless otherwise instructed by the Cabinet, a recommendation report in the form a Delegated Decision will be submitted to the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Resources, to award the new term contract following the conclusion of the procurement process

2.10 Suggested timetable for tender process (all dates are provisional and subject to change)

Action	Date
Cabinet Approval	26 October 2010
Advertise	11 November 2010
Expressions of interest to be returned	2 December 2010
Evaluate returns	9 December 2010
Invitation to tender to be sent out	13 December 2010
Tenders to be returned	21 January 2010
Interviews to be conducted	28 January 2011
Approval from chief officers and 10 day standstill period	4 February 2011
Contract Award	March 2011

3. Financial Issues

3.1 The current contract works on a 'Call Off' basis from a priced schedule of rates, therefore, the Council's spend is directly associated to the services provided. The Council is not committed to a stand-by or retention fee.

3.2 The Council spend on security and concierge personnel has reduced over recent years:

2008/09	2009/10	Projected 2010/11
£2,387,215	£2,159,861	£1,800,000

- 3.3 All costs are met directly by the department requiring the service. In 2009/10 £1,766,316 of the total year spend was attributed to regular security personnel provision at sites. The 24 hour, 365 day a year mobile security response service cost £265,385 and £128,160 was spent on miscellaneous short term requirements such as events, including the Town Show and Countdown event and projects such as free swimming.
- 3.4 The spend on security is variable depending on identified risks. However, based on current service requirements and the work taking place to reduce the need for dedicated security personnel, it is estimated that the total contract value will be approximately £4.6million for three years.
- 3.5 There is currently a levy of £1.50 per hour for every security officer hour provided, which is estimated to generate circa £225,000 per annum, which is levied by the Council's CCTV and Contract Security Monitoring team. This levy covers the management costs of the security contract, the cost of providing the Council's mobile security response service (which is not site specific and provides security to all sites across the borough) and the levy also contributes towards the costs of the Council's CCTV function.
- 3.6 The Corporate Director of Finance has been asked to undertake a review of this internal recharge system to enable simpler and less administratively burdensome management of the security contract, and to also ensure we maintain the level of recharge required to provide the support to the above mentioned services (ie: mobile security response, contract administration and CCTV function).

4. Legal Issues

- 4.1 The Council's Contract Rules and EU Procurement requirements will be complied with. The detailed comments of the Legal Partner appear above.

5. Other Implications

5.1 Risk Management

Any delay in the re-tender of this contract will result in the Council being unable to provide security personnel under contract as the current contract has no provision for an extension. However, there is a requirement for a continuous service, particularly in relation to a mobile security response service. Accordingly, the Council will have to seek alternative methods of providing these services which may result in increased charges and may present regulatory difficulties.

5.2 Staffing Issues

The current provider supplies regular security personnel to 23 sites. These sites may be considered their primary place of work. Therefore, contractor to contractor TUPE may apply.

5.3 Customer Impact

The Council Security Contract Management team request monthly satisfaction feedback from regular service users. Regular security service users have also been consulted on the development of the specification for the new contract.

5.4 The service specification, once detailed, will be subject to a full Equalities Impact Assessment (EIA). It is believed that no specific equalities group will be adversely affected by the delivery of the security contract, though as public spending is cut any reduction in provision should be considered in terms of equality to ensure that those no longer receiving a service are not adversely affected in terms of their ability to feel safe and to the right of peaceful enjoyment of their home and the public domain. The service currently delivers security to a range of Council-run and public buildings and open spaces. Older people often feel more vulnerable and value the services of a security officer. Low level crime and disorder, which are often issues a contractor would deal with, are often perceived to be perpetrated by young people and it may be that, in delivering such a service, targeted enforcement action is directed at that group. However, as part of the EIA we will consider mechanisms for collection of data with the contractor to ensure that no group suffers a negative impact. For example we will be requesting that the contractor collects information on the profile of those people that are challenged by the security staff, which will be monitored through the contract monitoring process.

5.5 **Safeguarding Children**

In 2010 -11 all schools, with one exception, subscribed to receive the mobile security response service provided by the security contractor to respond to their alarms and undertake patrols. The effective provision of this service reduces the opportunities for significant damage or theft from schools, ensuring the uninterrupted learning of children in the borough. In addition all staff are Security Industry Authority (SIA) trained and certified and are therefore subject to Criminal Records Bureau (CRB) checks. Training around Safeguarding will be delivered to new contracted staff as part of the new contract.

5.6 Security personnel deliver a range of services which impact favourably on vulnerable adults. All staff are CRB checked under their SIA training and certification. Training will be undertaken with staff within the new contract to ensure that they are aware of the issue of vulnerable adults and know how to refer.

5.7 **Health issues**

Feeling safe brings a sense of wellbeing and ensures that residents, particularly older residents, use public space and enjoy their homes. Provision of security ensures that vandalism and the lack of physical guardianship does not adversely impact on that sense of wellbeing.

5.8 **Crime and Disorder Issues**

Section 17 of the Crime and Disorder Act requires the Council to have regard to crime reduction and prevention in its service delivery and design. The primary purpose of this contract is to assist the Council to reduce the opportunities for crime and disorder. The Security Contract assists the Council to;

- reduce the risks of damage, theft and unauthorised use of Council properties, particularly vacant properties;
- improve the safety of Council staff working in customer facing services such as the Housing Advice Centres and Hostel;
- contribute to crime reduction in parks;
- improve the management and response to crime and disorder incidents within Council Housing sites.

5.9 **Property / Asset Issues**

The Council is keen to improve the efficiencies of building use and the turn around of vacant properties. However, as above a key function of this contract is to reduce the risk of damage, theft and unauthorised use of Council buildings, this includes vacant properties.

6. **Options appraisal**

6.1 To let the current contract expire and not re-tender.

The current contract expires on 28 February 2011 and there is no allowance for an extension under EU Procurement legislation. It is known that the Council still requires a level of security personnel provision as referred to in this report. It will therefore be necessary to procure these services in compliance with the requirements of the EU Procurement legislation.

6.2 To use a Framework Agreement

This option was considered and it was assessed that this would not be economically advantageous to the Council due to the increased costs associated with the management and administration. It was also assessed that there would be significant logistical difficulties with using multiple contractors, for example establishing physical work boundaries and areas of responsibility when dealing with incidents.

The re-tender process will allow for consortia to submit bids, however, they will be treated as a single supplier.

6.3 To procure separate contracts for specific services as required.

This option was not considered viable as it is the Council's policy to consolidate contracts. Also EU Procurement aggregation rules require the Council to aggregate the value of all its service requirements of a similar nature. This means that the Council cannot avoid the application of the EU regime by letting a series of low value contracts for similar services. If it does this, all of the contracts will have to be let as above threshold contracts and will each therefore be subject to the full requirements of the EU regime.

This option was considered and it was assessed that this would not be economically advantageous to the Council due to the increased costs associated with the procurement management and administration of the several contracts. It was also assessed that there would be significant logistical difficulties with using multiple contractors, for example establishing physical work boundaries and areas of responsibility when dealing with incidents.

6.4 To access existing framework agreements.

This option was investigated. However, no suitable existing agreements were available.

Islington Council is currently undertaking a tender for security services. However, on reviewing their specification it was apparent that the primary focus of the tender is facility management staff with some security requirement. The current service users of the security contract have been very clear of their requirements of a

security contractor and its personnel and this does not appear to be achieved by Islington's approach.

The Official Contract Notice will be worded in such a way as to allow other east London boroughs to utilise this contract at a future date should they wish to do so.

6.5 To consider an in-house service.

This option was assessed and it was not considered a viable option. The main reason for this is due to the costs and the continuously changing requirements for personnel with different security skills. The need for security personnel is often identified following an incident and needs to be established quickly, often within 24 hours. Security is also often cancelled at short notice, usually following the introduction of physical or technical risk reduction equipment, re-use or disposal of sites.

The costs associated to using directly employed staff were also assessed and it was established that providing the service in-house would substantially increase the costs to the Council. For example current security provision at Barking Learning Centre if provided by directly employed staff would amount to at least 20% to 25% more than current costs, due to more favourable Council terms and conditions and council on-costs / overheads.

Such on-costs would include the management and administration associated with the provision of security personnel, particularly in relation to the day to day management of staff, for example training, annual leave, sickness, appraisals, scheduling duties and monitoring working hours. All these costs currently are incurred by the Security provider.

6.6 To tender for one service provider to deliver all security personnel services

The current contract works with one service provider. This adheres to the Council's contract rules and is consistent with the provision of EU legislation. This option has been assessed and is considered viable. It allows for cost efficiency in terms of management costs and also allows for clarity of reporting lines and processes for ensuring contract compliance.

Bids will be invited from consortia. However, in the event that such a bid was to be successful, the contract would be with a nominated single provider in terms of contract management.

7. Background Papers Used in the Preparation of the Report:

Executive - 9 November 2004 - Executive Minute 184

8. List of appendices:

None