

CABINET

21 October 2014

Title: Procurement of Contract for the Supply of Security Industry Authority (SIA) Licensed Security Personnel	
Report of the Cabinet Member for Crime and Enforcement	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Divisional Director: Glynis Rogers, Divisional Director for Commissioning and Partnerships	
Accountable Director: Anne Bristow, Corporate Director Adult and Community Services	
Summary: <p>The Council currently has a contract for the supply of Security Personnel licensed by the Security Industry Authority (SIA) which expires on 15 June 2015. The contract supplies SIA licensed security officers to Housing block concierges, homeless hostels, corporate reception areas, libraries and one stop shops, vacant buildings, events and in response to ad hoc security issues. The contract does not have any retention fee, therefore if there is no use of contract services there is no charge to the Council.</p> <p>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:</p> <ul style="list-style-type: none">• 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. <p>This report asks for authority to seek tenders in accordance with the European Procurement Directives, for a four year term contract with the possibility of a one year extension, subject to satisfactory performance of the nominated contractor.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <p>(i) Agree the procurement of a new four year term contract, with the possibility to extend for a further one year subject to satisfactory performance, for the supply of</p>	

Security Industry Authority (SIA) licensed security personnel in accordance with the strategy set out in the report;

- (ii) Agree not to require the London Living Wage to be applied to services provided by the successful tenderer; and
- (iii) Indicate whether Cabinet wishes to be further informed or consulted on the progress of the procurement and /or the award of the contract, or is content for the Corporate Director for of Adult and Community Services, in consultation with the Cabinet Member for Crime and Enforcement, the Chief Finance Officer and the Head of Legal Services, to conduct the procurement and award the contract to the successful bidder in accordance with the strategy.

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 Corporate Objective of reducing crime and fear of crime.

To reduce the risk of financial outlay due to prevention of damage to Council owned property either inhabited or void.

1. Introduction and 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 the first contract was awarded in 2007 and following a subsequent competitive tender process, including an e-Auction, the current contract for the provision of Security Industry Authority (SIA) Licensed Personnel was awarded to the current provider (Manpower Direct UK).
- 1.3 The current provider supplies Security Industry Authority Licensed security personnel to thirteen regular sites, which including three Housing concierge offices at Sebastian Court, Highview House and Thaxted House, three Homeless Hostels, Barking Learning Centre, Dagenham Library, Housing Advice Centre and Castle Green and also various short term security requirements such as event security. The types of role are detailed below.

Job Title	Use
Event Guard	Providing security and crowd management at any event
Concierge Officer	Access control and security in high rise Housing blocks with Concierge services
Security Guard	Vacant building security for the protection of the building
CCTV Operator	Monitoring of Housing SAMS CCTV system

Customer Service Attendant	Security with some facilities duties in public buildings with high level of public contact
Door Supervisor	Security at hostels with vulnerable residents
Dog Handler	Security of buildings and regeneration areas with large external spaces

- 1.4 The contractor also provides a 24 hour a day, 365 day a year mobile security response service that 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 contract does not require the contractor to pay the London Living Wage of £8.80 and only requires the legal minimum wage (£6.31) to be paid. Agency Worker Legislation does not apply to staff providing services via this contract.
- 1.6 The current security contract is managed and monitored by Adult and Community Services, Commissioning and Partnerships. 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 and monthly operational meetings to which service users are invited to discuss issues directly with the contractor contract monitoring issues. 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 security is delivered that these monitoring processing will remain in place for the new contract.
- 1.7 A monthly Service User Feedback process is in place which encourages those who use the security services to advise if they are satisfied with the service they are receiving, or not. The process also enables early discussion of issues which if left un-managed may become more serious.
- 1.8 The current monitoring processes would continue with any new contracts awarded.
- 1.9 Following agreement of the one year extension the current contract expires on 15 June 2015.

2. Proposed Procurement Strategy

2.1 Outline specification of the works, goods or services being procured.

To seek tenders in accordance with the European Procurement Directives, for a four year term contract with the possibility of a one year extension subject to satisfactory performance of the nominated contractor.

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.

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

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.

Regular reviews of the Council's requirement for dedicated security personnel are undertaken with site managers and consider 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 other local authorities and agencies such as the Metropolitan Police to share resources and address identified risks and needs.

The tender will be advertised in the Official Journal of the European Union (OJEU), on the Councils website, on Bravo Solutions website (e-portal provider) and Contracts Finder. The applicants will be asked to submit a wide variety of information, including environmental and equality information, references and financial accounts.

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 and training, and customer references. Applicants whose submissions are assessed as meeting the criteria 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.

Applicants will be assessed on a range of criteria relevant to the contract tender process based on a 60% price 40% quality basis. The quality assessment will include:

- Contract Management and control
- Contract Implementation
- Equipment, uniforms, recording and reporting systems
- Risk Management
- Complaints managements

- Customer references

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

The commercial element will be conducted through an e-auction.

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

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

Action	Date
Cabinet Approval	21 October 2014
Advertise	22 October 2014
Tenders to be returned	06 December 2014
Tender Evaluation	08 December 2014 to 12 December 2014
Interviews to be conducted	15 December 2014 to 17 December 2014
Approval of the Award Report Recommendations	05 January 2015 to 09 January 2015
Approval from Chief Officers and 10 day standstill period	12 January 2015 to 22 January 2015
Contract Award	23 January 2015
Mobilisation and implementation	21 April 2015 to 15 June 2015

The above lifecycle has been developed based on the assumption that an Open process is used. The timeline allows for any required changes in the evaluation process, approval process and agreeing a full mobilisation and implementation process.

2.2 Estimated Contract Value, including the value of any uplift or extension period.

Approximately £5.2 million for four years or £6.5m if the contract is extended to five years.

2.3 Duration of the contract, including any options for extension.

Initial term of 4 years.

Additional extension period of 1 year.

2.4 Is the contract subject to the (EU) Public Contracts Regulations 2006? If Yes, and contract is for services, are they Part A or Part B Services.

Yes, Part A Services.

2.5 Recommended procurement procedure and reasons for the recommendation.

The recommended procurement procedure to be used for this project is the "Open" process.

This route is recommended as the supply base is fairly limited, and generation of competition is a key factor in obtaining value for money as well as a quality service.

2.6 The contract delivery methodology and documentation to be adopted.

The Council's standard terms and conditions for services will be applied to this project.

2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.

The main outcomes are as follows;

- Fixed costs for the duration of the contract to enable effective budgeting.
- To ensure suitably qualified staff are deployed at all times in varying locations and capacities.
- To operate on a "draw down" process, which allows flexibility in numbers of staff required, without committing the Council to any block fees?

2.8 Criteria against which the tenderers are to be selected and contract is to be awarded

Applicants will be assessed on a range of criteria relevant to the contract tender process based on a 60% price 40% quality basis. The quality assessment will include:

- Contract Management and control
- Contract Implementation
- Equipment, uniforms, recording and reporting systems
- Risk Management
- Complaints managements
- Customer references

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

2.9 How the procurement will address and implement the Council's Social Value policies.

The provision of services via this contract will assist the Council to provide a security response service to civic and community buildings to provide a safer

environment for people using the facilities, including libraries and community centers. Security services are also provided to schools to reduce the opportunities for damage to schools which would interrupt the education of young people in the borough.

The quality assessment of the tenders will seek to ensure that the company has robust processes in place to deliver the services required, particularly in relation to the provision of 24 hour services and robust recruitment and training. This will ensure that the successful company have the right staff in the right jobs with the necessary support and training to provide the services to the level required

3. Options Appraisal

3.1 To let the current contract expire and not re-tender

The current contract expires on 15 June 2015. It is known that the Council requires a level of security personnel provision as referred to in this report, therefore, if the decision is taken not to re-tender it would be necessary to find an alternative way of meeting these needs. This may include investment in physical security measures and directly employing staff to deliver the provision. Cost comparisons demonstrate that a like for like staff provision use directly employed staff would double the cost of provision due to LBBD staff terms and conditions and employer on-costs. TUPE may also apply to at some sites.

This option would also leave the Council without any contractor to respond to urgent emerging security issues, such as illegal traveller encampments where security staff are employed to protect community assets.

EU Procurement legislation prevents the Council disaggregating the provision to award smaller service specific ad hoc contracts. It will therefore be necessary to procure these services in compliance with the requirements of the EU Procurement legislation.

3.2 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 large sites and incidents.

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

3.3 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 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.

3.4 To access existing framework agreements

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

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

3.5 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 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 approximately 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.

3.6 To use the Adecco contract

The Council has an existing contract with Adecco to provide agency staff. It was considered whether this contract could be utilised to provide Security Personnel. This option, would require similar management structures as direct recruitment in terms of training, annual leave, sickness, appraisals, scheduling duties and monitoring working hours.

The Council would also need to invest further into resources such as vehicles and fleet management to provide the mobile security service.

Using an existing security company with the appropriate resources to manage 24 hour, 365 day staffing provision, such as a staffed control room to manage lone working, short notice requests, etc will provide a more cost effective service.

This option was discounted

3.7 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 'coalitions'. However in the event such a bid was to be successful the contract would be with a nominated single provider in terms of contract management.

4. Waiver

Not Applicable

5 Equalities and other Customer Impact

5.1 Customer Impact

The Council Security Contract Management team request monthly satisfaction feedback from regular service users. Site Managers for the sites which receive regular services from the current contractor have been consulted on whether they are satisfied with the service they receive from the current contract and they have confirmed they are. No issues have been raised by site managers in relation to the proposed extension of the current contract.

Regular security service users will be consulted on the development of the specification for the new contract and some will be involved on the Procurement Board.

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. 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.

6. Other Considerations and Implications

- 6.1 **Risk and Risk Management** - If the contract tender is not approved it will be necessary to make alternative arrangements for sites with identified security needs by the completion of the current contract in June 2015. If the alternative arrangements involve the direct employment of staff the cost of the provision is likely to be substantially higher due to the Council's employment terms and conditions and the need to provide specific equipment such as vehicles to undertake duties and Personal Protective Equipment for staff, which is all currently provided by the contractor.

The service that is most likely to require continuous provision due to the varied duties undertaken, including locking and unlocking parks and Council offices and depot and responding to intruder and panic alarms, is the Mobile Security Response Service. A cost comparison has been undertaken and it is estimated that to provide this service by directly employed staff, including all associated equipment, would be approximately double the cost of a contracted service.

- 6.2 **TUPE, other staffing and trade union implications** - The current provider supplies regular security personnel to thirteen sites. These sites may be considered their primary place of work. Therefore, contractor to contractor TUPE may apply.

The proposal does not require the contractor to pay the London Living Wage of £8.80 and only requires the legal minimum wage (£6.31) to be paid. Members will recall the recommendations made to the Living and Working Select Committee on 17 December 2012. Were the London Living Wage be applied to this contract it is expected that the cost of provision would increase by an additional 20% over and above the current expected market price mark.

The current contractor has been audited by the contract monitoring team and external agencies such as HMRC and UKBA to ensure compliance with all employment law and no issues have been identified. The same checks will be undertaken as part of the tender process and the same contractor monitoring processes will be applied to the successful tendered to ensure compliance with all relevant legislation continues.

Agency Worker Legislation does not apply to staff providing services via this contract

- 6.3 **Safeguarding Children** - In 2013 -14, forty-three (43) schools 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 have criminal record checks undertaken prior to a license being issued.

Security personnel deliver a range of services which impact favourably on vulnerable adults. 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.

6.4 **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.

6.5 **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.

6.6 **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 primary function of this contract is to reduce the risk of damage, theft and unauthorised use of Council buildings, particularly vacant properties.

7. Consultation

7.1 All regular users of the security contract have been consulted, this includes Housing, Arts and Leisure, Asset Management and Capital Delivery and Children's Services. No issues were raised as part of the consultation. Many service users will also be represented on the Tender Evaluation Panel.

7.2 Housing are currently undertaking Leaseholder Consultation as required by Section 20 of the Landlord and Tenant Act 1985

8. Corporate Procurement

Implications completed by: Euan Beales, Category Manager – Finance and Resources

8.1 Under EU Procurement Directives the service is required to be formal tendered under OJEU Part A Services and exceeds the £172k threshold. The Open process will be the route market, which allows each bid to be evaluated. This will enable SME's the opportunity to bid and ensures that the competition is open, fair and transparent.

8.2 The Open process will be competed utilising an evaluation split of 40% Technical and 60% Commercial. Special consideration will need to be given to the financial assessment of the potential providers based on 2 times turnover to contract value or each bidder will need to have a turnover of £14.9m, which will restrict the market, so an alternative model will be required for this process.

- 8.3 This project will be conducted with gain share being applicable. In order to establish a reflective baseline it has been agreed to use the current hourly pay rates from commencement of the service in 2011 and increase by the value of RPI from each June, in addition to ensure the wage values remain transparent, the minimum wage increase scheduled for 1 October 2014 will be applied (3% increase).

9. Financial Implications

Implications completed by: Roger Hampson, Group Manager Finance (Adult and Community Services)

- 9.1 This report seeks authority to seek tenders for a four year term contract with the possibility of a one year for the supply of Security Industry Authority licensed security personnel.
- 9.2 Budget provision for security costs is held by a number of directorates within the Council, and by the Housing Revenue Account. The expenditure on security is variable. The need varies depending on identified risks, removal of assets and regeneration of the Borough. The need is also likely to vary over the life of the proposed contract for any service changes which impact upon security costs as a result of budgetary reductions.
- 9.3 There is currently a levy of £1.50 per hour for every security officer hour provided, which is estimated to generate circa £225k per annum, which is levied by the Council's CCTV and Contract Security Monitoring team. This levy covers the management and administration costs of the security contract and subsidizes 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.
- 9.4 Any procurement savings arising from a new contract would be subject to a gainshare split with Agilisys, the current arrangement being 80% to the Council and 20% to Agilisys

10. Legal Implications

Implications completed by: Kayleigh Eaton, Solicitor (Contracts and Procurement)

- 10.1 The proposed procurement being considered is estimated at £6.5m over the lifetime of the contract and is therefore above EU thresholds for supplies and service contracts (currently set at £172,514). This means that there is legal requirement to competitively tender the contract in the Official Journal of the European Union (OJEU). Legal Services note that in compliance with the Public Contract Regulations 2006 this report states that the proposed procurement will be conducted using the open procedure and will be advertised in OJEU, on the Council's website, on Bravo Solutions and on Contract Finder.
- 10.2 Further there is a requirement to comply with the EU Treaty principles of equal treatment of bidders, non-discrimination and transparency in conducting the procurement exercise. The process described by the report author above, should comply with these requirements.

- 10.3 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval.
- 10.4 In line with Contract Rule 47.15, Cabinet can indicate whether it is content for the Chief Officer to award the contract following the procurement process with the approval of Corporate Finance.
- 10.5 Legal Services note that it is the intention of the responsible directorate to permit this contract to be utilised by other local authorities. Legal Services would advise that the OJEU Contract Notice must be specific as to the potential local authorities (or group of local authorities) who may use this contract. Potential spend must also be forecast for the Council and other potential users of the contract so as not to fall foul of the Public Contract Regulations 2006.
- 10.6 The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the proposed tender exercise. Legal Services are on hand and available to assist and answer any questions that may arise.

Background Papers Used in the Preparation of the Report: None

List of appendices: None