

Subject:	Procurement of the Corporate Security Contract		
Date of Meeting:	22 September 2011		
Report of:	Strategic Director, Resources		
Lead Member:	Cabinet Member for Finance & Central Services		
Contact Officer:	Name:	Angela Dymott	Tel: 29-1450
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Key Decision:	Yes	Forward Plan No: CAB24229	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 To obtain delegated authority from Cabinet for the proposed re-tendering and subsequent award of the council's corporate security contract for alarm response, static guarding and security key holding services under European Regulations. The current contract has run for three years since 2008 and expires on the 31st March 2012 following an agreed one year extension.

2. RECOMMENDATIONS:

- 2.1 That Cabinet:
- (a) Gives approval for a tendering exercise to be undertaken in compliance with relevant Public Procurement legislation for the procurement of the corporate security contract for alarm response, static guarding and security key holding services. The tendering process will lead to the award of a 4 year contract, with the council having the option to extend for up to a further 2 years. The new contract will start on the termination of the existing contract.
 - (b) Grants delegated authority to the Strategic Director, Resources to award the contract and take all steps necessary towards the implementation of the proposals.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**Current Contract**

- 3.1 The current corporate security contract covers a large proportion of the council's operational portfolio including civic and housing offices, most schools, libraries, residential homes and day care centres, children's centres, car parks and some commercial starter units.

- 3.2 The services provided fall into the areas of alarm monitoring & response, supported by security patrols and emergency key holding out of hours. During business hours, additional capabilities such as static guarding, manned CCTV monitoring, 'Front of desk' support and manned security presence during events / Council meeting's is provided as required.
- 3.3 The current contractors over the last four years have worked with us to standardise our security needs, creating much leaner documented processes. Testament to this work has been the growth in their site responsibility and security cover. Emprise currently has a contract portfolio of some 150 sites which they operate on behalf of the council. We are therefore seeking service providers that have the capability to continue this progress.

Proposal

- 3.4 With a much greater emphasis now being placed on proactive security measures such as access control, the risk of damage, theft, or loss can be considerably reduced. Staff, contractors and the public, can easily be assigned personalised I.D. cards that give them access rights to any of the council's premises that are linked into the system. Access control also retains records of who has passed through the controlled area and when, thus retaining user lists in the event of a problem. Similarly, the deployment of CCTV is becoming more & more relevant in the operation of our buildings, as well as keeping records of asset access and movement, it is able to track & monitor persons acting suspiciously under live circumstances. Successful bidders will therefore need to be able to supply staff that are both appropriately trained in security matters and who are able to operate the defined technology with appropriate industry certification.
- 3.5 The security needs under the Corporate landlord approach which will bring together all property functions are expected to increase as will the numbers of premises that fall under Property & Design's responsibility. Accordingly, capacity growth paths and contractor flexibility are key to the current and any future provision.
- 3.6 The expected value of the contract is £1.5m over four years and is above the EU threshold for services contracts. Accordingly, the contract will be subject to EU and UK public procurement legislation and the Council's financial regulations. OJEU tenders are subject to a period of tender advertising, where potential tenderers respond to a PQQ (Pre qualification Questionnaire), with an ITT (Invitation To Tender). Those selected to proceed will then need to respond in full to the contract specification and include a pricing structure / framework. The evaluation of the tenders and pre-qualification questionnaires will be undertaken by a cross functional evaluation panel consisting of representatives from procurement & P&D. The OJEU timetable is set out in Appendix 1.
- 3.7 Given the previous contract successes, it is proposed to let the new contract for a period of 4 years with the possibility of a further 2 years extension. The emphasis of this approach will be the continued growth of the service provision, standardisation of premises security and the optimisation of costs gained by economies of scale delivering overall best value to the Council. Bidders will also be measured on their responses to service level agreements, customer

satisfaction, delivery plans, value for money, continuous improvement, quality of service, employee issues, leanness, Health & Safety and applicable environmental Issues. Best solutions will achieve a good marriage between business needs & costs, eliminating any operational risks or gaps.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

4.1 Consultation with respect to the proposed new tender, has taken part at two levels. The community engagement framework is not applicable to the consultation process.

(a) Gradual implementation of the corporate landlord model, which is resulting in more and more Delivery Unit Heads and customers being encouraged to use the council's preferred contract provider. The driver for this is cost effectiveness & a standardised approach which was previously offered on the basis of an 'opt-in' service.

For the new contract, it is proposed that 'opting out' will become the exception, and will only be considered on the grounds where specialist service needs, or business location apply. Opting out would therefore need to be agreed by the Corporate security manager as a specialist need. This approach requires considerable consultation with the major stake holders, some of whom continue to look for their service needs from existing contractors.

(b) Business needs within the council are driving us toward a much leaner and more sophisticated approach to security. Accordingly, in parallel to this contract a Council Security policy has been written. It is intended that this document will form the back bone standard under which the council will operate and future contract contenders will bid for work in the council. The document will also identify the benefits and means by which information exchange and collaboration will be achieved between the council and other emergency services. To achieve this we have had to consult across the councils, taking on board all security needs and estimating expected spend on core activities from the specialised work that would still need to be opted out. A forecast has then been produced over four years to ensure that the OJEU tender is correctly set value wise.

4.2 Internal consultations will be undertaken across the organisation during the OJEU tender process through the contract evaluation team and will continue after contract award with our partners in the City who may wish to continue or begin to opt in to the contract.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

5.1 The value of all current contracted services is approximately £350,500 per annum. With expected growth and 'take up' of service over a four year period it is estimated that the annual contract could rise to £410,000 p.a. at year four. This would equate, with inflationary rises, to a total contract value of £1,557,000 over the four year contract and potentially costing £2,370,000 with a further two year extension.

- 5.2 Each service is responsible for funding its own security budget within existing revenue budgets. The Facilities and Premises Team receive all invoices for security services and carry out recharges for each service opted in to the contract. Under the Corporate Landlord this process will be managed entirely by Property & Design resulting in efficiencies.

Finance Officer Consulted: Rob Allen

Date: 22/07/11

Legal Implications:

- 5.3 The value and nature of the services makes them subject to the requirements of EU Public Procurement Directives and associated UK Regulations. The report indicates that an approved procurement strategy will be undertaken in compliance with relevant legal obligations and the Council's Contract Standing Orders. Contracts exceeding £75k in value must be in a form approved by the Head of Law.

Lawyer Consulted: Sonia Likhari

Date: 24/08/11

Equalities Implications:

- 5.4 The contract will be drawn up and awarded to support the Council's race equality scheme, inclusivity policy and its broader equalities duties.

Sustainability Implications:

- 5.5 The contract will be let and awarded in accordance with the sustainability code of practice for procurement.

Crime & Disorder Implications:

- 5.6 The recruitment of a professional security company should enhance the prevention of crime and disorder.

Risk and Opportunity Management Implications:

- 5.7 There is a low risk that tender prices are higher than the budgeted provision.

Public Health Implications:

- 5.8 There are no known public health implications associated with this request.

Corporate / Citywide Implications:

- 5.9 The process will provide improved efficiencies for the organisation as a whole.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The council already operate a tailored approach to its security employing retained staff in specialist areas of its security needs, as well as external contractors to carry out the bulk of its premises securing, key holding and alarm response

requirements.

The commitment to this approach was taken nine years ago, and was based upon;

- a) Consolidation of a large supplier base,
- b) Realignment of security delivery, to assure the most cost effective approach, and cap potential future costs in delivering the service.
- c) Deliver standardisation, economies of scale, and a structured framework of costs.
- d) Conclusion that Security is an operational need of the council, but not part of its core business.
- e) Embrace changes to the way that Health & Safety addresses the Risk assessment and circumstances under which guarding and asset security can be completed on a 24/7 basis.

6.2 If the Council were to bring this service in-house there would be considerable capacity, skill, resource, financial implications and choices to be made. These would revolve around ;

- The need to set up this service as an internal business and provide inward investment and initial set up costs that would outstrip the current investment required for the contracted services to national recognised security firms. For example - Business set up costs and requirements for increased manpower, Security Industry Authority training, first aid training, CCTV training, radios, transport, etc.
- To recapture internally the capability that we draw on through the security contract the council would need to initiate the formation of an in-house bid which could take up to a year to eighteen months to work up. This would need to be before the old contract expires to effect an essential seamless continuation of service. The service would need to be commissioned and the specification agreed with all internal customers following detailed stakeholder consultations and analyses of the legal, financial and human resource implications.
- As the skills, capacity and resources to support the full security needs of the council are not presently available to us internally we would need to embark upon a proactive recruitment campaign well before any supporting contract expires which could mean paying twice for the service in certain areas.
- Our current adopted approach is the most lean and flexible business solution and prevents us in many areas having to double our operational budgets. For example where we contract security staff the council pay for the deployment of that resource and the responsibility for a replacement during holiday or sickness, then becomes the responsibility of the supplier.
- The introduction of recent Health & Safety regulations now places a heavy emphasis on risk assessing guards involved in front line duties, single points of working, shifts & out of hours working practices. This all becomes the contractor's responsibility when adopting our tailored approach to this requirement.

6.3 Summarising, it is recommended that our current approach to delivering this service is the right way forward for effective and efficient customer service, business and value for money reasons that will meet the diverse security demands that we face over the next four years.

6.4 Having established that a security service is an operational need of the council and not part of its core business we need to be consistent in our future contract letting. Switching between the two options provides the worse of conditions at the greatest cost.

7. REASONS FOR REPORT RECOMMENDATIONS

7.1 This report makes recommendations on the future provision of security services for the council and on the process and timing and tasks that need to be completed between now and the end of the security current contract award. It takes into account the legal and financial business requirements of both the council and the EU procurement legislation.

It promotes the preferred business route that;

- i) Positions the council in its pursuit of Corporate Landlord goals,
- ii) Ensures commonality of service provision, leanness, value for money and quality.

SUPPORTING DOCUMENTATION

Appendices:

1. OJEU Timetables

Documents In Members' Rooms

None

Background Documents

None

