

Report of: Executive Member for Finance and Performance

Meeting of:	Date:	Ward(s):
Executive	26 November 2020	N/A
Delete as appropriate:	Exempt	Non-exempt

**SUBJECT: Procurement Strategy and Award Report for Security, Static Guarding and Key Holding Services for Public Buildings****1. Synopsis**

- 1.1 The report seeks approval on the procurement strategy and contract award for Security, Static Guarding and Key holding servicing for Islington's public buildings.
- 1.2 The current contract expires on 28 February 2021 and has no further extensions available.

2. Recommendations

- 2.1 To approve the procurement strategy and contract award for Security, Static Guarding and Key Holding Services for Public Buildings to the value of £7million to MITIE Security Limited for a period of 5 years commencing on 1 March 2021 with the option for the council to extend for 2 years.
- 2.2 To note the importance to maintain council-wide security, static guarding and key holding services for Islington's public buildings for staff and residents.
- 2.3 To note the social value outcomes that formed part of the procurement strategy and tender evaluation.

3. Background

3.1 Nature of the service

The contract covers 7 sites with a manager, front of house reception and security/static guarding, including first point of contact provision for our main public buildings, Islington Town Hall and 222 Upper Street. There is out-of-hours and ad-hoc arrangements for events such as councillor surgeries, full council meetings, elections, and meetings for residents. The key holding provision attends out of hours alarm activations for assessment, made safe and secured.

A mini-competition was undertaken in accordance with the Crown Commercial Service (CCS) framework agreement RM3830 lot 1a (Facilities Management). CCS is an executive agency of central government, sponsored by the Cabinet Office, providing commercial services to the public sector to save money for the taxpayer. The mini-competition was conducted using CCS' esourcing portal, inviting all 25 suppliers listed under lot 1a the opportunity to bid.

The Executive is asked to approve the procurement strategy and make a contract award for Security, Static Guarding and Key Holding Services for Public Buildings to the value of £7million to MITIE Security Limited for a period of 5 years with the option to extend for 2 years.

3.2 Estimated value

Current spend averages £990k per year from existing revenue budgets, comprising approximately 80% on the fixed static guarding element from facilities management and 20% on ad hoc provision from departmental budgets.

The bidder provided a fixed cost break down over the maximum 7 years of the agreement, within budget covering the initial 5-year contract period and the 2-year extension, of £6,340,123. The annual value increases year on year to reflect anticipated increases in the London Living Wage. Ad hoc security coverage is charged to relevant departments. Any savings realised will contribute to the corporate procurement Medium Term Financial Strategy (MTFS) target.

3.3 Timetable

The current contract started 1 March 2011 and ends 28 February 2021. The new contract needs to be in place from 1 March 2021. The procurement timetable is as follows:

- Mini competition and subsequent evaluation – August/September 2020
- Executive approval – November 2020
- Award stage – December 2020
- Mobilisation – January/February 2021
- Contract start – 1 March 2021

In the event of any delay in mobilisation, a short negotiated extension may occur.

3.4

Options appraisal

In the interest of safety of the public, staff and public buildings, ceasing the service was not a viable option.

The Council has undertaken two reviews to see whether the service could be delivered in-house. The reviews concluded that insourcing would require significant investment/ additional cost to align the function with the Council's operating model and staff terms and conditions including absence. The indicative additional cost of circa £550k per year does not offer value for money, particularly with growing financial pressures.

The recommended approach is to continue externally commissioning the service, with a call-off contract from an external established framework agreement the most expedient route to market. A review of suitable framework agreements covering security services for static guarding and key holding accessible to Islington has been undertaken. The search revealed the availability of frameworks meeting the Council's requirement.

The CCS framework agreement offers providers with security guarding and key holding experience, including front of house services experience of an appropriate scale, industry standard risk assessment and breadth of skills, capability and capacity. The terms of the CCS framework agreement are acceptable, available to local authorities, and allow for a call-off contract following a mini-competition for 7 years. The framework agreement also allows tailoring to encompass local social value requirements.

3.5

Key considerations

Delivering a contribution to the Council's social value objectives is a key element of the procurement strategy. The CCS framework provides sufficient flexibility to ensure that tender responses address the following key principles:

- A commitment to invest in staff by paying London Living Wage (LLW) in recognition of their contribution, aiding motivation, productivity, retention and long-term prosperity of the local economy.
- Maintaining as much of the related financial activity within the local economy, with employment within the local and neighboring boroughs adding the benefit of minimising the carbon footprint.
- The provision of secure employment, facilitating the ability to develop and enhance skills
- Employment policies committed to promoting equalities and diversity for BAME and people with a disability, ensuring each individual feels empowered to achieve their potential.
- The expectation for early notification of vacancies and recruitment opportunities, extending to participation in local employment events such as job fairs and working with Islington's employability partners. To include a clearly set position on a proactive approach to working with Islington, and on identifying local candidates for apprenticeships within the whole life of the agreement.
- Reference to exclusion listing and modern slavery act to be included in the binding terms and conditions to which bidders would adhere.
- Evidence from suppliers about using their presence in the borough to play an important role in the local economy. Evidence of opportunities by the business whereby money stays within the borough and supports an important source of local

- employment. The supplier's presence expected to be open and proactive around the area of local social enterprises and voluntary and community organisations.
- Effective and sustainable environmental management policy, with clear senior management commitment. To include a sustainable transport fleet for its key holding provision, which makes proactive contribution to the Council's aim on achieving net zero carbon
- Operate sustainable supply chain management where thought given to conserve natural resources, reducing carbon emissions and carbon footprint throughout their operations. This should be underpinned by the supplier ensuring materials used have not come at the expense of a person having been exploited.

Due diligence was carried out with regard to TUPE regulations.

3.6 Evaluation

A mini-competition was undertaken via the CCS framework agreement. The cost/quality award criteria split was 55% cost/45% quality. The quality part consisted of 8 questions within which 4 related to social value (20% of the overall criteria). Questions with particular focus on securing social value covered investment in employees, commitment to equalities and diversity, apprenticeships and local employment, environmental sustainability, supporting the local economy and community activities.

Mitie Security Limited had the most economically advantageous tender submitted from those 25 suppliers invited to bid under lot 1a of the framework agreement.

3.7 Business Risks

Failure to secure a new agreement will result in corporate risk, with the public, staff and key public buildings having no security services for access points, no coordinated static guarding crowd control for public meetings including event security, protection of equipment and valuables onsite during out of operational hours for sites. In addition, there would be no key holding service in place to support responses to out of operational hours alarm activations.

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

- 3.10** The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	Front of house security for the council's public buildings, key holding service if an alarm activates out-of-hours and event security. See paragraph 3.1
2 Estimated value	The estimated value is £7million for the full period of 5 years with the optional 2-year extension. See paragraph 3.2
3 Timetable	Executive approval – November 2020 Award stage – December 2020 Mobilisation – January/February 2021 Contract start – 1 March 2021 See paragraph 3.3
4 Options appraisal	As outlined in the report. See paragraph 3.4
5 Key Considerations	As outlined in the report. See paragraph 3.5
6 Award criteria	55% cost/45% quality. Social value represents 20% of the overall criteria. See paragraph 3.6
7 Business Risks	As outlined within the report. See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraph 4. Implications

4. Implications

4.1 Financial implications:

After the initial tendering process, Mitie Security Limited proved to be the successful bidder in terms of providing value for money, hence a decision was reached to award the contract worth £6.3m over a period of five years plus with the option to extend it further two years without incurring any additional costs. Thus for the purpose of financial implication the contract is assumed to be for the period of seven years, equating to £0.9m per annum. Having gone through the financial data, the average costs for last two years for Security, Static Guarding and Key Holding Service, is approximately £1.1m, thus new lease agreement, saving the council apx. £0.2m per annum. Historically such costs were funded by various departmental budgets and this process is expected to continue for the future ahead.

4.2 Legal Implications:

The Council has power to enter into a contract for the provision of security, static guarding and key holding for the council's buildings from which its statutory functions are delivered (section 11 Local Government Act 1972, relevant statutory functions and section 1 Local Government (Contracts) Act 1997).

The proposed contract is a public services contract for the purposes of the Public Contracts Regulations 2015 (the Regulations). The total estimated value of this contract is in excess of the financial threshold (currently £189,330) for the full application of the Regulations. Contracts above this threshold need to be procured in full compliance with the requirements of the Regulations including advertisement in the Official Journal of the European Union. The council's Procurement Rules also require service contracts over the financial threshold to be subject to a formal competitive tender process. The council has carried out a mini competition involving the service providers on the CCS framework agreement RM383 Lot 1a. That framework agreement was competitively tendered in accordance with the Public Contracts Regulation 2015 and is available for use by all local authorities.

Mitie Security Limited's tender received the highest evaluation and, therefore, the contract may be awarded to that organisation subject to the Executive being reasonably satisfied that its tender provides value for money for the council.

4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

An Environmental Assessment was completed on 23 March 2020 and no adverse impacts were identified.

4.4 Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment was completed on 2 April 2020. The completed Resident Impact Assessment is appended.

5. Reason for recommendations

- 5.1 The proposed procurement strategy and contract award supports the continued delivery of front of house security for the Council's public buildings, key holding service if an alarm activates out-of-hours, and event security, when existing arrangements expire on 28 February 2021.
 - 5.2 The use a nationally established CCS framework agreement demonstrates value for money, and helps secure local social value.
 - 5.3 The new agreement will provide increased opportunities for:
 - apprenticeships
 - reward and recognition schemes
 - staff training and development schemes, including diversity
 - local employment
 - reduced emissions proposals
 - incident tracking for effective resource deployment.

Appendices

- #### **Appendices**

 - Appendix 1 – Resident Impact Assessment

Final report clearance:

Signed by:

Sat 10 am Aug 5

16 November 2020

Executive Member for Finance and Performance

Date

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