

## LONDON BOROUGH OF CROYDON

To: Croydon Council website  
Access Croydon & Town Hall Reception

### **STATEMENT OF EXECUTIVE DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND TREASURY ON 25 APRIL 2016**

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

The following apply to the decisions listed below:

**Reasons for these decisions:** are contained in the **attached** Part A report

**Other options considered and rejected:** are contained in the **attached** Part A report

**Details of conflicts of Interest declared by the Cabinet Member:** none

**Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Member:** none

The Leader of the Council has delegated to the Cabinet Member the power to make the executive decisions set out below:

#### **CABINET MEMBER'S DECISION REFERENCE NO. 26.16.FT**

**Decision title: Facilities Management Security Services – Award of Contract**

Having carefully read and considered the Part A report and the associated Part B report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance and Treasury in consultation with the Leader of the Council

#### **RESOLVED to:**

1.1 Approve the award of a contract to deliver Facilities Management Security Services to Council land and buildings for an initial period of 3 years with the options to extend for a further 1 + 1 years up to a maximum of 5 years at an annual contract value of £850k to the Bidder A (as detailed in the associated Part B report) and upon the terms detailed in the associated Part B report

1.2 Noted that the name of the successful contractor and price will be released once the contract award is agreed and implemented.

Date: 10 May 2016

**For General Release**

<b>REPORT TO:</b>	<b>Cabinet Member for Finance and Treasury</b>
<b>AGENDA ITEM:</b>	<b>Part A Background paper to item 9.1 - Cabinet 25/04/16</b>
<b>SUBJECT:</b>	<b>Facilities Management Security Services – Award of Contract</b>
<b>LEAD OFFICER:</b>	<b>Richard Simpson – Assistant Chief Executive (Corporate Resources and S151 Officer)</b>
<b>CABINET MEMBER:</b>	<b>Councillor Simon Hall Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>ALL</b>

**CORPORATE PRIORITY/POLICY CONTEXT**

These services meet the Council's Corporate priorities to:

- Provide Value for Money to its residents through the development of a more efficient Facilities Management Security Services
- Support improved use of our Assets
- Contribute to the local economy and environment through Social Value
- Improve Corporate Social Responsibility opportunities
- Include the Council's commitment to the London Living Wage

**AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:**

Through the award of a medium-term Contract the Council will be able to continue to deliver static and mobile security services to its property and land portfolio (corporate buildings, community centres, parks buildings and structures). In this way the Council, as a responsible landlord, will continue to meet the security service requirements as detailed in the service specification and protect its land and building stock. Other areas of the Council will also be able to use the services procured.

The Council together with the appointed service provider will jointly deliver a contract providing a range of benefits including demonstrable value for money; a contractual commitment to the London Living Wage and an ambitious social value offer aiming to benefit both local businesses and local people. This appointed service provider's offer includes a contractual target to employ a high percentage of the staff working on the contract from within the borough, work placement opportunities and training for local people.

**FINANCIAL IMPACT:**

The FM Security Services are to be funded from the Council's General Fund. The outcome of the procurement carried out identifies immediate efficiencies in the order of **£450k** per annum.

**KEY DECISION REFERENCE NO: 26/16/FT**

This is a key decision as defined in the Council's Constitution. The decision may be

implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the nominated Cabinet Member the power to make the decisions set out in the recommendations below

## **1. RECOMMENDATIONS**

- 1.1 The Cabinet Member for Finance and Treasury in consultation with the Leader of the Council is recommended to approve the award of a contract to deliver Facilities Management Security Services to Council land and buildings for an initial period of 3 years with the options to extend for a further 1 + 1 years up to a maximum of 5 years at an annual contract value of £850k to the Bidder A (as detailed in the Part B report on this agenda) and upon the terms detailed in the associated Part B report.
- 1.2 The Cabinet Member for Finance and Treasury is asked to note that the name of the successful contractor and price will be released once the contract award is agreed and implemented.

## **2. EXECUTIVE SUMMARY**

- 2.1 At its meeting on 17<sup>th</sup> February 2015 (Min. A26/15) Cabinet approved the procurement strategy for delivery of the Council's facilities management security services ("the Services") by way of a single contract for an initial period of 3 years with options to extend for up to 2 further periods of 12 months up to a maximum period of 5 years at a maximum total contract value of up to £4.25m (over 5 years). The Services will be delivered to the Council's land and buildings including Bernard Weatherill House and the Town Hall complex.
- 2.2 This report details the procurement process and recommends the award of the contract for FM Security Services to Bidder A. This bidder has submitted the most economically advantageous tender for the provision of the Services. Further details are provided below; specific values and bidder identities are provided within the associated Part B report on this agenda.
- 2.3 Section 3 of this report sets out the background to the project, the procurement approach and the evaluation process for the selection of the preferred bidder. Section 3 also provides details of the new operating model to support service delivery and the scope of services that are provided within the new operating model.
- 2.4 The proposed contract has been commissioned and procured to support Croydon as a responsible landlord. The proposed contract additionally provides for a number of key features as set out in Section 3.1 below.

- 2.5 Both the contract and the commercial arrangements allow the Council significant flexibility in amending the number of buildings in scope and the type of services instructed should that be necessary. The Council's FM team will be responsible for ensuring that the correct security regimes are in place and that these reflect the Council's medium term asset strategy.
- 2.6 It is intended that the contract commencement dates be the 3<sup>rd</sup> July 2016 for an initial period of 3 years with options to extend for 2 further periods of 12 months up to a maximum period of 5 years.
- 2.7 The insourcing of CCTV services for Bernard Weatherill House has been agreed with the Director of Safety. The current provider's staff will transfer at the end of the existing contract (2<sup>nd</sup> July) and will join the Council's CCTV team.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
14/04/2016	CCB1130/16-17

### **3. DETAIL**

- 3.1 The procurement process described below embedded a number of initiatives aimed at ensuring that the contracts to be awarded best met Croydon's existing and emerging requirements. These include:
- Providers that are able to deliver all security services for the Council's land and buildings allowing for efficiencies and economies of scale
  - Medium-term contracts that through its structure provides:
    - Flexibility to respond to either budget increases or decreases year on year,
    - A contract form that includes the requirement for a London Living Wage as a minimum payment for staff working on this contract,
    - The correct identification and transfer of staff protected by TUPE regulations,
    - A set of requirements that will not only drive continuous improvement but also deliver robust and comprehensive contract governance requirements underpinned by a challenging and comprehensive suite of KPIs. Use of effective KPI measurement provisions act as a contract management tool has been enhanced by including financial penalties should performance drop below a minimum defined level.
  - Contractual social value requirements that fully align with Croydon's social value toolkit and can demonstrate local benefit for the supply chain, employment and training
  - Specifications that provide for different levels of services and enables the Council to tailor the services to different types of buildings and areas within buildings
  - Flexible additional services (as optional tasks) that can be instructed as required based on a schedule of rates
- 3.2 The insourcing of the CCTV monitoring service at BWH will see a single holistic borough wide approach to the use of CCTV. The insourcing will enable the Council to better manage its resources in one place and take advantage of improved technology and make efficiencies through the better use of staff resources. The transformation of this service will commence shortly with works to

technical systems due to commence in April 2016.

- 3.3 Also included within the insourcing is the FM helpdesk, all support services, energy management and the overall strategic management of FM services. This further consolidates the operational management service and contributes to the overall efficiencies and streamlined management ensuring all resources are effectively managed and prioritised.
- 3.4 Specific details on how some of the objectives in paragraph 3.1 have been met by the recommended bidder are contained in the Part B Report.

### **The Procurement Process**

- 3.5 The Council has opted to use the ESPO Framework for the procurement of Security Services. This framework is fully compliant with OJEU. The Framework includes 6 Approved Suppliers covering the London area (details of these companies are provided in Part B of this report).

The PQQ stage was carried out by ESPO to ensure the Approved Suppliers had the financial strength; capacity and similar experience were included in the Framework for Security Services.

The 6 Approved Suppliers were invited to tender for Croydon’s security services in February 2016. A full suite of tender documents was prepared specifically for Croydon’s requirements. Tenders were returned on Tuesday 8<sup>th</sup> March 2016 and the tender evaluation was conducted against Croydon’s criteria set out in the ITT documentation as shown below:

#### **Security Services:**

<b>Award Evaluation Criteria</b>	<b>Weighting (Quality 50%/Price 50%)</b>
Service Delivery (Guarding)	10 %
Service Delivery (Key Holding)	10%
Contract Management	5 %
Mobilisation	5 %
Continuous Improvement	3 %
Social Value	5 %
Premier Supply Programme	2 %
<b>Quality Total</b>	<b>40 %</b>
Static Guarding	45%
Key Holding	10%
Optional Services	5%
<b>Price</b>	<b>60 %</b>

#### **3.6 Security Services:**

Tender submissions were requested and final tender submissions were received as follows:

The Council received 3 Tenders for Security Services:

Three of the 6 approved suppliers on the ESPO Framework did not submit a tender for these services. The Council has asked these bidders for reasons as to why they did not submit tenders.

- 3.7 The evaluation panel members individually scored their specialist areas before the moderation meeting. The evaluation panel moderated and agreed the consensus score leading to the recommendations in this report. The process included ensuring a sufficient level of detail was captured regarding each element that was evaluated to ensure that the Council can fulfill its obligations in regards to information provided to unsuccessful bidders for this tender. Further details are contained within Part B.
- 3.8 The project has been managed through the Facilities Management Project Board (FM Project Board) comprising senior officers responsible for relevant aspects and interdependencies of the project namely:
- Assistant Chief Executive (Corporate Resources and Section 151 Officer)
  - Head of Facilities Management
  - Head of Asset Management
  - Head of SCC
  - Senior HR business partner
  - Head of Legal
  - Finance Representative
  - Procurement Category Manager
  - FM Project Manager

#### **4. CONSULTATION**

- 4.1 Regular briefings and stakeholder engagement with building and service users (and departments) has been undertaken. This has included reviews of the proposed specifications and key performance indicators.
- 4.2 The Tender evaluation panel included the following officers:
- Head of Facilities Management
  - Soft FM Manager
  - FM Project Manager
  - Category Manager
  - Procurement Officer

#### **5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 The preferred Bidder was selected by a competitive tendering exercise using the ESPO Framework for Security Services and they are considered to offer the 'most economically advantageous tenders' to the Council.
- 5.2 The savings achieved will contribute towards the overall target for the facilities management services.

5.3 Further details are contained within Part B.

## **6. Options**

6.1 If the recommendations are not approved the procurement process would need to be carried out again to ensure that the Council can continue to deliver FM security services to its corporate buildings and properties in order to maintain its responsibilities. In the intervening period the existing contract and/or sub-contract would need to be extended. If this however should not be possible this would create a significant risk in terms of health, safety & welfare standards and security risks to property, staff and service users.

***Approved by: Lisa Taylor, Head of Finance and Deputy S151 Officer***

## **7. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

7.1 The Solicitor to the Council advises that the procurement process as detailed in this report is in accordance with the requirements of the Council's Tenders & Contracts Regulations and meets the Council's duty to secure best value as provided under the Local Government Act 1999.

***Approved by: Gabriel McGregor, Acting Council Solicitor & Acting Monitoring Officer***

## **8. HUMAN RESOURCES IMPACT**

8.1 This paper makes recommendations involving a service provision change which may invoke the effects of the Transfer of Undertakings (Protection of Employment) 2006 Legislation and its 2014 amendments. If this is the case, then all staff that are assigned to the economic entity in an identified third party provider will transfer to the new provider. The Council provided the bidders with redacted information relating to the incumbent Providers' employees within the invitation to submit a final tender document. The final detailed information should be provided by the outgoing contractors in accordance with the employee liability information provisions under TUPE, no later than 28 days prior to the actual transfer. No Council staff are in scope for TUPE transfer to the preferred bidder.

***Approved by: Michael Pichamuthu, Strategic HR Business Partner on behalf of Heather Daley, Director of Workforce***

## **9. EQUALITIES IMPACT**

9.1 Equality considerations were taken into account as part of the requirements defined within the original ESPO pre-qualification process and the Council's contract documents whereby there is a need for the contractor to be compliant with the Equality Act 2010.

9.2 An initial equality evaluation of proposed changes and enhancements to service delivery has been carried out and signed off by the Council's responsible

equality officer. A full assessment will be carried out as part of the mobilisation of the new service and TUPE transfers.

## **10. ENVIRONMENTAL IMPACT**

- 10.1 Procurement of the contracts has provided the Council with an opportunity to support the Council in a range of areas including recycling waste, reducing the carbon footprint and reducing car travel.

## **11. CRIME AND DISORDER REDUCTION IMPACT**

- 11.1 There are no adverse Crime and Disorder impacts arising from this report. The provision of a dedicated and professional security service to the Council's corporate buildings and property will help to keep services users, staff and member safe.

## **12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 12.1 Following the evaluation of the final tender submissions, the evaluated scores are given in the table with Bidder A1 recommended as offering the most economically advantageous tender:

### **Security Services:**

<b>Bidder</b>	<b>Quality Score</b>	<b>Price Score</b>	<b>Overall Score</b>	<b>Rank</b>
Bidder A	31.00%	55.90%	86.90%	1
Bidder B	20.40%	57.81%	78.21%	2
Bidder C	23.40%	50.47%	73.87%	3
Bidder D	Did	Not	Tender	
Bidder E	Did	Not	Tender	
Bidder D	Did	Not	Tender	

## **13. OPTIONS CONSIDERED AND REJECTED**

- 13.1 The Preferred Bidder having achieved the overall highest combined score and having submitted a fully compliant bid which met the requirements set out within the Tender documents, no other options were considered.
- 13.2 The Preferred Bidder has successfully demonstrated through their bid that they are capable of meeting the Council's quality and price requirements.

---

### **CONTACT OFFICER:**

<b>Name:</b>	Jonathan Arnold
<b>Post title:</b>	Project Manager
<b>Telephone number:</b>	Extn: 47366



**BACKGROUND PAPERS:**

Strategy Report – Cabinet 17<sup>th</sup> February 2015

[www.croydon.gov.uk](http://www.croydon.gov.uk)

Initial Equalities Impact Assessment