

PROCUREMENT OF SECURITY SERVICES FOR COUNCIL PREMISES

To: General Purposes Committee

Meeting Date: 6 January 2014

From: LGSS Director of Law, Property & Governance

Electoral division(s): All

Forward Plan ref: 2015/016 **Key decision:** Yes

Purpose: To seek approval for the proposed approach to jointly procuring the provision of security services for the council's premises and to seek appropriate delegated authority to enable the process to proceed.

Recommendation: The General Purposes Committee is recommended to:

- a) approve the commencement of the re –procurement of the Corporate Security Contract for a term of 3 years from 1st September 2015 to 31st August 2018, with the option to extend for a further year from 1st September 2018 to 31st August 2019; and
- b) delegate authority to the Director of Law Property & Governance and Head of Property Services in consultation with the Chairman of the General Purposes Committee, to appoint contractors following a competitive process and complete all necessary contractual documents in accordance with Council procedures.

Officer contact:	
Name:	Catherine Kimmet
Post:	Facilities Manager
Email:	catherine.kimmet@cambridgeshire.gov.uk
Tel:	07826 511093

1. BACKGROUND

- 1.1 The security of Council properties is outsourced to the private sector and this has continued via various contracts.
- 1.2 The properties for which security services are procured for all Cambridgeshire County Council (CCC) locations included at the time all main or “HQ” properties, libraries, registrars and various day care centres, children’s centres and country parks.
- 1.3 The current CCC security contract covers the following security arrangements:
 - Manned Guarding (24/7)
 - Keyholding Services for all properties
 - Unlocking/Locking key corporate offices on a daily basis
 - Out of Hours response and action
 - CCTV - Installation, Maintenance and Repair including remotely monitored systems
 - Intruder Alarm – Installation, Monitoring, Maintenance and Repair
 - Lone Working Devices
 - Panic Alarm – Installation, Maintenance and Repair
 - Alarm Monitoring Centre services

2. MAIN ISSUES

- 2.1 The rationale is to bundle all aspects of security together jointly with Northamptonshire County Council, to create two Single-Supplier Framework Agreements, from which the security services described above will be contracted for a term of three-years, with an option to extend for a further term of one-year.
- 2.2 The total value of the contracts is likely to be £750,000 per annum. CCC proportion being £350,000 per annum.
- 2.3 The strategy for the re-procurement of the Corporate Security Contract will be by Restricted Tender due to the potential for a high degree of market interest, and will be advertised within, OJEU (Official Journal of the European Union) as required by EU Legislation for tenders of this value.
- 2.4 The procurement process will be a single process but in two lots or packages, one for Cambridgeshire and the other for Northamptonshire (and with the option for customers and partners of LGSS to call off the relevant framework via an Access Agreement and for a fee). Bidders shall have the option to bid for either or both lots.
- 2.5 The contract specification will be based on outputs to encourage cost saving through innovation, such as using new technologies including mobile alarms units to reduce the need for manned guarding.
- 2.6 Those bidders bidding for both lots will be strongly encouraged to offer two pricing models, one for the individual lots and then one if they are successful in both, and this latter option should see the benefits of economies of scale of areas such as overheads etc as there should be a saving achieved from servicing both contracts by the same bidder. Should the same provider be successful in both lots. The proposal will envisage one contract being issued,

with both Northamptonshire County Council and CCC being party to it with the one provider

3. MULTI-TIER SUPPLY-CHAIN MANAGEMENT

- 3.1 LGSS has a strategy to achieve vital cost efficiencies for its founding Authorities by creating economies of scale in their back office management and by leveraging their aggregated buying power.
- 3.2 Aggregating tender packages produces cost efficiencies through a number of mechanisms: (a) by reducing the number of procurement exercises and therefore the procurement administration and time, (b) by increasing the value of the tender to leverage buying power and obtain more competitive unit rates, and (c) by reducing the management resources within LGSS and across the supply chain.
- 3.3 The application of this strategy to LGSS Property Services requires that, wherever practicable, tender packages are aggregated to create a vertically-integrated bundle of interrelated services that maximise their commercial value and therefore the market interest. The nature of the bundle and the service specification will require the management of often irregular and seasonal demands and compliance with minimum response times that can only be reliably achieved through a network of subcontractors with a high capacity local workforce.
- 3.4 The Authority has a localism agenda to ensure that local Small and Medium Enterprises (SMEs) have equal and fair access to its contracts to enable them to grow the local economy.
- 3.5 Multi Tier Supply Chain Management balances these two priorities by awarding a Single Supplier Framework Agreement with a main-contractor (Tier 1 supplier) for calling off a bundle of interrelated services and critically, grants only the Authority the power to approve subcontractors (Tier 2 suppliers) and sub-subcontractors (Tier 3 suppliers) used by the main-contractor. The evaluation of the competence of Tier 2 and Tier 3 suppliers will be the sole responsibility of the main-contractor (Tier 1 supplier).
- 3.6 The use of the Single Supplier Framework Agreement allows other Local Authorities and public-sector organisations to purchase an Access Agreement from LGSS to also call off services.
- 3.7 The main contractor will be incentivised to have sufficient local capability and capacity in their supply chain to meet the service specification. Performance, particularly response times and compliance to programme, will be assured by directly linking it to a payment mechanism.
- 3.8 Payment terms at all tiers of the supply chain will be regulated and monitored by the Authority and will not be permitted to exceed the standard term of 30 days from receipt of a valid invoice. This requirement ensures that the main contractor and subcontractors are unable to extract a cash flow advantage at the cost of the deeper supply chain.
- 3.9 Multi Tier Supply Chain Management provides the main contractor the operational scale to recruit and employ a cohort of apprentices from local schools and to manage their work placements with not only the main

contractor but their subcontractors and their sub-subcontractors too. The apprentices will benefit from an exceptionally broad range of experience gained from a variety of organisations. The benefit to the hosting organisations is that they only contribute to the cost of an apprenticeship when the apprentice is working for them - giving local SMEs access to apprentices that they may not have previously had the scale or stability to employ.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The alternative option for meeting the security requirements at the Council's properties is to consider an in-sourced service. This is not a core function of the authority and would be an expensive change to implement, would result in the TUPE transfer of all existing staff to the Council, and would remove the opportunity to regularly test the competitiveness of the service.

5. ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

Paragraph 3 above sets out the positive implications for local SMEs.

5.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

5.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

There are no significant implications for this priority. Paragraph 3.2 above sets out the expectation to reduce the current unit rates for security service provision.

6.2 Statutory, Risk and Legal Implications

There are no significant implications for this priority.

6.3 Equality and Diversity Implications

There are no significant implications for this priority.

6.4 Engagement and Consultation Implications

There are no significant implications for this priority.

6.5 Localism and Local Member Involvement

There are no significant implications for this priority. Paragraph 3 above sets out the expectation to increase SME engagement and investment in apprenticeships for local residents.

6.6 Public Health Implications

There are no significant implications for this priority.

Source Documents	Location
ExistingContract Documents	OCT1006