

**Public Space Surveillance and Optical fibre installation and maintenance contract**

**CONTRACT APPROVAL**

**Key Decision No. NH Q37**

**CPC MEETING DATE  
(2019/20)**

**13th January 2020**

**CLASSIFICATION:**

Open with exempt appendix

**OPEN with EXEMPT APENDICES A-D**

**By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendices 1 & 2 are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**WARD(S) AFFECTED**

All

**CABINET MEMBER**

**Councillor Caroline Selman - Community Safety, Policy and the Voluntary Sector**

**KEY DECISION**

Yes

**REASON**

Affects two or more wards

**GROUP DIRECTOR**  
Ajman Ali

## **1. CABINET MEMBER'S INTRODUCTION**

- 1.1. This report seeks approval to award the Public Space Surveillance (PSS) and Optical fibre installation and maintenance contract to Supplier A.
- 1.2. The Council's Public Space Surveillance operation plays an integral part in crime reduction and prevention work carried out by officers of the Council and the Police, the Council's IT infrastructure and parking enforcement. It makes a vital contribution in aiding police response, detecting and convicting criminals and responding to major incidents. In the last 12 months, 16,820 incidents were dealt with, with 952 arrests made and 1,523 evidence requests received, most of which led to further arrests or other disposals such as FPNs from Enforcement Officers or other court proceedings.
- 1.3. The Business case for the current procurement was approved at the CPC meeting on 12 November 2018 authorising the commencement of the procurement process for the provision of Public Space Surveillance and Optical fibre installation and maintenance. The current paper is returning to CPC to request approval of the recommended award.

## **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1. The current contract for the Council's Public Space Surveillance (PSS) & Optical Fibre Network installation and maintenance began on 1<sup>st</sup> April 2014 and ran for a 3 year period, with the option to extend for two further twelve month periods, which expired 31<sup>st</sup> March 2019. The contract has been extended for a further one year to allow for the tender process, which will expire on 31<sup>st</sup> March 2020. This report seeks permission to award a new contract for an initial duration of 3 years with the option to extend for a further 4 years in 2 yearly increments.

## **3. RECOMMENDATION(S)**

### **Cabinet Procurement Committee is recommended:**

- 3.1. To approve award of the Public Space Surveillance and optical fibre installation and maintenance contract to Supplier A.
- 3.2 To approve a 3 year contract with the option to extend for a further 4 years in 2 yearly increments, with a maximum potential spend /contract value of £14.63m.

## **4. RELATED DECISIONS**

- 4.1. The Business case was approved at the CPC meeting on 12<sup>th</sup> November 2018 authorising the commencement of the procurement process for the provision of Public Space Surveillance and Optical fibre installation and maintenance.

## **5. REASONS FOR DECISION/OPTIONS APPRAISAL.**

- 5.1. This report is to seek approval to award to the Public Space Surveillance and optical fibre installation and maintenance contract to Supplier A.

- 5.1.1. The current contract for the Council's Public Space Surveillance (PSS) & Optical Fibre Network installation and maintenance began on 1<sup>st</sup> April 2014 and ran for a 3 year period, with the option to extend for two further twelve month periods, which expired 31<sup>st</sup> March 2019. The contract has been extended for a further one year to allow for the tender process, which will expire on 31<sup>st</sup> March 2020. This contract is also used by Property Services.

The Civil Protection Service is now responsible for managing the Public Space Surveillance systems on Housing Estates. The current contract for Housing Estates began in October 2015 and operated for a 5 year period. There was a clause within the contract which enabled the client to end the contract *without prejudice* after 3 years. Thus, the Housing Estate contract ended in October 2018, the two services were carried out by the existing town centre public space surveillance contractor until the new contract commences. This enabled the existing two separate contracts to be combined into one contract to cover Housing and Town Centre PSS, enabling the council to benefit from economies of scale.

The Council continued to ensure a network of cameras are there to aid Police and other agencies emergency response, deter criminals and aid conviction as well as offering reassurance to members of the public.

The supplier selected from this tender process will be required to maintain and install the PSS and optical fibre network.

- 5.1.2 A number of options were considered:

1. One contract package for all service areas;
2. Comprehensive 'insurance style' contract where an annual fee is paid for a guaranteed level of service;
3. Two separate contract packages for the two areas;
4. Insourcing, and
5. Existing framework contract.

- 5.1.3 Option 1 is the preferred option, giving maximum value for money to the Service areas, and maximising efficiency in managing the contract.

5.1.4 Section 20 (s20) is a clause in the Landlord and Tenant Act 1985 (and as supplemented by the Common hold and Leasehold Reform Act 2002) intended to protect leaseholders from paying unnecessarily large sums for work carried out to their building. s20 is a notice to inform leaseholders that the Council intends to carry out work and will apply to all leaseholders who will be affected by the works and services of this contract.

Leaseholders were consulted in writing prior to the publishing the OJEU notice. Once the conditional contract award has been proposed, leaseholders will be consulted again, by issue of a 'Notice of Proposal'. If no representations are received the Council will then proceed to award the contract. After award, a s20 'Award of Contract Notice' will be issued informing leaseholders of the outcome of the procurement process.

5.1.5. The contract will be a schedule of rates contract and works will be carried out within existing budgets.

## **5.2. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

5.2.1. The following options were considered:

1. One contract package for all service areas.
2. Comprehensive 'insurance style' contract where an annual fee is paid for a guaranteed level of service.
3. Two separate contract packages for the two areas.
4. Insourcing
5. Existing framework contract.

Option 1 - Is the preferred option, giving maximum value for money to the Service areas, and maximising efficiency in managing the contract.

Option 2 - Is considered too expensive and inflexible by the PSS Team. Due to the nature of the work we do we need to have the flexibility to order equipment and works that fits the operational requirement and probe the market for new technology that offers us the best value for money.

Option 3 – The PSS Team have considered splitting the contract into two separate contracts, one for installation and one for maintenance. However, this option was rejected. The contracts were previously held by two separate contractors, in 2004. This presented engineering and technical challenges, which meant the council incurred an increase in costs and complexity. There will also be an increase in officer time involved in order to tender and manage the two separate contracts.

Option 4 - Was considered not practical at this time by the Civil Protection Service. Full details of the review are available in the Business Case.

Option 5 – There are no framework contracts available to be used.

## **6. PROJECT PROGRESS**

### **6.1. Developments since the Business Case approval**

Leaseholders were consulted in writing prior to publishing the OJEU notice.

### **6.2. Whole Life Costing/Budgets:**

The expected revenue spend is:

Town Centre PSS - £180k pa (per annum)

Additional Town Centre PSS (if Shoreditch proceeds) £50k pa

Housing Estate PSS - £210k pa

Corporate PSS - £50k pa.

6.2.1. The total annual revenue spend will be £490k pa.

6.2.2. Over the 7 year maximum life of the contract this amounts to £3.43m.

6.2.3. The anticipated capital works for Town Centre PSS is £1.2m in the first year and for Housing PSS £1m in the first year. There may be capital works in future years but the amount is not yet known.

6.2.4. Further capital works may be required on the Council's CCTV infrastructure; these can also be performed through the new contract during its duration. Any such future additions would however need to be considered internally and future funding requested in accordance with existing capital and revenue bidding rules. A speculative sum of £0.5m pa has been shown here to cater for the Council and its partner's potential capital spend on new systems and £1M for capital replacement of aged systems in years 2-7. Therefore the sub-total of potential capital works in years 2-7 is £9m. This sum, added to the anticipated 1<sup>st</sup> year spend from s.5.5 totals £11.2m capital spend over the 7 year maximum life of the contract.

6.2.5. Therefore combined revenue maximum spend of £3.43m (s.5.4) and potential capital spend of £11.2m (s.5.6) equals a maximum potential spend of £14.63m over the maximum 7 year term of the contract. The cost of this contract is being met from the approved budget for the Public Space Surveillance Team and from sums derived from partner services and organisations. The nature of the contract is such that works are ordered as required.

6.2.6. The cost of the Housing requirements will be met from the approved budget for Housing PSS.

### **6.3 SAVINGS**

6.3.1. No cashable savings will be made. The contract will be a schedule of rates contract so works can be ordered within budget constraints.

## **7. SUSTAINABILITY ISSUES**

### **7.1. Procuring Green**

The Procurement Impact Assessment (PRIMAS) demonstrated that this contract will include conditions that all redundant or broken equipment will be recycled efficiently in accordance with Waste Electrical and Electronic Equipment recycling (WEEE) regulations. All vehicles used will comply with TfL emission requirements. Manufacturers of electronic equipment are making conscious efforts to reduce electrical consumption of devices and when the Council specifies such equipment consideration is given to selecting environmentally friendly equipment.

### **7.2. Procuring for a Better Society**

The nature of the contract enables the Council to deter and reduce crime and disorder within the borough and provide evidence of criminal activities, directly benefiting the residents and users of the borough and improving the environment they live, work and play in.

Supplier A has stated that over the 47 years they have been based in Hackney they have managed to employ staff using local advertising for part or full time workers to be engaged within the company from cleaners to finance managers, which has proven to be successful.

Supplier A also regularly make enquiries to the local college for any students that may be interested in Electrical / CCTV positions once they have completed their courses. Most recently during the National Apprenticeship Week, they wrote to Hackney College and some of the local Youth Centres in the area to advertise for any local persons that would like an opportunity to take up an Apprenticeship in the Electrical / Security field, from which interest was shown. Supplier A currently has two apprentices, one who is shortly due to begin foundation level training. It is Supplier A's intention to continue this work and to advertise in local newspapers, online agencies, and local colleges, schools etc. for applicants for the position of an Electrical Apprentice.

Supplier A are a locally based company and use many local businesses for day to day business requirements.

Supplier A will over the duration of the contract provide CCTV surgeries which will be free to LBH residents & businesses.

### **7.3. Procuring Fair Delivery**

This contract will have a positive impact on people in the community due to the nature of the contract. A disproportionate number of victims of crime are from lower socio-economic groups such as people without business or home insurance, or who cannot afford a good quality security system. Public space surveillance assists in deterring, reducing and providing evidence of crime against vulnerable people.

### **7.4. Equality Impact Assessment and Equality Issues:**

7.4.1 A disproportionate number of victims of crime are from the lower socio-economic groups, those without business or home insurance, who cannot afford good security systems or to replace goods stolen. CCTV assists in deterring, reducing and providing evidence of crimes committed against these vulnerable people.

7.4.2 Supplier A has confirmed all their staff are paid above the London Living Wage.

7.4.3 Some engineering labour is not local, coming from Kent & Essex, due to the technical nature of the contract. A percentage of staff are local.

## **8. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

8.1 The following options were considered:

1. One contract package for all service areas.
2. Comprehensive 'insurance style' contract where an annual fee is paid for a guaranteed level of service.
3. Two separate contract packages for the two areas.
4. Insourcing.
5. Existing framework contract.

Option 1 is the preferred option, giving maximum value for money to the Service areas, and maximising efficiency in managing the contract

Option 2 is considered too expensive and inflexible by the PSS Team. Due to the nature of the work we do we need to have the flexibility to order equipment and works that fits the operational requirement and probe the market for new technology that offers us the best value for money.

Option 3 – The PSS Team have considered splitting the contract into two separate contracts, one for installation and one for maintenance. However, this option was rejected. The contracts were previously held by two separate contractors, in 2004. This presented engineering and technical challenges, which meant the council incurred an increase in costs and complexity. There

will be an increase in officer time involved in order to tender and manage the two separate contracts.

Option 4 was considered not practical at this time by the Civil Protection Service. Full details of the review are available in the Business case.

Option 5 – There are no framework contracts available to be used.

## **9. TENDER EVALUATION**

### **9.1 Evaluation:**

9.1.1 The tender evaluation team consisted of; Civil Protection Manager, PSS Engineer, PSS Technical Supervisor & CCTV Consultant.

9.1.2 To ensure a wide market search in compliance with Council Standing Orders and the European Procurement Legislation, a Contract Notice was published in the Official Journal of the European Union (OJEU) on 8<sup>th</sup> March 2019.

9.1.3 The restricted procedure process was followed, tender documentations were issued and evaluated using the council's eProcurement system.

9.1.4 Selection Questionnaires (SQ) were made available to interested organisations. Four SQ's were returned by the deadline of 8<sup>th</sup> April 2019. (Exempt Appendix 2 shows the list of Suppliers). An evaluation was then carried out in the areas of Eligibility, Insurance, Technical capability, Equal Opportunities, Health and Safety and Finance

9.1.5 All four organisations were short-listed and invited to Tender. The short list can be found in exempt Appendix 2. One Supplier out of four did not submit their tender submission documents within the agreed tender submission deadline.

9.1.6 Tenders were checked to ensure compliance with the Terms and Conditions, that all lines had been priced correctly and that the financial bids were mathematically correct.

9.1.7 One Supplier tender bid was rejected as non-compliant in accordance with the invitation to tender conditions.

9.1.8 The evaluation criteria and weighting of the tenders was as follows:



<b>Criteria</b>	<b>Weighting %</b>
<b>Quality</b>	<b>60%</b>
Service Delivery Approach	7%
Technical Operational Matters	16%
Staff Matters	13%
Performance Management	14%
Social Value	10%
<b>Price</b>	<b>40%</b>
<b>Total</b>	<b>100%</b>

A detailed breakdown of the cost and quality scores can be found in Exempt Appendix 1.

**9.2 Recommendation:**

- 9.2.1 On the basis of the tender evaluation outcome, Cabinet Procurement Committee is recommended to approve the award of the contract to Supplier A. Evaluation of the tender documents proved that Supplier A scored the highest overall points when cost and quality were combined in the 40/60 ratio used.
- 9.2.2 Supplier A meets the needs and objectives identified in the Business Case. Supplier A has indicated that they will have a CCTV Project Manager, Technicians and Assistants based at Stoke Newington Town Hall in the workshops who are dedicated to this contract.
- 9.2.3 Supplier A was awarded the highest quality score of the tender evaluation, thus efficiency on the Council owned CCTV systems will be maximised.
- 9.2.4 Measures taken on the inception of the existing contract to reduce cash cost to the Borough have been retained. These were offering the successful contractor factors that have reduced their quoted prices to the CCTV Service significantly at no cost to the CCTV service, whilst guaranteeing us a better service, such as:
  - Providing a workshop and basic office accommodation at the Civil Protection Centre for their staff.
  - Providing free parking for the Contractor's hoist adjacent to the workshop.
  - Providing free stores space to the Contractor at the Civil Protection Centre.
  - Providing rest and shower facilities to the Contractor's staff.
- 9.2.5 TUPE does not apply to this contract.
- 9.2.6 Supplier A has confirmed their staff will be paid over the London Living Wage.
- 9.2.7 The quality of the bids were high, all suppliers were able to meet the Council's minimum requirements.

	Quality	Price	Total
Supplier / Provider A	43.00	40.00	83.00
Supplier / Provider B	29.80	32.13	61.93

**10. CONTRACT MANAGEMENT ARRANGEMENTS**

**10.1 Resources and Project Management (Roles and Responsibilities):**

There are no TUPE issues, as TUPE does not apply to this contract.

The contract will be managed within the existing structure by the PSS Manager, PSS Engineer and the PSS Technical Supervisor who will hold regular meetings with the contractor. There is no additional cost for the management of the contract.

Performance monitoring will begin one month after contract start-up.

**10.2 Key Performance Indicators:**

Item	Percentage acceptable	Main KPI Targets Set	Monitoring
1	>80%	Response times	Monthly Service Level Agreement (SLA) meetings - response times vary from 4 hrs to 2 weeks depending on the urgency of the work and are specified by the team ordering the work. The Contractors response against these target times is measured and evaluated at the monthly meeting.
2	>70%	Spares backup	Monthly SLA meetings - undue delays caused by spare parts delays are evaluated on a case by case basis and mitigations devised.
3	>80%	Effectiveness of repairs	Monthly SLA meetings - works are inspected and failure to meet standards will be monitored at the meetings.
4	100%	Maintenance of parts database	Monthly SLA meetings - this is monitored as part of a dynamic process and frequent dip tests are undertaken, with feedback given at the meetings.
5	>70%	Cleanliness of workshop	Monthly SLA meetings - regular inspections are carried out by staff when attending meetings in the workshop room, any deficiencies will be reported on at the meeting and a 'notice to improve' given.
6	>70%	Punctuality of service reports	Monthly SLA meetings - the process of job order issue, worksheet return and inspection are all recorded on a central spreadsheet held by the Council engineers and deficiencies will be highlighted by this spreadsheet, then addressed.

## 11. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

This report sets out the procurement strategy to tender a new contract which will run for a period of three years, with the option to extend for a further two years, plus an additional two years.

The cost of installing and maintaining the Optical Fibre Network within the terms of the contract will be charged to the client directorates. The Civil Protection has estimated the annual revenue cost to be £440k pa or £490k if Shoreditch works proceed.

The eventual expenditure will depend on the volume of maintenance incidents and the number of requests for optical fibre installation. This expenditure will be met from revenue budgets within the client directorates.

The winner of the contract will be expected to carry out capital works in 2020/21 for Town Centre PSS (£1.2m), subject to inclusion within the Council's Capital Programme. The service has indicated a speculative future capital figure as there is potential to vary the contract to include additional capital works if funding is agreed.

## **12. VAT Implications on Land & Property Transactions**

Not Applicable

## **13. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

13.1 The Business Case for the procurement of the contract in this Report was approved by Cabinet Procurement Committee on 12th November 2018. The value of the contract in this Report is higher than £2m and therefore under paragraph 2.5.3 of Contract Standing Orders the award of contract will need to be approved by Cabinet Procurement Committee.

13.2 Details of the procurement exercise undertaken by the Council are set out in this Report.

## **14. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

14.1 The expected value of this requirement was above the OJEU threshold for services. A compliant tender process was completed in accordance with the process set out in the original business case and with The Public Contract Regulations (2015).

14.2 There were four bidder responses at Selection Questionnaire stage. All four bidders were invited to tender. Of the four bidders, one bidder did not return a bid at tender stage.

14.3 Tender responses were evaluated by an experienced evaluation team consisting of internal staff and a CCTV consultant. The evaluation team was supported by the Procurement Team. There were three tender responses, one was rejected as non-compliant with Invitation to Tender requirements. Of the two remaining bids, Provider/Supplier A scored highest on Quality and Price, and was the highest overall

14.4 It is recommended that the Cabinet Procurement Committee approve the award recommendation as detailed in 3.1.

## APPENDICES

Exempt Appendix 1 - Supplier Costing and Scoring.

Exempt Appendix 2 - List of Suppliers that submitted a Selection Questionnaire.

### EXEMPT

By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### CONFIDENTIAL

Exempt appendices are confidential

### BACKGROUND PAPERS

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required**

#### Description of document (or None)

None

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