

Public Space Surveillance (PSS) Monitoring Contract - Award**CONTRACT APPROVAL****Key Decision No. NH S142****CABINET PROCUREMENT &
INSOURCING COMMITTEE
MEETING DATE**

7th November 2022

CLASSIFICATION:

Open with exempt appendices

**If exempt, the reason will be listed in the
main body of this report.****WARD(S) AFFECTED**

All

CABINET MEMBER

Councillor Susan Fajana-Thomas, Cabinet Member, Community Safety.

KEY DECISION

Yes

REASONAffects two or more wards
Spending**GROUP DIRECTOR**

Rickardo Hyatt, Group Director, Climate, Homes and Economy.

1. CABINET MEMBER'S INTRODUCTION

- 1.1. This report seeks approval for the award of a 7-year contract (3 + 2 + 2 years) for the provision of Public Space Surveillance (PSS) Operators by a competitive tendering exercise undertaken by the Civil Protection Service with support from the Procurement Service.
- 1.2. As per council standing order 4.8, the value of this contract is up to approx £4.27m, which is over the £2m threshold stipulated in the Council's Contract Standing Orders (CSO) and has to therefore come to the Cabinet Procurement & Insourcing Committee (CPIC) for review and approval.
- 1.3. The staff employed under the contract actively increase the safety of the public, Council staff and Police Officers throughout Hackney and are a vital part of the Council's work to reduce crime and increase safety.
- 1.4. It was not feasible to in-source, as agreed at the CPIC meeting on 17th January 2022. This contract has break points built into the proposed at year end 3 and 5 to allow the feasibility of this option to be further investigated.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. This report seeks a decision to award the Public Space Surveillance (PSS) Monitoring contract for a period of three years from 1st December 2022 to 30th November 2025 with the option to extend for a further two, two year periods providing a total possible contract period of seven years.
- 2.2. The existing contract was awarded in 2012 and ran for a five year period, it was extended for 3 years in 2017, for a further 2 years in 2020 and for 8 months in April 2022, to enable time for the procurement process.
- 2.3. The Civil Protection Service's PSS Team has carried out a tender process with the assistance of the Procurement team. This paper provides a summary of the bidders involved and recommends the preferred award option.
- 2.4. The Chair of Hackney Procurement Board has confirmed that they are exercising discretion in respect of this Report and therefore it is being presented to the Cabinet Procurement & Insourcing Committee for their approval.

3. RECOMMENDATION(S)

- 3.1. **To approve the award of the new Public Space Surveillance Monitoring contract commencing 01/12/2022 to Supplier C for a period of three years with the option to extend for a further two, two year periods providing**

a total possible contract period of seven years, for the estimated contract value of £4.5m.

- 3.2. The spend for 2022/23 is contained within the existing budget. The annual 'cost of living' salary increases will necessitate a budget increase each year, in the same manner that staff budgets are increased.

4. RELATED DECISIONS

- 4.1. **FCR S046** - CPIC Business case for [Public Space Surveillance \(PSS\) Monitoring contract](#)

5. REASONS FOR DECISION/OPTIONS APPRAISAL.

- 5.1 Following the approval of the CPIC business case (FCR S046), a tender process was executed by Procurement and the Civil Protection Service, the bids were evaluated and moderated and a preferred bidder was selected.

- 5.2 The existing contract was awarded on 1st April 2012 and ran for a 5 year period. It was extended for 3 years in 2017, and for a further 2 years in 2020, both extensions were provided for within the original contract. The current contract is due to expire on 30th November 2022, after an extension was granted by CPIC meeting in January 2022. This report seeks permission to award a new contract to the recommended Supplier **C** for a seven year contract for the PSS Monitoring service with the option to exercise 'no penalty break clauses' at years 3 and 5. The estimated cost of the initial 3 year period is [£1.76m](#). The PSS Team has carried out a study into insourcing to consider this as an option for the service and presented options to CPIC, resulting in a decision to not in-source the service.

- 5.3 A detailed Business Case and Options Appraisal was undertaken, as detailed in the previous report referred to in 4.1. The decision was made to let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract.

5.4 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

In-Source and cease licensable activity, to remove the need for licensing.

1. In-Source and obtain 'non front line' Security Industry Authority (SIA) licences for all suitable staff and Councillors. This would be required to comply with information management law.
2. **Let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract.** (this was the preferred option).
3. Let a new 'out-sourced' contract using enhanced terms and conditions for staff, bringing their terms and conditions in line as much as possible with Council staff.

4. To set up an independent Trading Company to undertake the PSS monitoring service.

6. PROJECT PROGRESS

6.1. Developments since the Business Case approval.

None

6.2. Whole Life Costing/Budgets:

As part of the business case put forward at CPIC in January 2022, the estimated cost of a new contract was £4.27m (£540k per annum plus London Living Wage (LLW) pay rise increases at an **estimated** 4% per annum) based on a 7 year contract (3+2+2 years). The cost increase per annum is caused by the annual increase in staff pay to reflect changes in Local Government pay or the LLW. Therefore, the whole life cost from November 2022 to November 2029 is estimated at £4.27m.

The recommended supplier has provided a price of £526,874.71 per annum for the basic service provision, which will be charged pro-rata and monthly until the London Living Wage annual increase takes effect in April 2023. This does not include additional hours ordered within the year to cover special operations such as the Carnival. Although this represents a prima face cost saving, the amount saved will be needed for uniform provision. Uniforms will be provided by the Council, whereas in the current contract they are provided by the Contractor.

6.3. SAVINGS

There are no cashable savings projected for the lifetime of this contract.

7. SUSTAINABILITY ISSUES

7.1. Procuring Green

As this was a contract for the supply of staff the Procurement Impact Assessment (PRIMAS) did not identify any issues in relation to this contract.

7.2. Procuring for a Better Society

The pay for staff involved in delivering this contract will be a minimum of the LLW and annual pay increases linked to local authority increases will be implemented.

For the first time in 2005, with a past contract, the Council established the contractual condition that PSS Operators would have a set wage which would increase by a percentage amount equivalent to the previous year's Local Authority (LA) pay rise, with set percentage pay bands between ranks.

There was a contingency that if LA pay stalled (as it did during the 'austerity' years) then PSSOs would receive a pay rise. Firstly to keep the starting salary no lower than the LLW which will honour the LLW commitment made by the Mayor and secondly to maintain rank structure differentials.

The procurement process included a number of social value questions to ensure the successful contractor maximises social, economic and environmental benefits to London Borough of Hackney's residents and businesses. 20% of the quality marks were devoted to providing apprenticeship training and job opportunities for local people and supporting local charities, volunteering and work experience opportunities. Tenderers were required to set out how their business contributes towards these objectives and further these throughout the life of the contract.

7.3. Procuring Fair Delivery

It was identified as part of the PRIMAS that Public Space Surveillance Monitoring has an impact on the local community by contributing towards a reduction in crime and the fear of crime. The award of this contract will have a positive contribution to the reduction in crime and the fear of crime within Hackney.

7.4. Equality Impact Assessment and Equality Issues:

The Equality Impact Assessment indicated that the tendering of this contract from an external supplier does not have any greater or lesser impact on account of sexual orientation, age, disability, ethnicity, gender, religion or belief.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to all permanent posts. However as the recommendation is for the award of the contract to the existing supplier then TUPE will not be a factor in the award of this contract.

8. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

1. In-Source and cease licensable activity, to remove the need for licensing.
2. In-Source and obtain 'non front line' Security Industry Authority (SIA) licences for all suitable staff and Councillors. This would be required to comply with information management law.
3. **Let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract.** (this was the preferred option selected by CPIC in the [meeting of 17/01/2022](#)).
4. Let a new 'out-sourced' contract using enhanced terms and conditions for staff, bringing their terms and conditions in line as much as possible with Council staff.
5. To set up an independent Trading Company to undertake the PSS monitoring service.

9. TENDER EVALUATION

9.1. Evaluation:

This tender was above the procurement threshold and therefore, subject to the public contract regulations. The open tender procedure was used and a find-a-tender notice was completed. The tender was administered via the Pro-Contract web portal. TUPE regulations applied to this tender and legal advice was sought. TUPE Stage 1 information was issued to bidders in compliance with the council's Declaration of Confidentiality procedures.

- A list of contractors who expressed an interest is shown in Appendix A: [List of Contractors DN618422](#) (exempt).
- There were:
 - 6 bids received - all were accepted.
 - 0 late submissions.
 - 6 contractors opted not to bid.
 - 26 further expressions of interest.
- 8 quality questions were evaluated by a panel that consisted of three suitably qualified council officers:
 - The Public Space Surveillance Manager
 - The CCTV Technical Supervisor
 - The CCTV Technical Engineer
- The Standard Questionnaire (SQ) checks and due diligence were done by the Procurement Category Manager.
- The pricing element was evaluated by the service area's Resilience & Technical Officer.
- The result of the tender is shown in Appendix B: [Tender Result DN618422](#) (exempt).
- The tender was evaluated using the MEAT (Most Economically Advantageous Tender) process according to the following weighting:
 - Quality responses to the evaluation questions (50%)
 - Bidders pricing submission (40%)
 - Social Value (10%)

9.2. **Recommendation:** It is recommended that Supplier C is awarded this contract due to them supplying a fully compliant bid that met all mandatory

requirements as stated in the 'Invitation to Tender' documentation and their bid scoring the highest using the MEAT evaluation process. Supplier C submitted the highest scoring quality bid. This is a very competitive market and profit margins are low, supplier C is a profitable company and is able to provide a parent bond if required. Supplier C is an established company within this market and submitted an acceptable business continuity plan. Supplier C's price submission was 3% higher than the lowest bid. Supplier C had requested the TUPE Stage 1 documents so were fully aware of the associated implications.

| | Price Score (40%) | Quality (50%) | Social Value (10%) | TOTAL SCORE |
|------------|------------------------------|--------------------------|-------------------------------|------------------------|
| Supplier A | 39.78% | 11.40% | 2.00% | 53.18% |
| Supplier B | 36.92% | 33.00% | 6.00% | 75.92% |
| Supplier C | 37.61% | 38.60% | 6.00% | 82.21% |
| Supplier D | 40.00% | 27.20% | 6.00% | 73.20% |
| Supplier E | 39.32% | 24.40% | 6.00% | 69.72% |
| Supplier F | 38.93% | 20.00% | 6.00% | 64.93% |

10. CONTRACT MANAGEMENT ARRANGEMENTS

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

10.2. TUPE does not apply to this contract as the successful bidder is the incumbent supplier.

10.3. The Contract will be managed by the Public Space Surveillance Manager within the Civil Protection Service.

10.4. Key Performance Indicators:

| Main KPI Targets Set | Monitoring |
|--|--|
| 1 Percentage of staff who Possess a Full, Manual UK Driving Licence | Monitored via Monthly Contract Meeting |
| 2 Level of Attendance by the Service Provider's Staff for Standard Rostered Hours | Monitored via Monthly Contract Meeting |
| 3. Level of Category 'A', B' and 'C' (Compulsory) Staffing Hours Requests Met | Monitored via Monthly Contract Meeting |
| 4. Uniform (Including Health & Safety Gear) | Monitored via Monthly Contract Meeting |

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| 5. Level of SIA Accreditation for Staff | Monitored via Monthly Contract Meeting |
| 6. Council Satisfaction Score | Monitored via Monthly Contract Meeting |

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

- 11.1. This report asks for permission to award a new Public Space Surveillance Monitoring contract to Marston Holdings beginning in December 2022 for a term of three years with the option to extend for two further two-year periods, for a total possible contract term of seven years.
- 11.2. For the first three years, it is anticipated to cost £1.76 million (or £587k each year). It is projected that the contract will cost £4.5 million over seven years, including possible extension periods. During the term of the contract, it is assumed that an increase in budget will be needed to account for London Living Wage (LLW) rises, which explains the cost increase from the existing budget allocation of £521k annually. As part of the Council's medium-term financial planning, this increase will need to be considered.

12. VAT Implications on Land & Property Transactions

None

13. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES

- 13.1 Paragraph 2.7.7 of Contract Standing Orders states that, in respect of procurements with a risk assessment of "Medium Risk", Cabinet Procurement and Insourcing Committee will determine the award of contracts above the value of £2m. The estimated maximum value of the contract in this Report is above £2m so therefore Cabinet Procurement and Insourcing Committee can agree the recommendation in this Report.
- 13.2 Details of the procurement process undertaken by officers are set out in this report and compliance with the Public Contracts Regulations 2015 has been ensured.

14. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 14.1. The procurement was advertised and managed in full compliance of the PCR 2015 Regulations, via the ProContract web portal and in line with Hackney Borough Council's Contract Standing Orders. The open tender procedure was used and full due diligence was undertaken.

- 14.2. Compliance checks were undertaken by the Procurement Category Manager and the quality evaluation was undertaken by 3 suitably experienced officers and scores were moderated at a meeting facilitated by the Procurement Category Manager.
- 14.3. Whole life costs were evaluated by a suitably qualified and experienced person from the services area's department.
- 14.4. TUPE regulations were complied with throughout the tender process under the guidance of Hackney Borough Council's legal department.
- 14.5. References submitted by the successful tenderer were checked. They were found to be true and accurate.
- 14.6. The Procurement Category Manager checked the successful tenderer's financial standings against Hackney's 'Economic and Financial Standing Evaluation' criteria. The tenderer passed all the checks.
- 14.7. The award of this tender is endorsed for the reasons stated above.

APPENDICES

Appendix A: List of Contractors DN618422 (exempt)

Appendix B: Tender Result DN618422 (exempt)

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.

Category Condition

1. Information relating to an individual.
2. Information which is likely to reveal the identity of individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding the information)
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

6. Information which reveals that the authority proposes
 - a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - b) to make an order or direction under any enactment
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

CONFIDENTIAL

None

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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