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Meeting	Cabinet Resources Committee
Date	14 December 2011
Subject	Award of Contract – Corporate Buildings Security
Report of	Deputy Leader of the Council and Cabinet Member for Resources and Performance
Summary	This report seeks approval to award a three year buildings security contract, with an option to extend for a further two years to Blue 9 Security Ltd.

Officer Contributors	Craig Cooper – Director of Commercial Services Martyn Carter – Procurement Manager, Commercial Services Jeff Mazzoni – Strategic Facilities Manager, Commercial Services Public (with separate exempt report)
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable
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1. RECOMMENDATIONS

- 1.1 That the contract for the provision of Buildings Security Services be awarded to Blue 9 Security Ltd at an annual cost of £883,218 for a period of three years and with an option to extend for a further two years.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Delegated Powers Report No 798, May 2009 by the Director of Resources to authorise the instigation of a specification phase followed by a tender exercise to test the market and determine if a corporate security contract is in the best interests of the Council and maximises potential for savings and efficiency gains.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The three priority outcomes set out in the 2011/13 Corporate Plan are:

- Better services with less money
- Sharing opportunities, sharing responsibilities
- A successful London suburb

- 3.2 The outsourcing of corporate buildings security services to one provider will help to achieve efficiencies in terms of client side contract management. It is also evident that tendering companies have submitted competitive rates in anticipation of securing a significant level of business covering several buildings.

4. RISK MANAGEMENT ISSUES

- 4.1 Due diligence was undertaken during the selection and award stages of the tender process, particularly in respect of prospective suppliers financial viability, capacity and resources.
- 4.2 In accordance with the Council's Contract Procedure Rules, companies invited to tender were requested to verify that they would be able to provide a Parent Company Guarantee or Performance Bond. The proposed contract also provides for additional contractual remedies in the event of unsatisfactory performance.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Pursuant to the Equality Act 2010, public sector organisations have a responsibility to consider equality as part of every procurement.
- 5.2 The council is also under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation.

- 5.3 This duty, also, applies to a person, who is not a public authority but who exercises public functions and therefore must, in the exercise of those functions, have due regard to the general equality duty. This includes any organisation contracted by a local authority to provide services on its behalf.
- 5.4 The role for this duty in this procurement, is to make sure that those who might bid for the contract are not discriminated against, which is largely consistent with the requirements of the EC Treaty referred to at paragraph 7 below. And in addition, the pre-qualification stage of the tender process included an evaluation of applicants' procedures for equalities and diversity to ensure that they were in accordance with the Council's procedures.
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6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 Procurement – The procurement of buildings security services was undertaken in accordance with the Procurement Directives for Part B services and followed the restricted procedure which involves an initial pre-qualification selection process. Pre-qualification was followed by Invitation to Tender award stage. The evaluation team involved officers from Commercial Services, Customer Services, Environmental Services and The Deputy Chief Executive's Department. The tender process was overseen by Corporate Procurement.
- 6.2 Finance – The current annual spend for the five corporate buildings within the scope of the tender is £1,030,000.
- 6.3 Performance & Value for Money – Should the recommended company be awarded the contract, there will annual savings of £146,728. The contract does not allow any annual uplift in cost for three years. Given the high profile of this contract and the need for a professional service covering properties with diverse requirements, client side contract monitoring will be regular and pro – active. The contract specification was drafted to include procedures for regular reporting and communication.
- 6.4 Staffing – The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) applies to this tender in respect of first and second generation employees. Sixteen contracted employees and two Barnet Council employees are eligible for TUPE transfer. The relevant employee details were provided to the tendering companies. Specific information regarding TUPE Plus and pension provisions was provided in respect of the two Council employees.
- 6.5 I.T - The successful service provider will supply a patrol management system for use at Council buildings. The costs of related hardware and software have been included within tenders.

7. LEGAL ISSUES

- 7.1 The basic premise applying to the letting of contracts for works, supplies or services by contracting authorities is that the provisions of Directive 2004/18/EC, as implemented by the Public Contracts Regulations 2006 (as amended), should be adhered to. For the most part this set of rules (the “Procurement Rules”) requires there to be fair and open competition across the European Community for government contracts.
- 7.2 The Procurement Rules as apply to services differentiate between Part A services and Part B services. Part A services are subject to the full tendering regime. Part B services have a comparatively relaxed regime applying to them, covering only matters such as ensuring that specifications for services are not discriminatory and that reporting and notifying obligations are met. Part B services are not subject to the rules requiring publication of the invitation to tender on a Community-wide basis because they would generally be of less interest to service providers from other member states.
- 7.3 The proposed buildings security contract falls within Part B services. However, contracting authorities are still required to comply with the Treaty on the Functioning of the European Union (formerly the EC Treaty principles) in the way they carry out procurements and also to obtain value for money. These principles apply to all procurements with a “cross-border interest”, whether or not the full procurement regime applies. This means that the contracting authority is expected to ask itself whether there is a market for these services in other member states and if so what form of appropriate notification and advertisement should apply before an award of contract.

8. CONSTITUTIONAL POWERS

- 8.1 The Council’s constitution, Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee

9. BACKGROUND INFORMATION

- 9.1 Following the decision to authorise the instigation of a specification phase followed by a tender exercise for buildings security, a restricted tender process was undertaken. There are five corporate buildings within the scope of the tender, namely; Hendon Town Hall, Barnet House, Barbara Langstone House, Mill Hill Depot and Burnt Oak Library. There are currently two companies providing the buildings security services. North London Business Park was not included in the tender because security services are provided by the Council’s Landlord for this building. The Council pays for security at North London Business Park as part of the service charge.
- 9.2 Each of the buildings have specific requirements in terms of security. Barnet House requires high profile security to deal with occasional incidents of aggressive or confrontational behaviour relating to Housing. There are also occasions where a security presence is required when the Children’s Service deal with sensitive family issues. Hendon Town Hall occasionally requires security guards at public meetings.

There can be large numbers of people at these meetings and it is imperative that Security Guards can be tactful and calm when dealing with the public. Barbara Langstone House includes residents who may be vulnerable. Consequently, there is a need for Security Guards who are trained in Close Protection. Burnt Oak Library experiences occasional incidents of anti-social behaviour and night time vandalism which results in the need for visible security that can liaise with the local police and deal effectively with such incidents. Mill Hill Depot requires a twenty four hour security presence given the scale of activity and Council assets located within the complex. Particular attention was given to the specification to take account of all the buildings security requirements.

9.3 A tender advertisement was placed on 17th June 2011 informing any interested parties to request the Pre-Qualification Questionnaire (PQQ). A total of 134 companies requested the PQQ. Following the statutory 37 day period, a total of 35 PQQ's were completed and returned.

9.4 Pre – Qualification Evaluation

9.4.1 The evaluation team scored the questionnaires in accordance with a pre-determined criteria covering: Experience, Capacity, Financial Viability, Environmental Aspects, Health and Safety. The top ten scoring companies were selected for short listing. The table below details the results for the top 10 scoring companies.

<u>Company</u>	<u>Score</u>
Company B	85.4%
Company E	83.3%
Company C	81%
Company G	80.9%
Company F	78.9%
Company D	77.3%
Company A	79.4%
Company H	76.1%
Blue 9	74.5%
Company J	73.8%

9.5 Tender Evaluation

9.5.1 Following PQQ evaluation, Invitations to tender were sent to the short listed companies. Tenders were returned on 7th November 2011. Company J decided to withdraw from the tender therefore leaving 9 tender submissions.

9.5.2 Tenders were evaluated on the basis of the most economically advantageous tender according to the criteria and corresponding weightings set out in the table below and notified to the bidders with the Invitation to Tender. The evaluation was based on a combination of Quality and Price with the ratio of 50/50 (50 Quality and 50 Price).

Award Criteria	Weighting %
1. Ability to ensure continuity in service provision including cover for civil emergencies.	10
2. Capacity and Resources to support the contract	15
3. Ability to meet the requirements of the specification	15
4. Ability to provide and evaluate management performance information to monitor and improve services including delivery and monitoring of KPI's	10
6. Price	50

9.5.3 Each tender submission detailed the total annual cost of providing Building Security services in accordance with the tender pricing schedule. The proposed costs annual costs are detailed in the table below.

Tenderer Name	Cost
Company A	£702,546.62
Company B	£689,651.93
Company C	£837,959.00
Blue 9	£883,218.00
Company D	£987,838.00
Company E	£699,732.45
Company F	£701,164.00
Company G	£845,901.94
Company H	£713,145.00

9.5.4 The score for cost was calculated by using a formula which takes the median figure of all the bids (£784, 572.99) and awarding 50 points at that level. Tenders were scored based on percentage variance from the median level. Therefore tenders priced above the median resulted in one point per percentage point deducted from 50 and tenders priced below the median level resulted in one point per percentage point added to 50. The score was subsequently divided by two in order to aggregate with the 50% quality weighting. This is a common method for scoring tender costs.

9.5.5 The evaluation team individually scored each bid according to the quality sub criteria and reached a consensus on scores for each bidder. The table below details the combined scores for quality and cost.

Tender Name	Weighted Price Score	Weighted Quality Score	Overall
Company A	30.23	22	52.23
Company B	31.05	27	58.05
Company C	21.60	32	53.60
Blue 9	18.71	45	63.71
Company D	12.05	10	22.05
Company E	30.41	22	52.41
Company F	30.32	22	52.32
Company G	21.09	10	31.09
Company H	29.55	8	37.55

9.5.6 The evaluation team commented on the significant variance of the tenders in terms of cost and qualitative factors. It was evident that three of the tendering companies had not addressed the specific requirements and simply provided prices and standard forms detailing their procedures. The lower priced tenders were scrutinised in particular to ensure that all requirements had been considered. It was noted that certain tenders had not considered a number of factors ranging from unrealistic costing of close protection duties, training requirements, bank holiday cover and start up costs. It was also noted that a number of tender responses did not confirm that they could provide a Performance Bond along with the associated costs.

9.5.7 The evaluation team agreed that Blue 9 Security Ltd offered the most economically advantageous tender that covered all of the Council's requirements. While accepting that the cost is above the median tendered cost, there will be annual savings of £146,748 on the current budget. The public office budget for security is managed by Facilities Management. This budget will be reduced accordingly.

9.6 Alternative Options

9.6.1 The alternative option of outsourcing would be 'in house' provision. This would not be cost effective due to the competitive guard rates and overheads offered by the market.

10. LIST OF BACKGROUND PAPERS

10.1 Tender Files for the provision of Buildings Security Services (ref 50347).

10.2 Anyone wishing to inspect these background papers should contact Martyn Carter on: 020 8359 7267

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