



## Mayor and Cabinet

### Permission to Award Contract for Building Security & Related Services

**Date:** 09/03/2022

**Key decision:** Yes.

**Class:** Part 1

**Ward(s) affected:** N/A

**Contributors:** Executive Director of Corporate Resources, Director of Resident and Business services

### Outline and recommendations

Mayor and Cabinet are recommended to award a contract to Smart Sec to deliver building security and related services, for a period of three years with an option for a two year extension.

The contract will be for a period of 3 years, up to a maximum contract value of £1,508,678.82, commencing on 1 May 2022, with an option for the Council to extend for a further 2 years. This is for the core contract and excludes security services for Libraries.

Mayor and Cabinet are recommended to approve for Officers to work with the awarded service provider Smart Sec Solutions Limited during the 3 month mobilisation period and throughout the life of the contract to remodel the service in-line with an option to insource the Reception and Front of House services as set out in section 5 of this paper. This will be enable the Council to insource 10% of the service, making service improvements, whilst allowing flexibility to further consider insourcing at a later stage when the financial situation of the council improves.

Mayor and Cabinet are recommended to approve delegated powers to the Executive Director of Corporate Resources for the purpose of awarding a contract variation for manned security for library services over 3 years period, up to a maximum contract value of £747,035.59 with an option for the Council to extend for a further 2 years. The library security arrangements will be subject to the requirements of the service going forward. As such, this cost is additional to the fixed contract sum. This part of the service will be funded by the Libraries Service.

### **Timeline of Engagement and Decision-making**

03/11/2021	Permission to Procure report to Mayor and Cabinet
09/03/2022	Permission to Award report to Mayor and Cabinet

## **1. Summary**

- 1.1. The current Manned Security contract is due to expire 30 April 2022. Permission to procure this service via an open tender process was agreed by Mayor and Cabinet 3 November 2021 along with consideration to in-sourcing this service.
- 1.2. Officers have undertaken a full review of the current provision to develop proposals to better meet the need for building security & related services for the Council.
- 1.3. The proposal includes providing a high quality service within the scope of the specification. The service provider will be responsible for monitoring the performance of the service to ensure a high quality service is provided.
- 1.4. This report summarises the work undertaken and procurement approach implemented to recommend the award of Smart Sec Solutions Limited to provide building security and related services to the Council.
- 1.5. The services covered by the contract includes manned guarding, security patrols, locking and unlocking of buildings, key holding response to alarm activations and vacant property guardian services. The service operates across the corporate operational estate including the Catford complex buildings (Laurence House, Civic Suite, Old Town Hall, Wearside Depot and Registry Office). Lewisham is an inner London Borough which spans from Deptford in the North; Sydenham in the West; Catford in the South and Lee Green in the East. It covers an area of approximately 3,473 hectares.
- 1.6. The buildings included within the services are generally located in central Catford. The total portfolio covering the standard services required by this contract comprises approximately 6 guarded sites which comprises of Laurence House, Civic Suite, Old Town Hall, Wearside Depot, Registry Office, Eros House, and Brockley Adult Learning Centre.
- 1.7. Security services at the Catford, Deptford, Downham, and Lewisham libraries are currently provided outside the core contract. As these libraries extend their opening hours to pre-pandemic levels, security and related services will be required. On this basis the cost of security over three years is estimated in £747,035.59. The library security arrangements will be subject to the requirements of the service going forward and throughout the 3 year period. As such, this cost is additional to the fixed contract sum. If approved Libraries services will be included into the main contract by way of a contract variation.

## **2. Recommendations**

- 2.1. The Mayor and Cabinet are recommended to award a contract to Smart Sec Solutions Limited to deliver building security and related services. The contract will be for a period of 3 years, up to a maximum contract value of £1,508,678.82, commencing on 1 May 2022, with an option for the Council to extend for a further 2 years.
- 2.2. Following carrying out an options appraisal, Officers are seeking approval to work with the awarded service provider Smart Sec Solutions Limited during the three month mobilisation period and ongoing throughout the life of the contract to remodel the service in-line with alternative option IV, Hybrid option 2 to insource the Front of House and Reception personnel. The intention of this is to improve the experience of staff and visitors

when visiting Laurence House by insourcing to reception and Front Of House services to the Old Town Hall only with no financial cost impact to the Council.

- 2.3. The Mayor and Cabinet are recommended to delegate authority to the Executive Director of Corporate Services to vary the contract for security services as required for Downham, Lewisham, Catford and Deptford Libraries that are currently reopening. These sites are excluded within the maximum contract value of £1,508,678.82. The tendered cost for building security and related services for the 4 Libraries is £747,035.59 which will be treated as a contract variation. Facilities Management will work closely with the Library services to ensure best value is maintained throughout the period

Downham Library			Lewisham Library		
Y1	Y2	Y3	Y1	Y2	Y3
£42,910.43	£43,028.11	£42,910.43	£68,683.86	£68,782.27	£68,596.08
Total £128,848.97			Total £206,062.21		
Catford Library			Deptford Library		
Y1	Y2	Y3	Y1	Y2	Y3
£68,683.86	£68,782.27	£68,596.08	£68,683.86	£68,782.27	£68,596.08
Total £206,062.21			Total £206,062.21		

### 3. Policy Context

- 3.1 The contents of this report are consistent with the Council's policy framework and it supports the achievement of outcomes contained in Lewisham's Corporate Strategy 2018-2022, particularly the corporate priority 'Building an inclusive local economy where everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.'

### 4. Background

- 4.1 The security contract was first awarded to CIS Security Services via the Crown Commercial Services framework in January 2011. The service commenced in March 2011. The initial contract period was for 3 years, with an option to extend for a further 2 years.
- 4.2 Following a further procurement exercise, CIS were again awarded the security contract in October 2016 for 3 years with an option to extend for a further 2 years an extension was granted in September 2019, the final extension expires 30 April 2022.
- 4.3 The service was awarded by Mayor and Cabinet and permitted extensions approved as detailed in the Permission to Procure report included in the 'Background Report' section of this document.
- 4.4 As described in section 3 of this report, the building security and related services contract plays a vital role in ensuring key elements of the corporate strategy are

delivered and that appropriate services are in place to meet the needs of Council staff and residents in the borough.

- 4.5 A comprehensive review of current provision was undertaken by officers across 2020 / 2021 to inform the procurement approach for this service which was agreed by the Mayor and Cabinet on 3 November 2021.
- 4.6 Officers have undertaken an optional appraisal assessing four alternative delivery for this service as detail in section 5.
- 4.7 Following the approval of the Building Security & Related Services paper at the Mayor and Cabinet meeting on the 3 November 2021, Members agreed to run an open tender for this service. In addition to the renewing of the out-sourcing delivery model, officers have considered three alternative options below;
  - I. Fully in-sourcing of all security staff and related services.
  - II. Fully out-sourcing (current model and as per open tender)
  - III. Insourcing the majority of staff and support any temporary additional resources by way of a security resource contract (Hybrid option 1)
  - IV. Limit current insourcing to reception and front of house services and out-sourced main security services. (Hybrid option 2)

## **5. Option appraisal:**

- 5.1 When officers are considering whether to commission services, we will have assumption that the Council is our preferred provider and in-source our contracts.

### **Council's Employment Contract**

- 5.2 It is typical for security personnel within a similar role to work longer hours than the LBL council's 35hrs staff employment contract. Lewisham currently have one employment contract within the council which is set on 35hrs per week. For this reason the potential insourcing staff costs has been based on LBL employment contract.
- 5.3 At present, a number of security personnel are contracted to work up to and above 48 hours per week. The Council would be only be able to insource the personnel on a 35 hours per week contract but would have to maintain the same level of pay under TUPE arrangements. This would therefore increase the rate paid per hour and require the council to engage additional staff to deliver the same number of hours required to meet the service requirements. Alternatively the Council could TUPE security officers in to the Council but maintain them on their existing contracts excluding pensions which would transfer to our pension scheme.
- 5.4 Based on cost alone it is expected in-sourcing the core service would require an additional £636,508.32 to £717,479.81 based over a three year period.
- 5.5 The options analysis carried out considers the 4 delivery options models, assessing a number of different factors: value for money/affordability, performance/service quality, capability to deliver the business requirements, social environmental factors and market practicability. The detail is shown in appendix 1. Fully in-sourced option score 19.
- 5.6 This option scored very low within the included optional appraisal table. It is expected to provide a good level of service and meet our social and environmental standards but likely to be the least affordable, with the highest risk of service delivery. This option provides the least flexibility for adjusting to short or long term operational changes. Due to TUPE we cannot make any changes that have a negative impact to the current security operatives. Legally we would be obliged to commit to the same level of weekly pay regardless if we reduced the contracted hours in line with our current staff

employment contract which is set at a maximum of 35hrs per week. For this reason staffing costs would significantly increase based on TUPE staff working on greater contracted hours than 35hrs per week. In addition to increased salary costs, an insourced option will require additional staff to cover absences for staff who are off sick or on leave.

**For these reasons this model is currently not recommended.**

### **Fully Outsourced option**

- 5.7 This option scored high within the option table. Officers would ensure service delivery is provided at an expected standard.

**This has be taken to tender evaluation, moderation stage. Outcome of tender included within this and paper 2. This option forms part of Hybrid option 2 below.**

### **Hybrid option 1**

- 5.8 This option scored very low within option appraisal table. It is expected to increase staffing budgets similar to a fully in-sourcing model but without providing a high level of service delivery. Service standards is expected to be impacted due to the nature of having casual employees. This dual model would likely be the most challenging to manage.

**For these reasons this model is currently not recommended.**

### **Hybrid option 2**

- 5.9 This option scored high within the option table. The model would closely match a fully outsourced model but with the option to insource areas that could enhance customer facing service with appropriate current in-sourced officers. These roles would be focused on operational and customer services with limited manned security functions. This selected in-sourcing would currently be limited to the Old Town Hall (OTH) Front of House Premises Manager and consideration to OTH day security officer. In addition, customer services functions at Laurence House will be transferred to the current FOH team providing an enhanced visitor experience/services. It is expected this model will achieve in the region of 10% to 15 % in-sourcing and a cost saving of £717,479.81 over a 3 year period against fully in-sourcing.

**Officers are recommending this option in conjunction with awarding a 3 year contract to Smart Sec Security Limit**

## 6. Cost Appraisals

### Cost appraisal 1

- 6.1 Fully in-sourced option, and
- 6.2 Hybrid option 1 (majority in-sourcing supported by security resource contract)
- 6.3 For the purpose of cost evaluation these options have been combined as core cost is expected to be the similar/equivalent.

### Cost appraisal 2

- 6.4 Fully out-sourced option IV.
- 6.5 Hybrid option 2 (limit in-sourcing to reception and Front of House services only. Security services out-sourced)
- 6.6 For the purpose of cost evaluation these options have been combined as core cost is expected to be similar/equivalent.

**Cost Appraisal table 1: (Fully in-sourcing verses fully out-sourcing)**

<b>Cost appraisal 1</b>	<b>Fully in-sourced</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Grand Totals</b>
Staff costs based on 35hr weekly salary	£600,240.88	£618,248.11	£636,795.55	
Technical / Equipment	£64,734.20	£60,084.20	£60,084.20	
Overheads / Management Fee	£35,000.00	£,35,000.00	£35,000.00	
<b>Contract value</b>	<b>£699,975.08</b>	<b>£713,332.31</b>	<b>£731,879.75</b>	<b>£2,145,187.14</b>
<b>Cost appraisal 2</b>	<b>Fully Out-sourced</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Grand Total</b>
Staffing, Staff costs	£484,223.04	£484,976.49	£483,811.65	
Technical / Equipment	£ 8,539.53	£ 8,538.60	£ 8,538.62	
Overheads / Management Fee	£ 9,995.44	£ 10,115.86	£ 9,939.59	
<b>Initial contract value</b>	<b>£502,758.01</b>	<b>£503,630.95</b>	<b>£502,289.86</b>	<b>£1,508,678.82</b>
Balance Cost appraisal 1		<b>Based on 35hr LBL contact</b>		£2,145,187.14
Balance Cost appraisal 2		<b>Outsourced</b>		£1,508,678.82
		<b>Variation</b>		<b><u>£636,508.32</u></b>
<b><u>NOTE: The above is based on core services only and excludes Libraries</u></b>				

**Cost Appraisal table 2: (Fully in-sourcing verses Out-sourcing & Hybrid 2)**

<b>Cost appraisal 1</b>	<b>Fully in-sourced</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Grand Totals</b>
Staff costs based on 35hr weekly salary	£600,240.88	£618,248.11	£636,795.55	
Technical / Equipment	£64,734.20	£60,084.20	£60,084.20	
Overheads / Management Fee	£35,000.00	£,35,000.00	£35,000	
<b>Contract value</b>	<b>£699,975.08</b>	<b>£713,332.31</b>	<b>£731,879.75</b>	<b>£2,145,187.14</b>
<b>Cost appraisal 3</b>	<b>Out-sourced &amp; Hybrid option 2 RECOMMENDED OPTION</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Grand Total</b>
Staffing, Staff costs	£464,223.04	£454,941.29	£452,875.38	
Technical / Equipment	£ 8,539.53	£ 8,538.60	£ 8,538.62	
Overheads / Management Fee	£ 9,995.44	£ 10,115.86	£ 9,939.59	
<b>Initial contract value</b>	<b>£482,758.01</b>	<b>£473,595.73</b>	<b>£471,353.59</b>	<b>£1,427707.33</b>
Balance Cost appraisal 1		<b>Based on 35hr LBL contact</b>		£2,145,187.14
Balance Cost appraisal 3		<b>Outsourced</b>		£1,427707.33
		<b>Variation</b>		<b><u>£717479.81</u></b>
<b><u>NOTE: The above is based on core services only and excludes Libraries</u></b>				

## **7. Tender Process**

- 7.1 A single stage open tender exercise was run for Building Security and Related Services contract. The opportunities were advertised on Contracts Finder and published on the London Tenders Portal, in line with the Council's Procurement guidance.
- 7.2 The tender went live on 12 November 2021 and closed on 7 January 2022.
- 7.3 Tenderers had to achieve a minimum score of 7 (described as 'Good', proposal meets the required standard in all major material respects For Method Statements M1 (a, b and c) and MS2 (a, b, c and d).
- 7.4 Moderation sessions were led by the Procurement Officer. The evaluation panel consisted of three Council officers (Soft Services Contract Manager, Front of House/Building Manager and Head of Facilities Management).
- 7.5 After the tender period closed, the submissions were shared with the evaluation panel members who were instructed to separately evaluate all complete tenders. Each member's scores were shared with the Council's Procurement team ahead of a virtual meeting (known as a consensus meeting) which was held to discuss and agree consensus scores for each tender. The consensus meetings were moderated by a member of the Council's Procurement team.

***The tender submissions were assessed based on the following criteria:***

a	Financial	50%
b	Technical Ability to Deliver the Service	8%
c	Quality and Operational Competence	10%
d	Service Development	10%
e	Customer Care	10%
f	Equality, Diversity & Inclusion	4%
g	Health and Safety	3%
h	Social Value	5%
I	GDPR and Data Handling (for information)	0%

- 7.6 The evaluation was made up of 50% price and 50% quality, incorporating 5% for social value.
- 7.7 Tenderers were asked to submit a description of their proposals in the form of Method Statements, in order to test tenderers' understanding of service requirements. These included proposals for assisting the Council in delivering continuous improvements.
- 7.8 The Method Statements were assessed under the non-financial criteria and those provided by the successful tenderers will form part of the Contract documentation against which their performance will be monitored. An example of the information required by the method statements is given at section 15.
- 7.9 The pricing schedule used to assess the financial aspects of the bids is given at section 15
- 7.10 Following an 'open' advertisement on Proactis and Find a Tender service, 122 organisations expressed an interest in providing this service. Out of these 122 organisations, 20 organisations submitted a tender response. Out of these 20 organisations, 2 did not pass initial compliance checks. Therefore 18 organisations went through to the evaluation process. 12 tenders did not meet threshold method statement questions. There were 6 valid bids in total.

**Tender Evaluation**

- 7.11 The table below sets out details on the key dates details on the key dates and number of tenders received for this contract.

<b>Activity</b>	<b>Date/Quantity</b>
Tender Published	12/11/2021
Tender Return Deadline	07/01/2022
Evaluation/Consensus Meeting	25 - 26/01/2022
Expression of Interest	122
Tenders Received	20 in total

- 7.12 The price of each tender was evaluated using the Lowest Price Option, see the formula below:  
 Price score = price weighting (50) x (lowest price/tendered price)
- 7.13 The quality of the tenders was assessed based on the method statements and weightings.. A summary is provided in the table below:



<b>QUALITY</b>		
Criteria		Weighting
MS 1(a, b,c)*	Technical Ability to deliver the service	8%
MS2 (a,b,c,d)*	Quality & operational competence	10%
MS3 (a,b,c,d)	Service development	10%
MS4 (a,b,c)	Customer care	10%
MS5	Equality, diversity and inclusion	4%
MS6	Health and safety	3%
MS7	Social value	5%
MS8	GDPR and data handling (for information only)	0
<b>Total Quality Weighting</b>		<b>50%</b>

7.14 Criteria marked with an asterisk (\*) in the table above, required a minimum quality score of 7 (see 6.4 for description of standards) to be considered valid. Criteria not marked with an asterisk (\*) were required to achieve a minimum quality score of 5. Any Tender which failed to attain these minimum scores would be deemed invalid.

7.15 The scoring was awarded on a scale of 0 –10, 0 being non-existent and 10 being perfect. The table below provides a description of each score:

Score	Level	Standard
0	Non-existent	Proposal absent
1	Inadequate	Proposal contains significant shortcomings and/or is inconsistent or in conflict with other proposals
2	Very poor	Proposal contains many shortcomings and/or is inconsistent or in conflict with other proposals
3	Poor	Proposal falls well short of achieving expected standard in a number of identifiable respects
4	Weak	Proposal falls just short of achieving expected standard in a number of identifiable respects
5	Barely adequate	Proposal just meets the required standards in nearly all major aspects, but is lacking or inconsistent in others
6	Adequate	Proposal meets the required standards in nearly all major aspects, but is lacking or inconsistent in others
7	Good	Proposal meets the required standard in all major material respects
8	Very good	Proposal meets the required standard in all major material respects and in a few of the minor requirements
9	Excellent	Proposal meets the required standards in all major material respects and nearly all of the minor requirements
10	Perfect	Proposal meets the required standards in all major material respects and all of the minor requirements

7.16 The table that follows summarises the top 6 tender submissions showing quality, price scores and overall scores for each tender.

Supplier	Quality Score	Financial Score	Overall Score	Position
Smart Sec Solutions Limited	46.10	50.00	96.10	1
Second place	39.90	49.00	88.9	2
Third place	45.60	42.31	87.91	3
Fourth place	41.90	45.51	87.41	4
Fifth place	40.80	44.44	85.24	5
Sixth place	37.00	33.74	70.74	6

7.17 For further details of the tender evaluation regarding quality criteria please see the corresponding part 2 report, section 6A

7.18 Overall, the quality of the bids was reasonable and several companies scored highly on some individual questions. The minimum criteria for the first two method statement questions (comprising of seven parts in total) was set at ‘good’, proposal meets the required standard in all major material respects. Once the 18 remaining valid tenders had been evaluated only 6 tenders met the required thresholds of minimum passes of 5 ‘barely adequate’ and 7.

**Form of Tender (Price)**

7.19 The form of Tender was for fixed core pricing for 3 years.

7.20 The price evaluation was based on core pricing for 3 years i) Staffing costs, ii) Equipment and Technology, and iii) Overhead/Management fee.

7.21 Additional security service costs were sought for information. This included four libraries (Lewisham, Downham, Catford and Depford) which are currently closed, as well as ancillary services such as external patrols, escort services, open and lock up, and guardianship per site.

**Successful Bidder**

7.23 **Quality:** Smart Sec Solutions Limited provided a detailed and comprehensive proposal to deliver the contract demonstrating how they would deliver a clear staffing model to ensure service cover and delivery of key requirements such as mobilisation; training; bespoke assignment Instructions and Risk Assessments along with the technical system (Tracktik) to support the security management infrastructure.

7.24 They scored consistently well in all method statement areas, scoring 9s and 10s for all method statements, demonstrating clear and concise planning and service delivery throughout their proposal, and evidenced based examples of good practise and outcomes in other contracts.

7.25 Smart Sec Solutions Limited were able to demonstrate an excellent approach to how they would deliver their service in partnership with Council demonstrating organisational values as well as how they would identify and address inequality within the context of the contract.

7.26 Smart Sec Solutions Limited also scored highly in Social Values demonstrating tangible KPI’s that can be implemented and developed in the contract. Smart Sec Solutions Limited’s overall quality score was 46.10 ranking 1<sup>st</sup> for quality.

For detailed information on scores please refer to Appendix 1,

- 7.27 **Financial:** The fixed core pricing for 3 years is £1,508,678.82. This does not cover the additional services for the four libraries (Downham, Lewisham, Catford and Deptford). The pricing for these additional services is £747,035.59. This cost does not include additional services, ancillary services (external patrols, escort services, key holding alarm services, guardianship) etc.

**Final scoring:** Following the moderation process the final scoring is as follows:

Supplier	Quality Score	Financial Score	Overall Score	Position
Smart Sec Solutions Limited	46.10	50.00	96.10	1

- 7.28 Overall, Smart Sec Solutions Limited provided the most concise and efficient tender application with high scores in both quality and price. The proposal provided an excellent approach to delivering Building Security and Related Services demonstrating experience of delivering similar contracts and an organisational infrastructure to enhance delivery. Smart Sec Solutions Limited finished in first place overall and are recommended for the award of this contract

## 8. Financial implications

- 8.1 This report recommends awarding a contract to Smart Sec Solutions Limited to deliver building security and related services for a period of 3 years, up to a maximum contract value of £1,508,678.82 (approx. £503k per year). This cost excludes libraries which, if required, would be treated as a contract variation at a cost of £747k over the 3 years.
- 8.2 The costs of this contract are subject to increases in the London Living Wage, and will be contained within existing budgets. Core buildings will be contained within the revenue security budget of the Facilities Management division, with other services bearing costs in relation to specific buildings. The Facilities Management security budget currently stands at £497k for 21/22 but budgets for 22/23 are currently being finalised and the budget will be increased for inflation and will be set at £503k to cover the costs of the contract. For libraries the budget for Downham currently stands at £46k, for Lewisham £50k and there are no security budgets for Deptford or Catford. So the option for taking up the contract variation for libraries will be dependent upon a further need analysis and identifying sufficient budget from within existing resources.
- 8.3 A financial analysis was undertaken as part of the options appraisal set out in the report to compare the costs of an insource arrangement to those of an external contract. The comparison set out in paragraph 6 indicates that the costs of insourcing would exceed the costs of an external contract and therefore the report recommends the awarding of the external contract together with a more limited insourcing arrangement subject to negotiations with the new contractor (hybrid option 2). This is estimated to cost £1.428m and if implemented may yield a reduction in the contract cost of approximately £81k over 3 years compared to the £1.509m of the fully outsourced contract. It is expected that the insourced work could be contained within existing resources through reorganised workloads and therefore, depending upon date of implementation, some of the £81k could be achieved during the 3 year contract period and fully achievable thereafter.

## 9. Legal Implications

- 9.1 The Council's Constitution contains requirements about how to procure and manage contracts. These are in the Contract Procedure Rules (Constitution Part IV). Some of the requirements in those Rules are based on the procurement regulations (the Public

Contracts Regulations 2015 ('the PCR') continue to apply for the time being, as amended by Brexit provisions including the Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 SI 2020 No.1319) with which the Council must comply.

- 9.2 Procedures for tendering are to be determined by contracting authorities in accordance with PCR 2015 (regulation 76). These require procedures to be transparent and ensure equal treatment of suppliers. Time limits must also be reasonable and proportionate. This contract has been externally and openly advertised by a restricted (two stage) tender process as required by PCR 2015 and the Council's Constitution. On 3 November 2021 Mayor and Cabinet gave approval to procure for the Building Security Services Contract.
- 9.3 The report explains the evaluation approach and process applied to the bid and the reasons for recommending the successful bid for approval. The Invitation to Tender set out that tenderers had to reach specified scores. The process was followed, including exclusion of the tenderers who did not reach the minimum score or was not in compliance with the advertised and required procedures.
- 9.4 The report recommends the award of a contract to Smart Sec Solutions Limited and explains the reason why their tender provides best value for the service procured. The value of the contract means that this is a Category A contract for the purposes of the Council's Contract Procedure Rules and one which is to be awarded by Mayor and Cabinet.
- 9.5 If the proposal to award the contract is approved, award notices must be published on Find a Contract in the prescribed form.
- 9.6 As variations to the contract that are above £500,000 are to be approved by Mayor and Cabinet, it would be for Mayor and Cabinet to take a decision on whether the decision to award this is to be delegated to the Executive Director for Corporate Services for the reasons outlined in the report.
- 9.7 This decision is a Key Decision under Article 16.2 (b) and Article 16.2 (c) (xxiii) of the Constitution as it has a value of more than £200,000. It is therefore required to be contained in the current Key Decision Plan.
- 9.8 In taking this decision, the Council's public sector equality duty must be taken into account. It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In summary, the Council must, in the exercise of its functions, have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act; advance equality of opportunity between people who share a protected characteristic and those who do not; and foster good relations between people who share a protected characteristic and those who do not.
  - 9.8.1 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. Mayor and Cabinet must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
  - 9.8.2 The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Council must have

regard to the statutory code in so far as it relates to the duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found on the EHRC website.

- 9.9 The Public Services (Social Value) Act 2012 requires that when the Council is procuring services above the EU threshold – as is the case here - it must consider, before commencing a procurement process, how the procurement might be conducted so as to improve the social, economic and environmental wellbeing of the area. The matters to be considered must only be those relevant to the services to be procured and it must be proportionate in all the circumstances to take those matters into account. The Council has adopted a Social Value policy which must also be applied; and the Council's Sustainable Procurement Code of Practice will need to be applied to the contract. The report sets out the social value issues which arise, and any future decision by the decision maker will also need to take those matters into consideration.

## **10 Equalities implications**

- 10.1 The Building Security and Related Services contract provides manned guarding, security patrols, locking and unlocking of buildings, key holding and response to alarm activations and empty property guardianship services to the Council. The service is required to abide by equality legislation. The service specifications for the new services will focus on reducing barriers to take positive steps towards meeting the requirements and support for all underrepresented groups in line with the Equality Act 2010, and have considered the potential impact on all of the nine protected characteristics.
- 10.2 The Council's Equalities objectives are addressed in the contract documentation and were part of the tender evaluation criteria.

## **11. Climate change and environmental implications**

- 11.1 The Council's Environmental objectives are addressed in the contract documentation and are part of the tender evaluation criteria.
- 11.2 There are no environmental implications.

## **12. Crime and disorder implications**

- 12.1 The services detailed in this report relates to the provision of Building Security and Related Services. This will therefore make an important contribution to the work of the Safer Lewisham Partnership and link in directly with the Safer, Stronger Communities outcome to make a safer living and working environment for Lewisham Community

## **12. Health and wellbeing implications**

- 12.1 The services detailed in this report will have a positive impact on health, mental health, and wellbeing by providing the primary focus and enhancement of individuals wellbeing
- 12.2 The services will have a positive impact on social, economic and environmental Smart Sec Solutions Limited will develop KPIs around specific tasks in relation to supporting local residents and the local economy. These will be agreed and appended to the Contract as Contract KPIs, which will be monitored and reported to the Council's Lead officers.

## **13. Social Value**

- 13.1 The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured.

- 13.2 Bidders were therefore asked to submit a method statement that had a weighted score of 5%. Bidders needed to demonstrate how the service will contribute to the key social value outcomes, including how the organisation works with local employers and training organisations to remove stigma and barriers to support individuals in returning to employment, training and/or education.
- 13.3 The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Lewisham pay their staff at a minimum rate equivalent to the LLW rate. Successful contractors will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the tender documents.
- 13.4 The incorporation of Social Value into Lewisham contracts will significantly help the Council to deliver on its strategic corporate and Mayoral priorities and deliver added value for the borough as a whole.
- 13.5 Once contracts have been awarded the Social value delivery and monitoring be formally reported on the KPI Performance report.

#### **14. Contract Management**

- 14.1 In accordance with the Council's contract management framework this contract is a tier 1 contract. Contract Management meetings will be held on a monthly basis and the key performance indicators (KPIs) on the contract management dashboard will be monitored and reported on accordingly.

#### **15. Background papers**

- 15.1 Permission to Procure Report for Mayor and Cabinet
- 15.2 Building Security and Related Services Approval to Procure.



Building Security and  
Related Services ATP |

#### **17. Report author and contact**

- 17.1 [Brian.Coyler@lewisham.gov.uk](mailto:Brian.Coyler@lewisham.gov.uk)
- 17.2 **Comments for and on behalf of the Executive Director for Corporate Resources**
- 17.3 [Kathy.Freeman@lewisham.gov.uk](mailto:Kathy.Freeman@lewisham.gov.uk)
- 17.4 **Comments for and on behalf of the Director of Law, Governance and HR**
- 17.5 [Sohagi.Patel@lewisham.gov.uk](mailto:Sohagi.Patel@lewisham.gov.uk)
- 17.6 **Comments for and on behalf of Finance**
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**Appendix 1 –Security services delivery option appraisal (Internal Desk top appraisal)**

			(majority insourcing supported by security resource contract)	(Limit insourcing to reception and FOH services only. Security services out-sourced)
	<b>I. Fully in-sourcing</b>	<b>II. Fully outsourcing</b>	<b>III. Hybrid option 1</b>	<b>IV. Hybrid option 2</b>
<b>Affordability and value for money</b>	Based on the following it is expected that this model would be the lease cost effective. <ul style="list-style-type: none"> <li>i. TUPE current staff into the council based on a 35/40hrs contract and LBL T&amp;Cs</li> <li>ii. Significantly increased staff on costs</li> <li>iii. Likely increase in staff absence and sickness</li> </ul>	Subject to tender submissions it is expected that this model is likely to be the most cost effective.	Based on the following it is expected that this model would be the second least cost effective. <ul style="list-style-type: none"> <li>i. TUPE current staff into the council based on a 35/40hrs contract and LBL T&amp;Cs</li> <li>ii. Significantly increased staff on costs</li> <li>iii. Likely increase in staff absence sickness</li> </ul>	This model is expected to have limited cost increase compared to fully out-sourcing and potentially could produce savings by utilising the current FOH services at Laurence House and OTH to provide an improved staff and visitor service
<b>Score</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>5</b>
<b>Performance and service quality</b>	It is extremely likely that this model will deliver a high-quality service	The current outsourced model is deemed to be providing a service below requirements. This under performance will be addressed with improved contract management	It is extremely likely that this model will deliver a high-quality service with in-sourced staff but some limitations from additional contracted casual resources. This resource will be on an adhoc basis and likely to significantly reduce service delivery.	It is extremely likely that this model will deliver a high quality service based on engaging appropriate resource for intended role.
<b>Score</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>5</b>
<b>Capability and ability to adjust service to business requirements</b>	Due to a relative small resource with extremely limited capacity this model would be under great pressure to deliver services outside of the core requirements and limited ability to adjust to business changes	This model would likely provide an acceptable capacity to adjust to business changes. In addition, it is likely to have the ability to ensure standards and best practises are met. The current model of using	This model would likely provide an acceptable capacity to adjust to business requirements but will be limited to reducing services without incurring redundancy costs. In addition, it would be limited to very small key management posts to ensure current standards and	This model would likely provide an acceptable capacity to adjust to business requirements. In addition, it is likely to have the ability to ensure current standards and best practises are maintained. This model is likely to be

		security personnel in Front of House/receptionist roles has led to some level of dissatisfaction and poor service. Any future similar issues would be addressed with appropriate LBL contract management.	best practise. Key knowledge and experience will be available at all times.	best placed to provide an acceptable level of Front of House/reception.
<b>Score</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>5</b>
<b>Social and environmental values</b>	This model is likely to provide the greatest social value impact with the insourcing of all staff	Social and environmental values form part of the tender evaluation. It is also likely that a majority of outsourced staff will live within a reasonable travel distance.	This model is likely to provide a high level of social value impact with the majority of staff insourced	Social and environmental values form part of the tender evaluation. It is also likely that a majority of outsourced staff will live within a reasonable travel distance.
<b>Score</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>3</b>
<b>Practicability &amp; market conditions</b>	Likely to be challenging to attract additional trained security personnel within very short time frames based on LBL recruitment policies. Flexibility of additional temporary staff at short notice will likely impact service delivery. It is general practise for security staff to work longer hours than LBL's general contracted hours. If working extended hours was not acceptable, the hourly rate would likely need to significantly increase to attract suitable staff. This would increase headcount requirements and costs	LBL would be removed from the practicability & market conditions.	Temporary staff, short term vacancies will be provided by resource contract. It is general practise for security staff to work longer hours than LBL's general contracted hours. If working extended hours was not acceptable the hourly rate would likely need to significantly increase to attract suitable staff. This also would increase headcount requirements and costs.	Limited impact based on in-sourced staff and outsourced additional staff
<b>Score</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>5</b>
<b>Risk</b>	This model would be deemed the greatest risk based on a very	Limited operational risk based on the nature of	Due to the nature of the role, it will be inevitable there will be	Limited operational risk based on the nature of



	small security operation with very limited ability to adjust resources, both short and long term. In addition, due to the nature of the role it will be inevitable there will be a level of physical contact. Due to LBL's enhanced welfare conditions it is extremely likely that security staff sickness will increase. <b>NOTE:</b> CIS Security Officer and Police Officers assaulted by LBL resident at Laurence House 26/10/21.	service. A level of potential reputational risk using non-LBL staff. Would be managed by improved contract management.	level of physical contact. Due to LBL enhanced welfare conditions it is extremely likely that security staff sickness will increase. LBL risk will be limited to LBL staff only. <b>NOTE:</b> CIS Security Officer and Police Officers assaulted by LBL resident at Laurence House 26/10/21.	service
<b>Score</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>5</b>
<b>Additional security services</b>	This model would only have extremely limited 24/7 operational ability. Examples: locking /unlocking sites, 24/7 emergency security, response/alarm activations, security attendance covering illegal encampments etc.	Additional services will form part of the contract and will be made available on an "as and when" required basis.	Additional services will be available but limited management control.	Additional services will form part of the contract and will be made available on an "as and when" required basis.
<b>Score</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>5</b>
<b>24/7 security helpdesk</b>	This service would be proportionally expensive based on a dedicated Council helpdesk with limited requirements but with the need to cover phones/alarm monitoring and response 24/7.	This service would be expected to be shared and managed via a contracted security control room and form part of the service delivery within the contract.	This service would be proportionally expensive based on a dedicated Council helpdesk with limited requirements but with the need to cover phones/alarm monitoring and response 24/7.	This service would be expected to be shared and managed via a contracted security control room and form part of the service delivery within the contract
<b>Score</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>5</b>

<b>Management</b>	This model would require an LBL manager. The work stream level	It would be expected that there would be a level of on-	Management of the temporary additional staff would be	It would be expected that there would be a level of on-
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	would not require a dedicated manager so would either be required to manage other services outside of security or carry out manned security/front of house duties.	site operational management and supported by off-site account management	challenging due to the potential turnover and contractual ownership.	site management supported by off-site account management. FOH services management already in place. Co-ordination of services could become an issue unless managed by same LBL senior manager.
<b>Score</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>
<b>Grand Total</b>	<b>19</b>	<b>41</b>	<b>21</b>	<b>42</b>
<b>%</b>	<b>42</b>	<b>91</b>	<b>47</b>	<b>93</b>

<b>Key</b>	
Does not meet criteria	<b>1</b>
Partly meets criteria	<b>3</b>
Meets Criteria	<b>5</b>