

WEST NORTHAMPTONSHIRE COUNCIL CABINET

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Clr Malcolm Longley – Cabinet Member for Finance

Report Title	Procurement of WNC Security Services
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List of Appendices

None

1. Purpose of Report

1.1. To seek authority to procure security services contracts.

2. Executive Summary

- 1.2. On vesting day, WNC inherited a set of arrangements for security service from each of the predecessor councils. Many of these contracts are expiring and replacement arrangements for service provision are needed.
- 1.3. The new contracts would be for specialist areas of work within the security services industry but aggregated over the Council's estate. This is considered to represent the best mix of scale and scope, and should maximise value for money achieved, whilst also supporting social value.

3. Recommendations

- 3.1 It is recommended that Cabinet approves the procurement of contracts for security services.

4. Reason for Recommendations

- 1.4. To ensure that the Council complies with statutory and regulatory duties.
- 1.5. To ensure as far as practicable that Council properties provide a safe environment for staff and other users.
- 1.6. To maximise cost-effectiveness.
- 1.7. To minimise opportunities for damage of Council assets.

5. Report Background

- 5.1 The Council currently provides security services management and maintenance activity via predecessor councils' contractors. Some of these contracts have been extended to allow for the aggregated re-procurement of activity to cover all WNC's estate. These arrangements will expire on 31st March 2024 and should not be extended further.
- 5.2 The security services industry provides many specialist services. Those currently provided to the Council are listed below:

Key Holding	Intruder Alarm Monitoring	Intruder Alarm Maintenance/Annual Service	CCTV Monitoring
CCTV System Maintenance/Annual Service	Access Control Maintenance/Annual Service	Out of hours Helpdesk	Unlocking
Locking Up	Static Guard	Static Guard Including Dog Handler	Mobile Patrols Including Dog Handler

- 5.3 The requirement for the re-procurement of security services contracts is as shown in the Table 1. The values shown are for maximised use of three-year contracts with an optional one-year extension.

Table 1: Estimated values of security service contracts

Source	Overview	Estimated total value, £m
Former NCC - planned	Various including care homes, children’s centres, libraries, and HQ accommodation including One Angel Square and County Hall	1.70
Former NCC – reactive	Alarm callouts and ad hoc requests	0.14
Former NBC – planned & Reactive	Guildhall, car parks, bus station	1.28
Off contract spend, various services	Identified from ERPG spend review	0.08
Total		3.20

- 5.4 The predecessor councils generally delivered these services through a single bundled contract for each council. Having reviewed the options it is recommended to source activities via a framework of individual lots e.g., alarm monitoring and maintenance, as this provides local and specialist suppliers with greater opportunity to bid for work whilst ensuring that there is sufficient open market competition and providing opportunity for other councils to use our framework. This should maximise value for money and create an opportunity to generate income from accessing the framework.
- 5.5 Managing several individual contracts would increase contract management commitments but this is offset by ensuring value for money via the open market and avoiding the overheads an intermediate contractor would levy on a bundled contract. Thus, it is likely to result in the most economically advantageous position being achieved.
- 5.6 The current contracts provide a range of services to a varying number of properties dependant on the service or building requirement as shown in the tables above.
- 5.7 The proposed approach to supporting local enterprise and social value is to: (i) set minimum response times which necessitate local resourcing, (ii) exclude travel costs from the contracts which necessitate local resourcing, (iii) use the Social Value Act within the procurement and the tender evaluation to seek local investment such as apprenticeships, and (iv) consider the cost implications of the supplier’s management within the tender evaluation.

6. Issues and Choices

- 6.1 The Council has a range of options in the provision of these services. As the Council’s approach to sourcing develops it may be appropriate to make other proposals. However, at present there is a need to promptly secure re-provision of services and in that context the approach set out above is recommended. Options which could be considered include the following:

- 6.2 Option 1: Insourcing of the service. Insourcing decisions are often made to obtain control of a critical production or competency; conversely outsourcing decisions are often made to reduce 'non-core' in-house operations and to reduce some costs, typically by taking advantage of specialist providers, the ability of supplies to aggregate demand and thus produce economies of scale, competitive market forces, and by reducing employment costs. Insourcing can make sense in some cases, notably where the Council has sufficient demand to sustain a level of staffing and expertise in the services in question, and when quality of outsourced provision hard to control. However, the existing contracts for these services have generally operated well and it may be challenging to provide the same quality or reliability of service in-house.
- 6.3 Option 2: Disaggregation of the contracts into small lots. The current procurement strategy relies on aggregating all specific service contracts requirements into single contracts with single specialist suppliers for each field. This is in order to attract the greatest commercial interest from the market and obtain additional value and/or reduce cost through efficiency of scale and minimise the administrative burden on the Council. This approach has previously attracted significant market interest and has provided competitive rates. A disaggregation across sites or areas would increase the time and processes requirement for administration of the contracts and is likely to increase the contract costs too, particularly for small remote sites.
- 6.4 Option 3: Aggregation of the contracts into one or a small number of multi-service contracts. To deliver such an aggregated service is likely to require the principal provider to let a number of sub-contracts for specialisms. This would involve additional costs in the overall supplier managing the sub-suppliers. It would also limit opportunities for small and medium businesses ('SMEs') to participate.
- 6.5 Option 4: Use of a Council-owned or jointly-owned entity (e.g. West Northamptonshire Norse Limited). These are traditionally known as Teckal companies, after the ECJ case which decided the exemption in public procurement law which allows direct awards to entities controlled by a body such as the Council. This falls somewhere between the insourcing and outsourcing options, having benefits such as potential for profit generations from third parties, but without the competitive pressure of a procurement. It would take time and staff resource the Council does not currently have to pursue this approach at this time. As with in-house provision, it may be challenging to provide the same quality or reliability of service.
- 6.6 Option 5: Aggregation of demand across the Council's sites whilst providing lots for specific types of service. As outlined above, this would enable specialist suppliers to bid, without the overheads which come from having a large entity seeking to co-ordinate the units actually providing services. The division into specialist areas would also increase the potential for bids from small and medium businesses ('SMEs') and local suppliers.
- 6.7 Overall, Option 5 is the recommended way of proceeding. It is considered to be likely to optimise the response from the market and maximise the opportunities for social value from the procurement.

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 Other than National Living Wage and inflationary increases there should be no increase in spending commitments. The services are ones the Council requires, and the approach is intended to secure value for money in receiving them.

7.1.2 The alignment of all current security services may provide opportunities for savings through economies of scale by bringing the full West Northamptonshire service requirement into individual service contracts.

7.2 Legal

7.2.1 Having appropriate security services helps, both directly and by helping maintaining buildings in a fit state, the Council in to comply with its duties under the Health and Safety at Work etc. Act 1974 and related legislation.

7.2.2 Due to the value of the contracts, the procurements will generally be subject to the Public Contracts Regulations 2015 (or potentially the provisions of the Public Procurement Bill if this is enacted and in force in time).

7.3 Risk

7.3.1 The main risk of proceeding is insufficient interest resulting in gaps in service provision and/or poor value for money. The packaging strategy outlined in the report is intended to minimise this risk.

7.3.2 The risk of not proceeding would be that the Council does not have suitable arrangements in place to provide security for its staff, services, and properties.

7.4 Consultation and Communications

7.4.1 No specific consultation has been undertaken. This is not considered necessary given the nature of the procurement proposed.

7.5 Consideration by Overview and Scrutiny

7.5.1 None.

7.6 Climate Impact

7.6.1 The Corporate Plan for 2021-2025 sets out 6 Priorities. In Priority 1, Green and Clean, the plan states that "We will become the most environmentally friendly Council that residents have ever had, with a clear ambition to become carbon neutral by 2030." Accordingly, contract specifications and tender submission requirements will address climate issues.

7.7 **Community Impact**

7.7.1 The approach to supporting local enterprise and social value is set out in 5.7 above. This combined approach should maximise community benefit from the procurement.

8. **Background Papers**

8.1 None