

**SURREY COUNTY COUNCIL****CABINET MEMBER FOR BUSINESS SERVICES AND  
RESIDENT EXPERIENCE****DATE: 12 SEPTEMBER 2016****LEAD  
OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER****SUBJECT: AWARD OF FRAMEWORK FOR THE PROVISION OF  
SECURITY SERVICES FOR SURREY COUNTY COUNCIL AND  
OTHER USERS AND CONTRACT FOR SURREY COUNTY  
COUNCIL****SUMMARY OF ISSUE:**

This report seeks approval to award a framework agreement by lot for the provision of security services for operational and estate sites for the benefit of the Council and other users and subsequent call off contract for the Council to commence on 1 November 2016 as detailed in the recommendations as the current arrangements expire on 31 October 2016.

The report provides details of the procurement process, including the results of the evaluation process and, in conjunction with the Part 2 report, demonstrates why the recommended framework and call off contract award delivers best value for money and therefore is a contributor to the strategic goal of Economic Prosperity within the Corporate Strategy 2016-21 to ensure Surrey's economy remains strong and sustainable.

Due to the commercial sensitivity involved in the contract award process the financial details of the potential supplier has been circulated as a Part 2 report.

**RECOMMENDATIONS:**

It is recommended that:

1. Framework agreements are awarded to Knight Security Ltd for two years from 1 November 2016 with an option to extend for two periods of one year each in the following lots:

Lot 1 – Surrey County Council, Surrey Borough and District Councils, Surrey Schools

Lot 2 – East Sussex County Council, East Sussex Borough and District Councils, Brighton and Hove City Council

Lot 3 – West Sussex County Council

2. An immediate call off contract under the framework agreement for Lot 1 is placed with Knight Security Limited for the benefit of the Council with an estimated annual value of £205,000 for a two year contract term with an

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option to extend the contract for two periods of one year each.

#### **REASON FOR RECOMMENDATIONS:**

The existing contract will expire on 31 October 2016. A full tender process, in compliance with the requirements of the Public Contract Regulations 2015 and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

The framework agreement sets out the terms and conditions under which specific purchases known as call-off contracts can be made on behalf of the Council and other users by individual lot during the agreement.

#### **DETAILS:**

##### **Business Case**

1. The framework agreement provides an efficient, cost effective and flexible security service which includes key holding and alarm response at managed buildings, manned guarding and regular patrols at designated sites for the Council and other named users of the framework on a call off basis. The agreement supports the Council's ability to provide a high quality service with a competitive schedule of rates that represents value for money and clear monitoring measures to ensure this quality is maintained. The current arrangement expires on 31 October 2016.
2. The agreement allows other named bodies including borough and district councils within Surrey, Surrey schools, East Sussex County Council and borough and district councils, Brighton and Hove City Council and West Sussex County Council to utilise the framework agreement for their own security service.

##### **Procurement Strategy and Options**

3. A full tender process using an electronic tendering platform, compliant with Public Contracts Regulations 2015 and the Council's Procurement Standing Orders, was carried out for the framework agreement which included advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 22 February 2016.
4. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These were:
  - a) use internal services to undertake the work;
  - b) place a call-off contract from a framework agreement provided by an external buying organisation;
  - c) undertake a tender exercise and establish a bespoke framework agreement.
5. After a full and detailed options analysis, the process described in paragraph 4(c) was chosen. Option 4(a) was rejected as there is insufficient internal

resource to undertake the work and it would be more costly for the Council overall to provide this service internally. Option 4(b) was rejected as the specification (list of services, service standard, key performance indicators) for the externally provided frameworks were unlikely to meet the requirements of the Council and other named users. In addition a fee would be applicable from the suppliers and paid to the framework provider to cover administration costs adding overall cost to the Council. Further Option 4(c) as a regional approach offered a collaborative opportunity with other named users with the added benefit of sharing best practice.

**Key Implications**

- 6. By awarding framework agreements by individual lot and a call off contract under Lot 1 to the supplier as recommended for the provision of security services to commence on 1 November 2016, the Council will be meeting its obligations to provide a quality, responsive and flexible security service and ensuring best value for money is achieved.
- 7. There will be a five week mobilisation period for the Council’s call off contract under Lot 1 which is considered to be sufficient as the supplier is the incumbent and therefore is already familiar with the property portfolio and requirements.
- 8. Appropriate contract management will take place throughout the duration of the framework agreement and be reviewed at regular contract meetings. The management responsibility for the Council lies with Orbis Property Services who will maintain a process to ensure the services are monitored in accordance with the conditions of the agreement.
- 9. Performance will be monitored through a series of Key Performance Indicators (KPIs) as detailed in the framework agreement and reviewed at monthly operations meetings. The top performance indicators and targets for each are as follows:

KPI	Target
Emergency Callouts responded to within correct timescale	95%
All schedule manned guarding shifts carried out	100%
Management information reports supplied on time	100%
Information regarding any incidents/break-ins/alarm activations supplied within 2 working hours of event.	100%

- 10. The schedule of rates will be fixed for the initial term of the contract and then reviewed for any extension offered. Any extensions will be subject to RPIX increases at the discretion of the Council after negotiation with the supplier.
- 11. The supplier is required to give the Council an annual financial rebate of 3% at financial year end of total charges for services accessed through the framework agreement by any of the participating authorities.
- 12. In terms of Social Value bidders were required in their tender submissions to provide details of how they would implement and deliver the commitments made in their Employment and Skills Plan (ESP). This

includes opportunities that would be offered within the local area and over the term of the call-off contract via work experience placements, apprenticeships and priority groups including employment of those currently Not in Education, Employment and Training (NEET).

13. The supplier recommended for award is located in Camberley, Surrey and has given a contractual commitment for the Surrey county area to the appointment of five apprentices with four apprenticeship completions occurring during the second year of the call-off contract, and the creation of eight jobs for local residents with a portion of recruitment from priority groups.

### **Competitive Tendering Process**

14. The framework agreement has been tendered following a competitive tendering exercise using a restricted procedure which is carried out in two parts.
15. For the first part all suppliers expressing an interest in the advertised tender opportunity were invited to complete a pre-qualification questionnaire (PQQ) and submit this within 30 days in order to be considered for short listing to tender for the framework. PQQ submissions were evaluated on a pass/fail basis against selection criteria including Good Standing, Insurance Requirements, Financial Information, Health and Safety and Equalities, Quality Assurance and Sustainability, Social Value and Business Continuity.
16. Suppliers also submitted a response to technical questions for the PQQ which were evaluated and scored against the criteria and maximum scores as shown below.

<b>PQQ Technical Selection Criteria</b>	<b>Maximum Score</b>
Section 1 – Market Place (and share)	40
Section 2 – Contract Management, Staff Training, Licences, Certification and Accreditation	60
Section 3 – Experience	170
<b>Total</b>	<b>270</b>

17. Each technical selection criteria question was assessed using a score range from 0 Poor – No response or irrelevant information provided and bid excluded from further consideration to 5 – Excellent – response of very high standard and excellent evidence provided including of continuous improvement and innovative ways of working to deliver best value outcomes.
18. Nine PQQ responses were received and evaluated, with the seven top scoring suppliers short listed, invited to tender for the second part of the procurement process and given 30 days to complete and submit their tender.
17. Five tender responses were received and submissions were scored against the quality and commercial award criteria and weightings as shown below.

<b>Tender Award Criteria</b>	<b>Weighting</b>
Section A – Staffing and Recruitment	4%
Section B – Performance	13%
Section C – Contract Management	10%
Section D – Contract Mobilisation	4%
Section E – Quality Assurance and Best Value	4%
Section F – Health and Safety and Environmental Issues	4%
Section G – Social Value including Employment and Skills Plan	1%
Price	60%
<b>Total</b>	<b>100%</b>

18. Each question was assessed using a score range from 0 Unacceptable – No response or irrelevant information provided and bid excluded from further consideration to 5 – Excellent – response of very high standard, the criteria in the specification are exceeded and excellent evidence is provided of continuous improvement and innovative ways of working to deliver best value outcomes.

19. For price, the lowest total cost for each lot for the schedule of rates tendered by each supplier multiplied by the estimated number of jobs required per rate and lot received the maximum score and higher prices bids received a score according to their relationship with the lowest bid.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

20. Risks were appropriately identified and have been satisfactorily mitigated. These risks and action to mitigate them include:

- a) Cost – the prices are fixed for the initial two years of the call off contract. Increases are possible after the initial contract term has ended, however these will be negotiated with the supplier prior to any contract extension being granted.
- b) Stability – the risk of the supplier not being financially stable resulting in no longer being able to provide the services has been mitigated through annual checks to be undertaken to monitor spend on the framework agreement and call-off contracts.
- c) Reputation – high standards need to be maintained in respect of supplier staff continuity, health and safety, flexibility and response, and the overall efficiency of the service. Ongoing performance monitoring will be undertaken by the supplier and the Council to maintain standards.

21. The framework agreement includes termination provisions to allow the Council to terminate the agreement with a three month notice period should circumstances change. The Council also has the right to terminate individual purchase orders with immediate effect for non performance or the call off contract for convenience giving suppliers three months notice.

22. The supplier recommended for framework award was assessed as satisfactory for all financial checks in relation to the value of the proposed award.

### **Financial and Value for Money Implications**

23. Full details of the framework agreement and call-off contract value and financial implications are set out in the Part 2 report.
24. The procurement activity has delivered a solution with a cost avoidance saving of £25,338 against the possible impact on current costs in relation to increases for inflation and National Living Wage, and is within budget.
25. Further the apprenticeships and local jobs gained as a result of the awarding of the framework will contribute to overall growth in the local economy. The estimated total value of these four apprenticeships based on an apprenticeship at Level 2 offered and delivered is £6,000. This value could increase if apprenticeships at a higher level are offered and delivered.

### **Section 151 Officer Commentary**

26. The Section 151 Officer confirms that the estimated annual cost of £205,000 is provided for in the current Medium Term Financial Plan.

### **Legal Implications – Monitoring Officer**

27. The Council selected a supplier in accordance with Public Contract Regulations 2015 and the Procurement Standing Orders. A thorough evaluation was done for supplier's bids. The Council has selected the best value supplier who will also be able to provide social value and aid Surrey's economy.

### **Equalities and Diversity**

28. Tender submissions were assessed for adherence to the Council's Equality and Diversity policy. From mobilisation and onwards Orbis Property Services will monitor the supplier's adherence to the above and take appropriate action to address any concerns with the supplier. The preferred supplier will be required to comply with all relevant legislation.

### **Other Implications:**

30. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report
Safeguarding responsibilities for vulnerable children and adults	All supplier's staff to be DBS checked in line with statutory guidance.
Public Health	No significant implications arising from this report.
Climate change	No significant implications arising from this report
Carbon emissions	The location of the supplier's staff for the Council's call off contract in Surrey will limit carbon emissions from

	transport where possible.
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**WHAT HAPPENS NEXT:**

31. The timetable for implementation is as follows:

<b>Action</b>	<b>Date</b>
Cabinet Member decision to award	12 September 2016
Cabinet call in period	13 to 19 September 2016
'Alcatel' Standstill Period	20 to 29 September 2016
Framework Agreement and Contract Signature	October 2016
Framework Agreement and Contract Commencement Date	1 November 2016

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**Contact Officer:**

Sara Walton, Category Specialist – Procurement and Commissioning, Orbis - Business Services, Tel: 020 8541 7750

**Consulted:**

None applicable for external

**Annexes:**

None - Part 2 report with financial details attached to agenda as item 7.

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