



# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD**

**13 DECEMBER 2022**

**Report Title:** Award of Contract for the provision of Estate Guarding

**Report of:** Richard Paterson, Director of Finance and Resources (Estate Guarding Procurement Project Sponsor)

**Purpose:** This report sets out the procurement exercise undertaken for the re-provision of Estate Guarding Services and seeks the Trustee Board's approval to award the contract.

**Local Government (Access to Information) Act 1985 – N/A**

## **1. Recommendations**

- i. To approve the award of contract for the provision twenty-four-hour, seven-days-a-week estate guarding at Alexandra Park & Palace to Bidder 2, for a period of five years with the option to extend for a further two years (total 7 years). The estimated contract value is £3,340,235, subject to the further consideration set out in paragraphs 1iv. and 8.4 of Exempt Appendix 3;
- ii. To delegate authority to the Chief Executive of Alexandra Park & Palace to finalise the terms of the contract;
- iii. To authorise the Head of Legal and Governance, Haringey Council, to seal the contract.

## **2. Executive Summary**

- 2.1 The current Estate Guarding provider was procured in 2016 following an OJEU (Official Journal of the European Union) notice and the contract term officially ended in August 2021. At the time, the Trust was part-way through procurement of a car park management contractor, and, with no in-house procurement expertise, it was not practical for the Trust to begin another large procurement exercise. The incumbent had been delivering the contract successfully since 2016 and agreed to continue to deliver the contract pending a formal tender.
- 2.2 As an unincorporated body, with the Council as the Corporate Trustee, the Trust is bound by Public Contracts Regulations 2015 and the Council's Contract Procedure Rules. With the assistance of the Council's Procurement Service, a formal tender process began in June 2022. The specification documents are attached at Appendix 1a and Appendix 1b.
- 2.3 This report sets out the two stage restricted tender exercise that completed in November 2022, the evaluation process and the reasons for the recommendation to award the

contract to the highest scoring bidder. The recommendations in this report are supported by the commercial information contained in Exempt Appendices 3 and 4, Agenda Item 17.

### **3. Procurement Process**

- 3.1 The Council's Contract Standing Orders and Public Contracts Regulations 2015 apply to the Trust, which, as an unincorporated body, relies on the Corporate Trustee to enter into contracts on its behalf. In March 2022 the Trust and the Council's Strategic Procurement Unit began discussing the route to an effective procurement process.
- 3.2 The 2016 Estate Guarding Contract Specification was still relevant but, as an input based specification (prescribing the exact service requirements), it left little room for contractor innovation particularly in relation to new technology and systems that might support the contract. An output based specification gave bidders the opportunity to demonstrate their expertise and put forward their own proposals for delivery of the contract.
- 3.3 The two procurement routes available were:
- an open procedure (where any provider could submit a tender), or;
  - a restricted procedure (where there's an initial down selection process based on provider suitability and then only selected providers are directly invited to tender).
- 3.4 Other considerations were current industry challenges, the expected increase in the contract value, which at present was mostly salary costs, and whether an in-house estate guarding model was an option.

#### Pre-market engagement

- 3.5 To understand what the best approach would be the Trust invited a range of industry providers to the site for pre-market engagement.
- 3.6 Five industry providers (of twelve invited) attended the site visits over two days in May 2022.

#### Restricted Tender Process

- 3.7 Although requiring a longer timeframe, a restricted procedure was considered to be the best option for a number of reasons including:
- the contract value and complexities of the site;
  - the restricted procedure enabled a selection assessment to filter out any providers that did not meet the requirements;
  - the resource implications on the Trust of an open tender, which any business could bid for resulting in a potentially high volume of responses to be reviewed.

### 3.8 Tender timeframe:

<b>Stage One – Selection Stage</b>	
Publish Selection Questionnaire (SQ)	01.06.2022
Deadline for SQ submission	30.06.2022
Evaluate SQ	01.07.2022-12.08.2022
Inform all interested parties of the results	19.08.2022
<b>Stage Two – Invitation to Tender (ITT)</b>	
Send ITT to successful providers	22.08.2022
Deadline for Tender submission	30.09.2022
Notify result to all bidders	14.12.2022
Anticipated Contract Start Date	01.04.2023

### 3.9 Stage One

3.9.1 On 1<sup>st</sup> June 2022 eight providers were notified via the HPCS (Haringey Procurement & Contract System) Portal that Alexandra Park & Palace Trust would be going to market for the supply of estate guarding for the entire site and invited to express an interest by obtaining and submitting a Selection Questionnaire (SQ).

Around the same time, the incumbent was requested to supply contract TUPE (Transfer of Undertakings (Protection of Employment)) information, which they did, within the given timescales.

3.9.2 Six providers (identified in the Exempt Appendix 3, paragraph 3) formally registered an interest.

3.9.3 However, only five providers submitted a completed Selection Questionnaire; the sixth provider (identified in the Exempt Appendix 3, paragraph 3) declined the opportunity, having expressed concern about the expected commitment to pay the London Living Wage (LLW), a decision taken by the Trustee Board in 2018, before understanding the implications of the next LLW announcement in September 2022. The provider had also been concerned about the potential risk of liabilities should the incumbent issue pay increases to existing estate guarding staff above the LLW.

3.9.4 The Evaluation Panel comprised: Richard Paterson (Director of Finance & Resources), Zed Major (Head of Facilities), Graeme Timms (Head of Health & Safety), Mark Evison (Head of Park & Environmental Sustainability) and Natalie Layton (Charity Secretary).

3.9.5 Individual evaluations were completed and submitted to the project moderator, Shashi Sharma (Haringey Council, Procurement Officer). As all five providers met the selection criteria and up to five providers were permitted to be invited to tender, the Panel agreed that final scoring and ranking was not necessary and on 19<sup>th</sup> August 2022 all five providers were notified that they would be invited to tender.

#### 4. Contract Award

##### Stage Two

- 4.1 The Invitation to Tender (ITT) was sent to the five providers via the HPCS portal on 22<sup>nd</sup> August with a deadline for returns by 30<sup>th</sup> September.
- 4.2 The tenders would be evaluated against 60% Quality and 40% Price and a Pricing Schedule was provided for bidders to complete with the total contract price for years 1-7. Scores for price would be created by dividing the lowest price by each supplier's tendered price. The ratio would be multiplied by the price weighting (40%) to give a price score for each bidder.
- 4.3 The ITT pack also contained the Council's Terms & Conditions and the contract specification documents:
- **Part A:** Content of the market engagement discussions collated into a single information document (**Appendix 1**)
  - **Part B:** The output-based contract delivery specification (**Appendix 2**)
- 4.5 Quality would be scored on responses to five method statements and in light of any required clarifications of tenderers' submissions. Method statements 1-3 were based on the specification and were each given a weighting of 15 points:
1. Proposed approach to site guarding in the different modes of operation
  2. Proposals for site surveillance on both event and non-event days
  3. Incident response processes and continuous service improvement

With two further method statements, standard questions:

4. Added value and innovation (total weight 5)
5. Social value (weight 10)

- 4.6 The mechanism for assessment by the individual evaluation panel members for was based on a score of zero to 5:

SCORE	
0	Question not answered
1	Poor – Falls well short of meeting the requirements of the Question
2	Low Expectations - Meets some of the requirements of the Question
3	Satisfactory - Largely meets the requirements of the Question.
4	Good - Meets all major requirements of the Question.
5	Excellent - Meets & complies with all the requirements of the Question. No Reservations.

- 4.7 Soon after publication of the ITT documents, Bidder 5, sought an amendment to clause 15.1 of the Contract Terms and Condition relating to unlimited liability. A response was sent, via HPCS, explaining that UK legislation did not permit such liabilities (for losses relating to death or personal injury or for any breach of any obligations implied by Section 2 of the Supply of Goods and Services Act 1982) to be contractually capped, following which Bidder 5 pulled out of the process explaining that they would not be able to meet the requirements.
- 4.8 The Evaluation Panel comprised: Richard Paterson (Director of Finance & Resources), Zed Major (Head of Facilities), Graeme Timms (Head of Health & Safety), Stephan Hickey (Head of Event Operations), Shenda Lowis (Facilities Co-ordinator) and Natalie Layton (Charity Secretary) and moderator, Shashi Sharma (Haringey Council, Procurement Officer).

4.9 The Panel held clarification meetings with each of the remaining four bidders between 28<sup>th</sup> October and 3<sup>rd</sup> November, to answer questions on their bids and each bidder was invited to amend their final tenders in response to the clarifications discussed, mainly around staffing structure.

4.10 Final prices tendered:

<b>Bidder</b>	<b>Tendered Price</b>
1	£3,970,813
2	£3,340,235
3	£2,344,751
4	£3,449,835

4.11 A moderation workshop was held on 11<sup>th</sup> November where the evaluation panel, for the first time, discussed their individual scores for each of the method statements taking into account discussions at the clarification meetings, and agreed final scores.

<b>Bidder</b>	<b>A</b> Price (40%)	<b>B</b> Quality (60%)	<b>A + B = C</b> <b>Final Score</b>	<b>Rank</b>
1.	24	36	<b>60</b>	3 <sup>rd</sup>
2.	28	46	<b>74</b>	1 <sup>st</sup>
3.	40	15	<b>55</b>	4 <sup>th</sup>
4.	27	35	<b>62</b>	2 <sup>nd</sup>

4.12 Bidder 2 scored the overall highest score and, particularly during the clarification meeting demonstrated that they could deliver the core service collaboratively and provide expert industry knowledge and experience as part of the added value.

## **5. Other options considered**

5.1 The evaluation panel discussed whether an in-house estate guarding model was an option but agreed that there was insufficient capacity within the Trust to manage such a model. However, in the future the Trust may consider bringing some elements of security in house such as an AP overseeing security manager to manage the contractors that would take ownership and deliver our values.

## **6. Risks**

### **6.1 Increase in the contract cost**

It was anticipated prior to tendering that the contract cost was likely to increase since last tendered in 2016 due to the increased number of visitors to the site. The Trust is already paying for additional staffing above the contracted hours to meet the current needs of the organisation.

6.2 Current industry challenges

The Protect Duty, arising from the Manchester Arena Inquiry, has placed pressure on the security industry, although the full implications of the recommendations are still unknown. However, this will impact event security services more than estate guarding and is not considered a high risk factor at the current time.

6.3 Contract fails to deliver the terms of the contract

Subject to adequate contract performance management, the terms and conditions of the contract provide a clause for the Trust to terminate the contract at any time by with one month notice in writing (the Trust may extend the notice period).

## 7. **Legal Implications**

7.1 The Council's Head of Legal & Governance has been consulted in the preparation of this report.

7.2 This report is recommending the award of a services contract valued in excess of the current threshold above which tendering is required under the Public Contract Regulations 2015 (PCR 2015).

7.3 The contract has been tendered in accordance with the full tender requirements of the PCR 2015 and Contract Standing Orders (CSO) which, according to the express provisions of CSO 14, apply to APPCT. The contract was tendered using the restricted procedure. Legal Services have been consulted during the procurement process.

7.4 The recommendation for award of the contract has been made on the basis that the recommended provider submitted the most economically advantageous tender in accordance with CSO 9.07.1a) (bids are to be accepted, if the contract value is above the applicable threshold under the PCR, based on the most economically advantageous tender).

7.5 As the contract value exceeds £500,000, under CSO 9.07.1d) (contracts valued at £500,000 or more may only be approved by Cabinet) and under CSO 14b) (Board has the powers and duties of Cabinet under CSOs), the Board has the power to approve the proposed award.

7.6 Subject to the Strategic Procurement's confirmation that the tender process was conducted in a compliant manner, the Head of Legal and Governance confirms that there are no legal reasons preventing the Board from approving the recommendations in paragraph 1 of this report.

## 8. **Strategic Procurement Comments**

8.1 The Council's Head of Strategic Procurement has been consulted in the preparation of this report.

8.2 The restricted procurement process was undertaken in compliance with Regulation 28 with a reduction in the number of candidates in accordance with Regulation 65 of Public contract Regulation 2015 as detailed in section 3 of this report.

- 8.3 The recommendation of the award of contract is compliant with Contract Standing Order 9.07.1d) and 14b) where the Alexandra Palace and Park Board and Panel shall have the powers and duties of the Cabinet.
- 8.4 Strategic Procurement confirm there is no reason to prevent the award of contract as recommended in section 1i) of this report

## **9. Financial Implications**

- 9.1 There was no expectation that the procurement process would provide savings, given the existing market challenges relating to the employment of security personnel.
- 9.2 The tender price by Bidder 2 is the fixed price for the term of the contract and has been factored into the Trust's medium term financial planning. The price factors in the level of staffing currently provided. This was the second lowest price tendered, however, throughout the tender process this bidder gave the evaluation panel the confidence that they would deliver a modernised approach to estate guarding. This included technical awareness and recommendations that would streamline existing processes for incident management but also improve wider operations, such as additional remote CCTV monitoring during large events and deployment of critical response team
- 9.3 The contract costs are broken down in Exempt Appendix 3.
- 9.4 Breakdown of capital costs are provided in Exempt Appendix 3.
- 9.5 The Council's Chief Financial Officer has been consulted in the preparation of this report and has no comments.

## **10. Use of Appendices**

Appendix 1	Contract Specification Document Part A
Appendix 2	Contract Specification Document Part B
Exempt Appendix 3	Exempt Additional information (Agenda Item 17)
Exempt Appendix 4	Exempt Winning Tender Price (Agenda item 17)