

Title of report: Award of CCTV/Security Monitoring Staffing Contract

Decision maker: Cabinet Member housing, regulatory services and community

Decision date: 24 August 2022

Report by: Corporate Director – Economy & Environment

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

Wards affected

Aylestone Hill; Central; Dinedor Hill; Greyfriars; Hinton & Hunderton; Ledbury North; Leominster East; Newton Farm; Redhill; Ross East; Ross West; Whitecross; Widemarsh;

Purpose

To approve the award of the contract for the provision of the CCTV/Security Monitoring Staffing Contract following a competitive tender exercise.

An open tender was issued in compliance with the Public Contracts Regulations 2015 and the council's Contract Procedure Rules. A preferred bidder has been identified through a complaint evaluation process. All of the compliant tender responses were in excess of the anticipated budget figure for the contract and the evaluation scoring reflected this.

Recommendation(s)

That:

- a) a contract be awarded for a 3 year contract with the option to extend for a further 2 years to Enigma CCTV Ltd to supply staff to monitor the council's CCTV cameras across the county, and provide CCTV and security staff to work within the Maylord Orchard Centre for the agreed sum of £1,784,859.

Alternative options

1. Do nothing. The council has an established CCTV service that covers Hereford City and the market towns of Ledbury, Leominster and Ross-on-Wye. Due to uncertainty over future revenue budget commitments from West Mercia Police and Crime Commissioner, the contract has already been extended on two previous occasions and now needs to be re-procured as any further extension will result in the contract not complying with the requirements of the Public Contract Regulations 2015.

The current contract comes to an end on 31 August 2022. Without proactive monitored public space CCTV for Herefordshire and Maylord Orchard Centre there could be an increase in undetected crime and anti-social behaviour.

2. Not award the contract following the tender process. This option is not recommended as it could lead to a legal challenge and result in reputation damage to the council.

Key considerations

3. The council's county wide CCTV service has been in operation since June 2003. Since this time the CCTV cameras have been proactively monitored through a commissioned staffing contract.
4. As the council now own the Maylord Orchard Centre it is desirable for the two CCTV and security services to be aligned under one service and one provider. The commissioning of one contract for all staff will provide economies of scale and resilience for staffing to cover both areas. It is noted that the Maylord Orchard Centre CCTV service is paid for by the tenants of the centre (through a service charge), and this element will remain specific to this location. Whilst in the first instance the two services will be based in separate locations (Maylord Orchard and Shire Hall) during the period of the contract the council will look to consolidate both services in the same location.
5. Approval to carry out a competitive tender exercise for a new contract to monitor the council's CCTV cameras and CCTV and security staff to work within the Maylord Orchard Centre was granted on 16 May 2022:
<https://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=8796> based on an anticipated cost of up to £1.3m.
6. An open tender was issued in compliance with the Public Contracts Regulations 2015 and the council's Contract Procedure Rules. A preferred bidder has been identified after evaluation and any formal award will be subject to this decision being approved and the satisfactory conclusion of contractual arrangements.
7. Due to current economic uncertainties and rising inflation, the outcome of the tender process resulted in a cost in excess of the £1.3m anticipated in the brief. Therefore, this decision seeks cabinet member approval to award the contract to a higher value based on the approach set out below.

8. The council received four compliant tenders in response to the procurement process ranging in value from £1.8m to £2m. All were independently evaluated in accordance council's procurement processes, and in accordance with the scoring criteria set out in the tender.
9. Enigma CCTV Ltd were selected based on this evaluation process. The total cost of their tender is £1.8m against the original tender value of £1.3m. This includes a year on year allowance for inflationary costs that the council would need to meet via the contract. The split of the costs across the two service areas are as follows;

Service Area	Tendered Costs (including year on year inflation)	How Mitigated
CCTV monitoring in Hereford and the market towns	TOTAL 5 YEARS £557,341	The City and Town Council Service Level Agreements include a mid term Consumer Price Index (CPI) based inflationary increase. This should meet the inflationary contract increase year on year for the first three years of the contract, which will be reviewed in year 3. Both service areas will pay for a supervisor
CCTV monitoring and security at Maylord Orchards	TOTAL 5 YEARS £1,227,518	The specification in the tender was a result of a consultation with the tenants. The consultation identified a more detailed requirement for security and overall provision due to issues experienced on site. The charges for provision of this service are recharged via the Service Charge and any bad debt will be picked up following normal process. The service required was for an additional security guard and a supervisor
Total	£1,784,859	

Community impact

10. The CCTV service provided by the council and on behalf of the town councils' is critical to community safety and wellbeing. The tendering of the service ensures it will continue for the next five years, and reflects the latest market tested costs. Whilst the tendered costs are higher than anticipated, this reflects an enhanced service, and the current economic conditions in terms of inflation. Inflationary cost increases/ contributions are included in the current city and market town service level agreements.

11. The increase in the service charges to Maylord Orchard tenants reflects the consultation with them where they highlighted a need for enhanced security at the shopping centre. Whilst increases to service charges may have an impact on smaller businesses located in the shopping centre, the enhanced services are as a result of local engagement, and increased costs will offset losses due to crime and/ or reduced custom due to antisocial behaviour.
12. By aligning both CCTV/security services into one managed service and eventually in one location will help with lowering the council's carbon emissions and its aim to become carbon neutral by 2030.
13. The CCTV/Security service will continue to monitor for vulnerable people and alert authorities to go and assist them with their wellbeing. The service will also continue to participate in various partnership working groups to identify the vulnerable.
14. The service will continue to support local businesses, retailers and licensees in keeping Herefordshire a safe place to live, work and visit by proactively monitoring CCTV to assist in the reduction, prevention and detection of crime.

Environmental Impact

15. Aligning both services together will reduce the council's carbon emissions by having one location carrying out the same service rather than two locations.
16. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
17. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy. A video management system is in use for the county wide system which negates the need for the use of paper system. Both services will use the video management system thus saving a considerable amount of resources being used.
18. The development of this project has sought to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance. By bringing both services together in one control room will save a considerable amount of costs on the utility costs of housing two services in two buildings.

Equality duty

19. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
20. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

21. The council has committed long term base budget for CCTV in Herefordshire. Other financial stakeholders, Hereford City Council, Hereford Cathedral, Ledbury, Leominster and Ross-on-Wye Town Councils have committed long term financial contributions through Service Level Agreements and the tenants of the Maylord Orchard Centre make a contribution towards the building costs which will cover the element of the CCTV and security costs directly accountable to that area.
22. As identified above, the tendered costs are higher than the indicative budget identified in the tender brief reflecting current economic conditions such as high inflation. The costs related to the Maylord Orchards security provisions will be met by increased service charge contributions from the tenants of the centre. The increased costs relating to the CCTV monitoring of Hereford and the market towns will be met through the current Service Level Agreement contributions from Hereford City Council and the market town councils (which includes a CPI inflationary uplift based on the mid term figures provision for year on year inflationary costs) and Herefordshire Council. Further details of the CPI index can be found here: [Consumer price inflation, UK - Office for National Statistics](#).
23. The CPI reflects current economic conditions, whilst the fixed price CCTV tender includes future year forecast. It is considered that the forecasts included in the tender are reasonable over the first three years of the contract, and as such should be met by the CPI related adjustments to income from the market towns. Should economic conditions change thereafter, the council would choose not to take up the option to extend the contract by a further 2 years and retender at this stage.

Revenue	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Staffing Cost HC	99	107	112	239	557
Staffing Cost Maylord Orchard Centre	219	235	248	525	1,227
TOTAL	318	342	360	764	1,784

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>HC CCTV Contract Base Budget</i>	12	14	14	28	68
<i>Town Councils Contribution adjusted by Expected CPI Annually</i>	86	92	97	206	482
<i>HC CCTV Contract Budget increase</i>	1	1	1	5	7
<i>External Contribution from MOC tenants</i>	219	235	248	525	1227
TOTAL	318	342	360	764	1,784

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>HC CCTV Contract Budget increase</i>	1	1	1	5	8
TOTAL	1	1	1	5	8

24. As the majority of the monitoring contract is funded by external parties there is only a small pressure on the CCTV monitoring budget.

Legal implications

25. The council has the power to enter into the CCTV Security Monitoring Staffing Contract under s1 – 4 Localism Act 2011 which provides local authorities with the power to do anything that an individual can do.
26. The tender was carried out in compliance with UK procurement legislation and the council's contract procedure rules and it appears that all compliant bids (with the exception of price) were considered and evaluated in accordance with the published evaluation criteria. If the decision is taken to not award the contract this could lead to a challenge being made to that decision which could have reputational issues for the council.

Risk management

27. To not approve the award of a new staffing contract will leave the countywide CCTV service and the Maylord Orchard Centre CCTV and security unmonitored.

Risk / opportunity	Mitigation
Not approving the award of a new staffing contract will leave the countywide CCTV service and Maylord Orchard Centre CCTV and security unmonitored.	Approval of this decision report to appoint the procured service.
Increase to the annual contract value	The contract is a fixed price for a fixed term of 3 plus 2 years contract. The inflationary costs identified in the contract over the first three years are considered reasonable, and are included in the resource section above. The market town Service Level Agreements include a CPI related inflation adjustment each year to meet this cost. The service charge income from Maylord Orchards will also meet the increasing costs.
Maylord Orchards' service charge arrears	<p>Tenants of Maylord Orchards are subject to the council's debt management processes</p> <p>Minimising the number of vacant units will reduce the impact of the increase in costs</p>
The service charge on Maylord Orchards vacant units is paid for from rental income reducing the amount available for maintenance of the centre	The contract is a fixed price for a fixed term of 3 years with an option to extend for a further 2 years contract. There is the ability to terminate the contract after the initial term of 3 years. There is also a No Fault Termination clause which allows either party to terminate the contract with 6 months written notice.
What if there isn't budget for the service during the term of the contract.	

Consultees

28. Consultation was undertaken prior to the previous decision; the Maylord Orchard Centre Manager; Strategic Assets Delivery Director; Strategic Property Services Manager; Director of Economy.
29. A summary of their views is below
 1. Maylord Orchard Centre Manager having taken on feedback from tenants with respect to the security service, it was clear that since the pandemic the labour for such service had been reduced and diluted by a lack of investment. This resulted in trained security operatives being dual sited into both cleaning and security roles.

2. The impact of this has been less patrolling of the centre by trained security officers leading to increased theft in some retail outlets, the congregation of nuisance gangs predominantly of younger age groups causing retailers to be frustrated and trade to be impacted and also on occasion some retailers feeling vulnerable with lone working, opening and locking their shops.
3. The cleaning of the Maylord Shopping Centre has then been compromised also due to officers sharing their roles and having to tidy and open and lock the centre at the beginning and end of the day. The new contract will allow for the CCTV and security staffing levels be increased to provide the extra assurance that the tenants have requested and will allow for a dedicated supervisor to manage both the Shirehall and Maylord Orchard teams, providing extra resilience for staff holidays and sickness.

Appendices

None

Background papers

None identified

Report Reviewers Used for appraising this report:

Governance	Sarah Buffrey, Democratic Services Officer	Date 01/08/2022
Finance	Louise Devlin	Date 05/08/2022
Legal	Alice McAlpine	Date 08/08/2022
Communications	Luenne Featherstone	Date 26/07/2022
Equality Duty	Carol Trachonitis	Date 04/08/2022
Procurement	Mark Cage	Date 04/08/2022
Risk	Kevin Lloyd	Date 25/07/2022

Approved by	Ross Cook	Date 11/08/2022
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