

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 14 January 2022	<b>Meeting Name:</b> Cabinet Member for Council Homes and Homelessness
<b>Report title:</b>		<b>Gateway 1 Procurement Strategy Approval</b> Waking Watch Services on the Ledbury Estate	
<b>Ward(s) or groups affected:</b>		Old Kent Road Ward	
<b>From:</b>		Strategic Director of Housing and Modernisation	

## RECOMMENDATION (S)

1. That the Cabinet Member for Council Homes and Homelessness approves the procurement strategy through the North East Procurement Organisation NEPRO3 framework as further detailed in paragraphs 18 and 19, for the provision of waking watch services to the tower blocks on the Ledbury Estate for a period of two years eight months commencing 14 February 2022 with break clauses at one year, 18 months, and 24 months at an estimated annual cost of £1.395m for the first year and, as one block will be demolished during the term (planned for September 2022) the total estimated cost of the contract is £3.24m.

## BACKGROUND INFORMATION

2. Following various surveys which established issues with the structure of the four multi-storey blocks on the Ledbury Estate it was decided that a waking watch fire warden service was required to ensure the safety of the residents whilst a long-term solution to the issues discovered was put in place. There will be a continuing need for this service as long as there are residents living in the tower blocks.
3. The waking watch service provides patrols in the tower blocks to prevent fire, provide a fire response and to alert residents to evacuate.
4. The initial service was provided by Kier Facilities Services Limited through the hard facilities management services contract and when their contract ceased their sub-contractor, 1st ACE Security Ltd., (1st ACE) was directly contracted to provide the service.
5. There are 20 wardens on the Ledbury Estate split equally over two 12-hour shifts.
6. Details of commercial discussions are set out in the closed version of this report. The service is currently being directly provided under emergency powers of the Strategic Director of Housing and Modernisation.

7. Considerable effort has been made by the Ledbury Estate Director and their team to ensure that the waking watch service is fit for purpose with regular refresher training and regular meetings with residents and the local London Fire Brigade representative. Residents have developed trust in the service provided by 1<sup>st</sup> ACE.
8. The Ledbury Estate residents voted at the end of March 2021 for the demolition and redevelopment of the four tower block sites to provide new homes. The new homes will not be built all at once, but in phases and each phase will take around two years to build. The present plan is for Bromyard House to be decanted and the site handed over to the works contractor in September 2022, reducing the number of operatives required for the waking watch service. The remaining three tower blocks will be occupied until the residents are decanted and the buildings handed over to the works contractor, currently scheduled for September 2024.
9. Whilst the waking watch service is normally provided by companies that provide security services, it is not a service that the Security Industry Authority (SIA) regulates, though it has provided a guide which describes services that may be required as part of a waking watch service in a particular building that do require a SIA licence.
10. Guidance on the provision of a waking watch service has been issued by the National Fire Chiefs Council, which the council is following.
11. The housing asset management team (AM) is planning to put in place a framework agreement for waking watch services. The reason for putting in place break clauses in this contract is so that reviews can be carried out at key points. After one-year consideration can be given to appointing a firm from the AM framework, if that is more cost-effective. A further break, six months later, is to give flexibility in case the framework procurement is delayed. As the final programme for the redevelopment won't be completed until after the works contractor is appointed further flexibility is prudent, hence another break opportunity at 24 months.

### **Summary of the business case/justification for the procurement**

12. Because of the issues with the gaps in the concrete which the four tower blocks on the Ledbury Estate are exhibiting, it is not possible to say with any degree of confidence that any fire will be confined to the source flat, putting other residents at risk of exposure to fire, heat and smoke which may rise through the gaps. As a result a waking watch service is required until the blocks are no longer occupied.
13. This is not a service that the council currently provides directly and therefore, the service needs to be procured. It is also a time-limited service in that it will not be required when the buildings are no longer occupied and are handed over to the development contractor.

14. As a type of security service the waking watch service falls under the “light regime” under the Public Contracts Regulations 2015 where a procurement is required when the threshold of £663,540 is reached.

### **Market considerations**

15. There are many small and medium-sized security firms providing waking watch services to local authorities and private owners of tower blocks. An advert is likely to attract a large number of bids.
16. In addition, there is a framework provided by the South East Consortium for waking watch services.

### **KEY ISSUES FOR CONSIDERATION**

#### **Options for procurement route including procurement approach**

17. The first option considered was not to provide the service (the do nothing option). This was immediately discounted as the council has a duty of care to its residents in its properties. Provision of a waking watch service whilst the properties are occupied meets that duty of care.
18. The second option that was considered was to procure the service using the South East Consortium (SEC) Framework. To that end the SEC were asked to provide their (confidential) pricing information. Details of this information are set out in the closed version of this report, which also notes the reasons why this route is not recommended.
19. The third option considered was a full procurement could be carried out using a two-stage procurement process compliant with the Public Contracts Regulations 2015. This is likely take four to six months to put in place. If the incumbent did not bid, or did not win, there would then be a period of time whilst the new firm bedded in and trust was re-developed with the residents in the service. However, the residents have put time and effort and continue to work with the Ledbury Estate team and local Fire Brigade representatives to ensure that the firm currently providing the service is providing a quality service. The benefit of all this work done by the residents and council staff would be lost if a new provider is procured. Therefore, this route is not recommended.
20. A fourth option is to utilise the North East Procurement Organisation’s professional services framework - NEPRO. NEPRO is a managed service solution that provides a route compliant with the Public Contracts Regulations 2015 for the procurement of professional services. The single supplier on this framework, Bloom Procurement Services Ltd. (Bloom), is a procurement specialist that can fully manage a procurement process to sub-contract either through direct award or mini-competition. The direct award process allows for firms currently providing services to be added to Bloom’s framework and then a direct award made by Bloom to them to provide the service thereby ensuring continuity of the same supplier.

Bloom’s management fee is 5% on top of the charge for the service. They have communicated that often there is an opportunity for existing rates to be reduced during negotiations. With this arrangement, the rate the council would pay is less than the SEC framework average rate.

### Proposed procurement route

21. The NEPRO route proposed is to form a contract following a direct award of a sub-contract arrangement via Bloom. Bloom negotiates with 1<sup>st</sup> ACE to create a contract between them and Bloom. Bloom supplies 1<sup>st</sup> ACE’s services to the council for a fee as noted in paragraph 19.
22. The council has used Bloom’s services in the past. The council's negotiations with Bloom are likely to include negotiations over the terms and conditions of contract including break clauses.

### Identified risks for the procurement

23. The table below identifies risks associated with this procurement strategy and controls to mitigate the risks.

<b>Risk No.</b>	<b>Risk Identified</b>	<b>Risk Level</b>	<b>Mitigation</b>
R1	Lack of staff resources to deliver the strategy	Low	There is resource within the CFM department to help support and deliver the procurement strategy outlined.
R2	The successful supplier or subcontractor ceases trading or goes into administration/ liquidation.	Low	The framework supplier checks their supplier panel prior to appointment. In addition, a credit check will be conducted of both the supplier and subcontractor prior to awarding the contract to the supplier. If the supplier ceases trading or goes into administration/liquidation during the course of the contract then the council could utilise its framework agreement. If that is not yet in place then emergency powers to appoint may be utilised.
R3	Risk of Challenge	Low	The framework route proposed has been let in accordance with the Public Contracts Regulations 2015. NEPO provides guidance on how to carry out a call-off and the majority of the documents necessary.
R4	Brexit effects	Low	The service has been provided before, during and after the Brexit date without any adverse effect. There is no importation of goods related to the provision of this service and therefore, no effects are expected.

R5	Covid or other pandemic	Low	The service has been continuously provided since before the pandemic to the current day. Planning for Covid is now a requirement under H&S Executive Guidance. Firms will be asked for their specific Business Continuity plans in relation to the current or another pandemic.
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### Key decisions

24. This report deals with a non-key decision

### Policy implications

25. There are no policies affected by this report.

### Procurement project plan (Non-Key decisions)

Activity	Complete by:
DCRB Review Gateway 1:	09/08/2021
CCRB Review Gateway 1:	25/11/2021
Brief relevant cabinet member (over £100k)	29/11/2021
Approval of Gateway 1: Procurement strategy report (IDM)	24/12/2021
Forward Plan (if GW2 is key decision)	01/07/2021
Completion of discussions with Provider	15/01/2022
DCRB Review Gateway 2: Contract award report	24/01/2022
CCRB Review Gateway 2: Contract award report	03/02/2022
Notification of forthcoming decision (if GW2 is key decision)	09/02/2022
Approval of Gateway 2: Contract Award Report (IDM)	17/02/2022
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision (If GW2 is key decision)	25/02/2022
Contract award	02/03/2022
Add to Contract Register	11/03/2022
Place award notice on Contracts Finder	11/03/2022
Contract start	14/03/2022
Initial Contract completion date	13/10/2024

### **TUPE/Pensions implications**

26. Under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) any transfer of the undertaking (the waking watch service) to a new provider may entitle a number of the staff providing the service to be transferred to any new provider, though each case has to be considered on its own merits.
27. The service has never been provided directly by Southwark Council and therefore, there are no pension implications.

### **Development of the tender documentation**

28. The specification will be developed by the Director of the Ledbury Estate with assistance from the Corporate Facilities Management Corporate Contracts Manager (Interim). Other documentation is provided by the Framework provider NEPO.

### **Advertising the contract**

29. The proposal is to use a framework and therefore, there will be no requirement to advertise.

### **Evaluation**

30. The NEPO framework provides for a direct award from the framework supplier, Bloom, therefore, the proposal will be considered in terms of cost and social value benefits.

### **Community, equalities (including socio-economic) and health impacts**

#### **Community impact statement**

31. No part of the community will be adversely impacted by this procurement. The residents of the tower blocks on the Ledbury Estate will continue to be protected by the waking watch patrols and being alerted to a fire, should one arise, in the block in which they live.

#### **Equalities (including socio-economic) impact statement**

32. No part of the community will be adversely impacted by this procurement, which is designed to protect all residents of the tower blocks on the Ledbury Estate.

### **Health impact statement**

33. The purpose of this procurement is to ensure that the health of the residents of the Ledbury Estate tower blocks are not adversely affected in the event of a fire in the block in which they live.

### **Climate change implications**

34. As part of the contract negotiations Bloom will be asked to confirm which of the council's TOMS objectives relating to climate change that they will monitor as part of the provision of the service through 1<sup>st</sup> ACE.

### **Social Value considerations**

35. 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 well-being of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

### **Economic considerations**

36. The service provider and their subcontractor will be required to provide opportunities for residents throughout the term of the contract by advertising vacancies in local press, to engage with Southwark Works to support unemployed residents and to engage with apprenticeship schemes. 1<sup>st</sup> ACE have been encouraged to employ local residents since the service was first provided. This will now be monitored via the TOMS website

### **Social considerations**

37. 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 Southwark pay their staff at a minimum rate equivalent to the LLW rate. It is expected that payment of the LLW by the successful contractor for this contract will result in quality improvements for the council. These should include continuity of service provision resulting from reduced turnover of staff] and will provide best value for the council. It is therefore considered appropriate for the payment of LLW to be required.
38. 1<sup>st</sup> ACE currently pay their staff at least the LLW and the new Supplier will be expected to ensure that both them and their sub-contractor 1<sup>st</sup> ACE continues to pay their operatives at least the LLW.

### **Environmental/Sustainability considerations**

39. The service provider and their subcontractor will be required to set out how they will reduce their carbon impact during the term of this contract.

### **Plans for the monitoring and management of the contract**

40. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
41. The contract will be managed and monitored by the Ledbury Estate Director's team.

### **Staffing/procurement implications**

42. There are no additional staffing requirements relating to the procurement.

### **Financial implications**

43. 43 .Commercially confidential information relating to the Current Approach, Option 2 (paragraph 17) and Option 4 (paragraph 19) is set out in the closed version of this report.
44. An allowance of 2% for inflation has been included from Dec 2022 in the overall cost together with the possible pass through management fee of 5%, making an estimated total of £3.239m for the contract value.
45. These costs will be reviewed in line with the break clauses to determine the provision required going forward and will continue to be contained within the housing revenue account.

### **Investment implications**

46. There are no investment implications.

### **Legal implications**

47. Please see concurrent from the Director of Law and Governance.

### **Consultation**

48. The Director of the Ledbury Estate has been consulted on this report.

### **Other implications or issues**

49. None.



## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Procurement**

50. This report seeks the approval of the Cabinet Member for Council Homes and Homelessness for the procurement strategy contained within this report for the provision of waking watch services to the tower blocks on the Ledbury Estate. The report identified the use of the North East Procurement Organisation NEPRO3 framework as is further detailed in paragraphs 18 and 19. It is proposed that the contract period will be for a period of two years, eight months and is aimed to commence on 14 February 2022. The estimated annual cost of the contract is £1.395m for the first year and, as one block will be demolished during the contract term (planned for September 2022) the total estimated cost of the contract is £3.24m.
51. The report confirms that that there will be three break clauses within the contract terms, set after one year, 18 months and 24 months in case they are required.
52. The background to the requirement for this contract is set out in paragraphs 2-11, with the options for procurement and recommended options in 17-22 with the risks set out in the table at paragraph 23.
53. The community, equality and health impact and climate change statements are in paragraphs 31-34. Social value details are included in paragraphs 35-39 with confirmation that the contract will pay London Living Wage included within this section.

### **Director of Law and Governance**

54. This report seeks the approval of the Cabinet Member for Council Homes and Homelessness to the procurement strategy for a single supplier negotiation with Bloom via The North East Procurement Organisation (NEPO) using the NEPRO3 framework in order for 1st Ace Limited to be appointed for waking watch service on the Ledbury Estate, as further detailed in paragraph 1.
55. The value and nature of the services to be provided means that this procurement is subject to the light touch tendering requirements of the Public Contract Regulations 2015 (PCR 15). As noted in paragraph 21, it is the council's intention to procure these services through the NEPRO 3 framework with Bloom, which was established through an EU compliant tendering process and is established to allow local authorities to use for their own requirements. The tendering requirements of the PCR 15 are therefore satisfied. The council will enter into a contract with Bloom, who will then sub-contract these services to 1st Ace Limited (as permitted under the framework arrangements).

56. The Cabinet Member’s attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Cabinet Member is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 31-34 setting out the consideration that has been given to equalities issues which should be considered when approving the recommendation in this report.

**Strategic Director of Finance and Governance (H&M 21/098)**

57. The Strategic Director of Finance and Governance notes the procurement strategy through the North East Procurement Organisation NEPRO3 framework for the provision of waking watch services to the tower blocks on the Ledbury Estate for a period of two years eight months at an estimated cost of £3.24m, with break clauses available at one year, 18 months and 24 months.
58. The provision and costs will be reviewed in line with these break clauses and a more cost effective option may be available. These costs will be contained within the housing revenue account.

**Director of Exchequer (for housing contracts only)**

59. In July 2017 the Cabinet Member for Housing and Strategic Director of Housing and Modernisation made a decision not to recharge leaseholders for the costs for the waking watch on the Ledbury Estate. Therefore no statutory consultation with the leaseholders has been carried out, and this would be required should the decision on recharging be reversed. The service charge loss to the HRA will be approximately £0.57m.

**BACKGROUND DOCUMENTS**

Background Documents	Held At	Contact
Ledbury Newsletters (Publicly available)	www.southwark.gov.uk	
Link: <a href="https://www.southwark.gov.uk/housing/safety-in-the-home/ledbury-estate?chapter=7">https://www.southwark.gov.uk/housing/safety-in-the-home/ledbury-estate?chapter=7</a>		

**APPENDICES**

No	Title
None	None

## AUDIT TRAIL

<b>Lead Officer</b>	Paul Symington, Head of Corporate Facilities Management	
<b>Report Author</b>	Linda Campling, CFM Corporate Procurement Manager (Interim)	
<b>Version</b>	Final	
<b>Dated</b>	6 January 2022	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Director of Exchequer (for housing contracts only)	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		6 January 2022