



The Property Services Department – Contract Re-Procurement

MOPAC Investment Advisory & Monitoring meeting 10th January 2024

Report by Vince Fihosy on behalf of the Chief People and Resources Officer

Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC

Executive Summary

This Business Justification seeks authority to re-procure the current contracts;

1. Provision of Asbestos Maintenance
2. Provision of Special Events Services
3. Provision of General and Hazardous Waste
4. Provision of Reprographic Services
5. Provision of Furniture

Noting that service demand has increased aligned to the MPS operating model and external market pressures (e.g. retention of buildings, officer uplift and significant inflationary increases). These were not modelled when the current agreements were tendered and awarded.

New contracts to be tendered will reflect these changes and those arising through the development and delivery of the 'New Met for London' Plan.

The contracts are due to expire within the next 30 months with the exception of the provision of Special Events Services which is due to expire in 2028.

Because the value exceeds the threshold for delegated authority but comply with Public Contracts Regulations 2015 (PCR 2015) approval is sought from DMPC for the commencement of re-procurement activity.

There is no impact on budgets because both predicted new contract values are based on current spend.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to:

Approve the re-procurement and award of the following service lines within a 10% tolerance of the values outlined in this paper to be signed off by the MPS Commercial Director under delegated authority;

- a. Procurement of Asbestos Management Services with a proposed total contract value of £5.340M over 3+2+2 years.
- b. Procurement of Operational Support Special Events Services with a proposed total contract value of £51.047M over 7+1+1+1 years.
- c. Procurement of General and Hazardous Waste services with a proposed total contract value of £19.454M over 3+2+2 years.
- d. Procurement of Reprographic Services for the MPS with a proposed total contract value of £2.966M over 3+2+2 years.
- e. Procurement of a Furniture supplies service with a proposed total contract value of £62.359M over 3+2+2 years.

The key issues the IAM need to take account of are:

Table A below is a summary of the key financial information and contract information relating to the existing Contracts and the proposed contract value and duration of the new contracts the MPS are seeking authority to re-procure.

The proposed value of each contract indicates the contract 'headroom' value and not the budget required. These figures have been calculated based on a benchmark of current annual spend; estimated future demands; inflationary increases and therefore, allow sufficient headroom in the contract value to continue the provision of services through to the end of the recommended contract term.

Table A – Contract Values

Service	Existing Contract expiry date (Including extensions)	Existing annual contract value (including inflation & contingency)	Current full term contract value (Including extensions)	New proposed annual contract value (Including inflation & contingency)	New Proposed full contract term value (7 or 10 Years)
Asbestos Management	28/02/2025	£253,783	£1,522,697	£762,899	£5,340,293
Provision of Special Event Services*	29/04/2028	£2,977,538	£29,775,380	£5,104,709	£51,047,094
General and Hazardous Waste	29/04/2025	£1,790,279	£12,531,951	£2,779,130	£19,453,914
Provision of Reprographic Services	29/04/2025	£358,268	£2,507,872	£423,729	£2,966,103
Provision of Furniture	30/04/2025	£12,475,174	£87,326,216	£8,908,452	£62,359,163

NB * 10 Year Contract Duration

Re-procurement timescales

The current contracts contained within the table above are due to expire within the next 30 months with the exception of the provision of Special Events Services which is due to expire in 2028 all as detailed in the table above.

The proposed value of each contract includes allowance for inflation and other external factors (this is headroom in contract value and not budget) and has been calculated based on a benchmark of recent annual spend. A contingency has been included to allow for

any potential uplift in the Estate aligned to Police recruitment targets and the New Met for London Plan.

Approval is sought from ExCo to ensure that re-procurement of each of the contracts identified above in Table A can be carried out with sufficient time to fully comply with Public Contracts Regulations (PCR) 2015.

Time sensitivity

A decision is required from DMPC by **10th January 2024**. To enable adequate time for procurements to take place and new contracts to commence at the point the existing contracts reach the end of their term. Continuation of these services is critical to the compliance of the estate and the support of operational policing.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Background to the Service Requirements

The scope of requirements for each contract is summarised in Table B below. Each contract provides services across all 32 London Boroughs and the MOPAC estate.

Contract	Scope of Requirements
Asbestos Management	The provision of a planned and reactive call out service for the management of Asbestos throughout the MOPAC Estate including; The management of the Asbestos Register, Completion of suitable Risk Assessments, Relevant Management, Re-Inspection/ Refurbishment and Demolition Surveys, Conduct audits of removal work, produce reports and update surveys with changes.
Special Events Services	The provision of a fixed location to store and maintain the Authority's Assets to enable immediate deployment to support the Operational needs of the MPS. This includes dedicated permanent staff assigned to the contract. As and when required 24/7/365 the supplier will be required to deploy Assets and attend site to support planned and unplanned events.
General and Hazardous Waste	The provision of a planned and reactive call out service for the management of General and Hazardous waste services throughout the MOPAC Estate.
Reprographics	The provision of a secure environment and equipment to receive information in multiple media and provide multiple copies of documents in a secure environment.
Provision of Furniture	The provision of furnishing needs including chairs, desks, lockers and the like across the MOPAC Estate. Including for the effective management of warranties and associated repairs

Table B - Scope

A detailed review of the scope of all service lines has been undertaken (Sept/Oct 23) to identify any potential savings and none have been identified. Any removal of or reduction in the scope/level of service will impact on operational policing and/or result in degradation of the MOPAC Estate, with potential for consequential costs. The majority of the services are demand led and all non-essential provisions have been removed. A further review of all service lines will be undertaken during the preparation of the tender documents and specifications to confirm that there are no further opportunities for savings.

Current Position

Asbestos Management - The contract for the Asbestos Management Services and was awarded to Pennington Choices Limited with a contract start date of 1st March 2019 on a 7 Year contract (5 Year initial term with two 1 year optional extension periods). This was subsequently reduced to a 5 Year initial term with a single 1 year optional extension period.

The contract value for this service line awarded at £837,079 for the full term was based on a projected average annual spend of £119,583. Due to exceptional demand, the duration of the contract was reduced by 1 year and the contract value increased to £1,522,697.49. The actual spend has averaged at £266,985 per annum, which has equated a total value spend and accrual to date (November 2023) of £1,245,930.

Special Events Services - The contract for the provision of Special Events Services was awarded to Interserve Facilities Management Ltd, (now Mitie) with a contract start date of 30th April 2018 on a 10 Year term (7 Year initial term with three 1 year optional extension periods)

The contract value for this service line awarded at £29,775,380.60 full term value based on a projected average annual spend of £2,977,538.06. The actual spend has averaged at £2,437,848.00 per annum which has equated a total value spend and accrual to date (November 2023) of £13,408,165.00.

Reprographics Services - The contract for the provision of Reprographic Services was awarded to Bouygues E and S FM UK Ltd with a contract start date 30th April 2018 on a 7 Year contract (5 Year initial term with two 1 year optional extension periods)

The contract value for this service line awarded at £ 2,507,872.88 based on a projected average annual spend of £358,267.55. The actual spend has averaged at £336,293 per annum which has equated a total value spend and accrual to date (November 2023) of £1,849,612.

Provision of Furniture - The contract for the provision of Furniture was awarded to Wagstaff Interiors Group with a contract start date of 1st May 2018 on a 7 Year contract (5 Year initial term with two 1 year optional extension periods)

The contract value for this service line awarded at £87,326,216.05 based on a projected average annual spend of £12,475,173.72. The actual spend has averaged at £4,971,122 per annum which has equated a total value spend and accrual to date (November 2023) of £ 27,341,171.

Hazardous and General Waste - The contract for the provision of Hazardous and General Waste was awarded to Biffa Waste Services Ltd with a contract start date 30th April 2018 on a 7 Year contract (5 Year initial term with two 1 year optional extension periods)

The contract value for this service line awarded at £12,531,951 based on a projected average annual spend of £1,790,278.77. The actual spend has averaged at £1,471,454 per annum which has equated to a total value spend to date (November 2023) of £8,092,997.

New Met for London

These contracts support the organisation to achieve our mission of 'More Trust, Less Crime, High Standards' through ensuring the properties are invested in, and they 'set our people up to succeed' by making it easier for them to do their job. With these contracts in place PSD will be able to manage suitable services that support a well maintained estate creating higher standards in the working environments for front line officers and the communities they serve.

These new contracts further allow a provision to support growth in officer numbers and the corresponding demand on services that arise in delivering the MPS mission.

Risks and Mitigations

The following risks and mitigations have been identified and are detailed in Table C below.

Table C - Risks and Mitigations

Area Identified	Risk	Mitigation
Data	Accuracy and integrity of data provided maybe insufficient for the market to provide accurate pricing and tender responses	Ensuring accurate data is provided to the bidders. PSD's data management systems will provide the most up-to-date picture of the estate requirements.
Poor response to ITT	There is a risk that the market does not respond/responds poorly to the procurement opportunities.	Through early market engagements, continuous supply chain communications, site visits to ensure both the client's objectives and the scale of the opportunity are understood. Mitigated through market and supplier engagement.
Mobilisation and Security	The new supplier is not prepared by go-live date, including key personnel not gaining security clearance.	A 6-month mobilisation period has been built in to re-tender exercises, in which PSD can work closely with the supplier to ensure readiness for go live. This will be achieved through utilising submitted mobilisation plans and regular check point meetings.
Secure System and Data Security Requirements	Bidders do not fully understand or appreciate requirements to manage data in a secure environment with cleared personnel. (Rentokil experience)	Market engagement will highlight requirements to fully inform bidders of MPS data security requirements to ensure bidders understand requirements and include provision of systems and processes to meet requirements in their bids.
Inflationary pressure	There is a risk that Inflationary pressure post Covid 19 and the war in the Ukraine increases further leading to an increase in the contract value.	Sufficient headroom is built into the proposed new contract value to account for inflation. PSD have implemented a revised financial model de-risking fixed inflationary period of three years.
Staff Transfer	Staff data provided by the incumbents may not support a smooth transfer of staff should there be a change in supplier.	PSD will establish the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) requirements with the incumbent supplier and TUPE will be managed in accordance with current legislation.

Contributes to the MOPAC Police & Crime Plan 2022-25¹

This request enables currently imbedded services that are essential to the compliance of the estate, support the public image of the MPS and that maintain facilities needed to enable

¹ [Police and crime plan: a safer city for all Londoners | London City Hall](#)

operational policing to function.

Commercial and Procurement Comments

Commercial Services have reviewed and considered options in relation to the 'lotting' of these service contracts and recommends the structure detailed in option 1 below.

Table D – Lotting/Packing Options

<u>Option</u>	<u>Pros</u>	<u>Cons</u>	<u>Overall Risk</u>
Procure Contracts as Separate Lots	1. Maximises Authority leverage and Economies of scale 2. Reduced supplier overheads 3. Reduced Authority overheads 4. Allows Small Medium Enterprise (SME) inclusion given the service line value	1. Supplier resilience - mitigated via check undertaken at 1st stage of the restricted tender process	Recommended
Combine Contracts and Procure Packages	1. Maximises Authority leverage and Economies of scale 2. Reduced supplier overheads 3. Reduced Authority overheads	1. Increased supplier overheads 2. Increased Authority overheads 3. Likely to restrict SME inclusion given the service line value 4. Reduction in supplier resilience 5. Likely increase in cost as a result of sub-contracting specialist functions	Not Recommended
Create one Package including all Services	1. Maximises Authority leverage and Economies of scale 2. Reduced supplier overheads 3. Reduced Authority overheads	1. Increased supplier overheads 2. Increased Authority overheads 3. Likely to restrict SME inclusion given the service line value 4. Reduction in supplier resilience 5. Likely increase in cost as a result of sub-contracting specialist functions	Not Recommended

Route to Market

A review of the available Framework Agreements implemented by providers which included Eastern Shires Purchasing Organisation (ESPO), National Health Service (NHS) and Crown Commercial Services (CCS) has been undertaken. A number of the services to be reprocured are specific to the MPS and these necessitate specific pricing models and MPS Terms and Conditions deeming available frameworks unsuitable.

It has been concluded at the time of obtaining approval to re-procure these services that a restricted tender procedure is the most suitable and recommended route for these services owing to no suitable frameworks being available. This route to market will ensure the MOPAC obtain best Value for Money and adherence with the Public Procurement Regulations.

Property and Commercial Services continue to work with TfL and other GLA member bodies as a collaborative group that seeks to identify opportunities where common services can be shared. None of the services within this submission are deemed suitable or have options within the group at this point in time

The Service lines will undergo a competitive tender process, and the evaluation criteria will be based on a blend of:

- Technical capability
- Commercial compliance
- Pricing competitiveness

A specific review will be undertaken on the evaluation weighting percentages linked to the service being procured to ensure the optimum split between quality and price is included within the tender process.

Recommendations on contract length are in line with the market engagement and industry standards, in order to enhance as far as possible to obtain the best commercial outcome for the authority.

During the preparation of tender documents, Commercial Services will remain vigilant for any emerging availability of new frameworks or service bundling opportunities that may be more economically advantageous, if an alternative was identified it might be opted for in preference of the restricted tender or nominated framework.

Options have been reviewed for all service lines and this paper recommends continuing with an 'Outsourced' service model that is aligned to the current requirements of the wider MPS.
Strategic level

Since 1999 Property Services has been operating a predominately outsourced delivery model, whilst retaining a small 'intelligent' client unit. There has been a shift and a change in delivery models for other previously outsourced services, which has resulted in bringing certain roles and functions back in-house. In 2004 for example, staff delivering fire training/management, public health services and management of the MOPAC residential estate were insourced. More recently in 2022, as part of the integrator re-procurement, both the audit function and procurement of the Facilities Management (FM) Supply Chain were insourced. These roles and services naturally fitted within the client unit structure, demonstrated Value for Money and enhanced the resilience and delivery of Professional Services within the Client unit.

Historically, PSD had self-delivered a small number of FM Services, including electrical and mechanical, catering services and a small grounds maintenance team at Peel Centre. Whilst the Authority continues to review opportunities for insourcing, for these services covered within this paper the options are not considered viable, as detailed below.

Contract specific

Asbestos Management, by its nature is very specialist and requires a high level of skill, competency and specialist equipment/knowledge to deliver the contracted service and as such the insourcing of the services is not merited. The MPS places significant reliance on the expertise available in the market and their insurance provisions should a claim arise.

Operational Support – This service was previously delivered predominately by an in-house team over 20 years ago. A key requirement of this service is the provision of labour to support both planned and unplanned operational events across the MPS. The service necessitates the need for large storage accommodation (warehouse size) to store and maintain a large number of the Authorities Assets. There is no suitable accommodation for the assets to be stored and the Authority would need to source new accommodation if the service was to be in sourced. The Authority benefits from the service provider co-locating with other contracts and as such benefits

from a cost avoidance. The out-sourced service provider delivers contracts and services to a number of clients whereby they are able to offer significant discounts in overheads and the sharing of resources which the Authority currently benefit from.

Waste Management, by its nature is a planned and reactive service. These services to the best of our knowledge are delivered by the supply chain across the FM sector. Specialist vehicles, waste management compliance to name a few means that the service is not suitable for in-sourcing. Specific duties as a waste generator are placed on the Authority, this includes licences and certification. This is currently managed by the in-house client team on behalf of MOPAC

Reprographic Services – The Service have previously been delivered in-house at two separate locations approximately 20 years ago. The requirement for this service is reducing with the digitalisation of documents and records. Delivering this service in-house would necessitate a significant amount of investment in specialist reprographic equipment. The out-sourced service provider delivers contracts and services to a number of clients whereby they are able to offer significant discounts in overheads and the sharing of resources which the Authority currently financially benefit from.

Furniture Provision – The service is predominately the purchase of goods and does not merit in-sourcing. To do this the Authority would need to be resourced and have suitable accommodation available to store, distribute and inventory manage goods.

This paper recommends approval to proceed on a 'Outsourced service delivery model'.

Financial

Each of the contracts are managed within the PSD planned/reactive maintenance budgets and does not require additional funding. The contracts for each of these services are managed within the current 2023/24 annual building maintenance budgets

Contract values identified within Part 2 (have been excluded) include allowances for predicted inflationary uplifts together with additional funding from PSD capital budgets and other cost centres. In addition to the anticipated increase in demand as a result of expenditure associated with the New Met for London Plan.

PSD will not require additional funding for either the new contracts, or for the contract uplifts relating to the existing contracts. Full budget details are included in the Part 2 Business Justification Paper.

Legal Comments

MOPAC is a contracting authority as defined in the Public Contract Regulations 2015 (the Regulations). All awards of public contracts for goods and/or services valued at £213,477 or above shall be procured in accordance with the Regulations. This report confirms the value of the proposed contract exceeds this threshold. This report confirms the MOPAC's routes to market are compliant with the Regulations.

The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve:

1. Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
2. All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).

Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call-in procedure. Paragraph 4.14 of the Scheme provides the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

Corporate Social Responsibility / Social Value

Corporate and Social Responsibility (CSR) and achieving Social Value will be of focus on this requirement, including :

1. Contractual obligations and close audit of full compliance with statutory and social obligations as at Modern Slavery Act 2015
2. Building into the contract payable hourly rates of minimum London Living Wage
3. Engaging with suppliers within the local communities within underrepresented groups
4. Engaging with London Business Forums

Equality Comments

1. As this relates purely to a re-procurement and value uplift for an existing contract there are considered no negative equality or diversity implications arising from this process negating the requirement to present any mitigation.
2. Any approved suppliers will be evaluated for acceptable equality and diversity statements, as well as their ability to meet the MPS requirements under the Equality Act 2010 as suppliers to MOPAC. The evaluation exercise will consider their ability to act as a responsible employer and meet employment obligations deemed commensurate with wider GLA objectives.
3. In addition, it should be noted that the MPS support the Mayor's Responsible Procurement Policy including: Enhancing Social Value, Encouraging Inclusion, Diversity and Equality, Embedding fair employment practices, Enabling skills, training and employment opportunities, promoting ethical sourcing practices and improving environmental sustainability.

Anchor Institution Charter

The following five key objectives agreed by the London Recovery Board:

1. To reverse the pattern of rising unemployment and lost economic growth caused by the economic scarring of Covid-19
2. Narrow social, economic and health inequalities
3. Help young people to flourish with access to support and opportunities
4. Support our communities, including those most impacted by the COVID virus
5. Accelerate delivery of a cleaner, greener London advancing the delivery of the Net Zero Carbon initiative

Will be achieved through ensuring that the bidders compete for this contract based on obligations to:

6. deliver local employment and their innovation in doing so;
7. have inclusion and diversity values that are reflected within their workforce;
8. work towards achieving 80% recycling;
9. have apprenticeship schemes in place; and
10. bring innovations into reducing their carbon footprint whilst working towards carbon net-zero

The bidders' responses will be evaluated on above criteria which will form an integral part of MOPAC's intended contract obligations on the supplier.

The CSR and Social Value elements (including the Anchor Institution Charter) will be worked through and built into the scope of services. Within the procurement exercise the bidders' responses will be evaluated on above criteria which will form an integral part of MOPAC's intended contract obligations on the supplier with a minimum weighing of 10% in line with Procurement Policy Note –Taking Account of Social Value PPN 06/20 and Carbon Reduction Plan PPN 06/21.

Privacy Comments

1. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.
2. Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
3. The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the contract change meets its compliance requirements.
4. The contract does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered. This is not a new project or programme and purely relates to the contract value of an existing contract.

Real Estate Implications

1. This change supports the Estate Strategy by ensuring compliance and function of the estate. Stability created by continuation of existing arrangements also supports a period of change.

Environmental Implications

1. The MPS Environment Policy and the Environment and sustainability strategy will be taken into consideration with any change in contract arrangements and the projects it delivers.

Background/supporting papers

1. There are no supporting papers.

Report author: Martin Joel, Head of PSD REM Contract and Budgets

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of '**BJP – PSD REM Supplier Chain- Contract Re-procurement' (BJP)**, is exempt from publication for the following reasons:

- Commercial Interest Section 43

The paper will cease to be exempt until 14th November 2026. Any request for information under FoIA would need to be assessed on a case by case basis, no matter what or when the original decision was made, as the circumstances may have changed eg information no longer commercially sensitive.