



MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

The Property Services Department – Clinical & Offensive Waste Service Contract Award

MOPAC Investment Advisory & Monitoring meeting 7 June 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 the following approval:

To award the contract for Clinical & Offensive Waste Service to the second place bidder (PHS), following withdrawal of the first place bidder (Rentokil) in this procurement.

To retrospectively approve the non-compliant extension of the existing contract to January 2025 to allow for MOPAC approval to award.

Noting that:

The first place bidder (approved under PCD 1151 - April 2022) withdrew their offer at the preferred bidder stage and before signing the MOPAC contract. The bidder provided a written explanation that they had made an error in not understanding the extent and demands placed on them by the contract terms and conditions e.g. security clearance, data security etc. The bidder advised that they were unable to deliver the services for the price they had bid and the necessary uplift in price would be so extensive that it would breach procurement regulations. The preferred bidder therefore, chose to withdraw from the process.

Legal Services' advice is that awarding to the second place bidder is lawful under the Public Contracts Regulations (PCR) 2015 and that the bid received from PHS is compliant.

This award exceeds the total contract value previously approved under PCD 1151 by more than 10% and governance, approval from ExCo and IAM is therefore required.

Commercial Services' advice is that the price offered by the second placed bidder is at market value rates and represents value for money. Also, that this award is necessary to maintain services for the Metropolitan Police Service (MPS).

Recommendations - DMPC is requested to approve the following:

1. Award to the second place bidder (PHS Limited) on a 3+1+1 year term with a total contract value of £1.48m.

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

- . Following receipt of approval to re-procure (PCD1151), a process was successfully undertaken with a recommendation for the contract to be awarded to the first place bidder (Rentokil Service). Unfortunately, Rentokil Service subsequently withdrew from the process prior to signing the contract.
- Approval is therefore being sought to award to the second-place bidder (price of £1,487,420) which exceeds the 10% threshold value given in PCD1151.
- The second-placed is the incumbent – award of this contract minimises operational risks by ensuring continuity of service to the MPS noting clinical waste removal is critical at every MPS Custody Suite.
- Commercial Services consider the price bid by the second placed bidder to be an accurate market rate, noting current high inflationary trends and stringent MPS Terms & Conditions. The initial estimate of the cost was demonstrated to be incorrectly based on minimum Framework values which did not allow for MPS additional requirements, for example, security provisions, insurance levels etc.
- The contract will enable Property Services to respond to changes that arise through the 'New Met for London' (NMFL) Plan, the demands of the revised estate strategy and support uplifts in numbers of female officers and staff in the organisation.
- Property Services/Commercial Services have issued contract extensions to the incumbent (PHS). These contract extensions will expire in January 2025

Strategic Case

1.1 Background to the Service Requirements

The scope of requirements is summarised in Table A below. The contract provides services across the whole MOPAC estate.

This contract supports the organisation to achieve our mission of 'More Trust, Less Crime, High Standards' through ensuring the properties and services supporting them are invested in, thereby 'setting our people up to succeed' by creating more conducive working environments with higher standards. This contract will ensure that front line officers are able to perform their duties optimally with key supplier support in place, enabling them to provide high policing standards to the communities we serve.

This contract as allows for a provision to support growth in officer numbers and the corresponding demand on services that arise in delivering the MPS mission.

Contract	Scope of Requirements
Clinical and Offensive Waste	To provide planned and reactive services for the compliant removal of clinical and offensive waste across the MPS Estate. Services include planned visits to MPS Custody Suites to remove bagged, clinical waste; provision and emptying of sharps bins; provision and regular emptying of feminine hygiene bins; provision and regular emptying of dog waste bins; and reactive services for the aforementioned if/when there is additional operational demand.

Table A - Scope

The strategic case was detailed in PCD1151 and has not changed.

Economic Case

The Service has undergone a competitive tender process, and the evaluation criteria was based on a blend of:

- Technical capability
- Commercial compliance
- Pricing competitiveness

The contract was originally awarded to Rentokil on this basis. The first place bidder subsequently withdrew. The second place bid also tendered through this compliant process, has confirmed that they will 'Stand by' their price and therefore, we recommend proceeding with the award to PHS.

Commercial Case

The Service line underwent a competitive tender process as detailed in PCD1151. This paper seeks authority to award to PHS as their bid exceeds the previous delegated authority to award by more than 10% of the financial threshold value contained within the original submitted/approved paper in April 2022.

The final procurement through the ESPO Framework commenced in November 2022 after an initial procurement through the same route was unsuccessful due to a single bidder, the incumbent. The procurement starting November 2022 resulted in more than one bidder so proceeded to completion. Due to the extended time frame to achieve contract award it was necessary to extend the existing contract within MPS delegated authority to Jan 24. The award to Rentokil was made on the 2nd March 2023 and on the 16th October 2023 Rentokil withdrew from the process. Thereafter negotiations with the underbidder commenced to secure the provision of the service until approval to award a new contract could be made. The outcome of negotiations was for the underbidder (the incumbent) to be awarded a one year interim contract starting January 2024 to ensure continuity of services to the MPS. This one year interim arrangement was based on them honoring the price and terms and conditions from their original submission which had by this point expired. This paper requests retrospective approval for this additional non-compliant operationally critical extension.

DLS Legal Implications

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.

Purchasing through a compliant Framework Agreement will comply with the Regulations where the proposed award is within the scope of the Framework Agreement. The report confirms that Framework Agreement will be utilised. Therefore, the proposed procurement approach will be lawful under the circumstances.

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

- Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8);
- The procurement strategy for all revenue and capital contracts of a total value of £500,000 or above, such determination to include decisions on the criteria and methodology to be adopted in the tendering process, any exemptions from procurement requirements, and any necessary contract extensions. (4.13); and
- 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.

Financial Case

The provision of Clinical and Offensive waste are funded/managed predominately within the PSD REM planned/reactive annual maintenance budgets. Additional funding will be available for non-PSD activity and funded from Business Groups such as supporting Capital Projects and/or supporting operational events with removal/disposal of offensive waste seized or encountered.

The additional costs to deliver the contracted services (in excess of the previously identified values in the PCD 1151) will be accommodated within the overall PSD Reactive and Planned Maintenance Budgets. These budgets are used to deliver a number of services across multiple contracts e.g. Pest Control, Cleaning, Security, Building Maintenance etc. and funding will be prioritised accordingly. Given current financial challenges it is envisaged that this will impact on PSD's ability to deliver minor betterment requests such as new notice boards, provision of new fixtures and fittings and the like. The reallocation and management of funding/expenditure will ensure that PSD annual spend is within the available budget and/or reported if impacted by other external factors.

The new contract value for clinical and offensive waste service provisions has been calculated based on a review of the financial information over the contract life. The value allows for an anticipated increase in the MOPAC Estate associated with NMfL and the aspirations of the new Estate Strategy. The contract value also allows for inflation between 4-5% per annum along with a contingency for anticipated growth/change over the term of the contracts (this figure represents contract headroom in value and not an increase in budget).

Management Case

This strategy adopts the current baseline Contract suite and therefore all the processes and procedures are in place to manage the service as detailed in PCD1151.

A decision is required from London's Deputy Mayor for Policing and Crime (DMPC) **by 16th July 2024** to ensure that MOPAC have a compliant contract in place, to be able to continue clinical and offensive waste service across the MOPAC Estate directly supporting the policing operation and functional running of buildings and services from them.

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.

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.

Equality Comments

MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The MPS assure that the framework provider ESPO (Eastern Shires Purchasing Organisation) have completed all due diligence against their suppliers including Equality and Diversity. MPS have confirmed with ESPO that the London Living Wage must be used for this tender.

Background/supporting papers

1. There are no supporting papers.

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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 – Clinical and Offensive waste award**', is exempt from publication for the following reasons:

- Commercial Interest Section 43

The paper will cease to be exempt until 10th May 2027 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 e.g. information no longer commercially sensitive.