

# **The feasibility of outsourcing the City Hall Night Time Security Service**

## **Introduction**

- 1.1 This paper sets out the feasibility of outsourcing the City Hall Night Time Security Service.

## **Facilities Management Strategy**

- 2.1 The Facilities Management strategy at City Hall is aligned to supporting shared services opportunities across the GLA Group and to outsource specialist services where there are technical, operational and/or cost benefits in doing so. A significant number of the services provided by the Facilities Management Unit are already outsourced. Details of the outsourced services which support operations at City Hall, Trafalgar Square and Parliament Square are detailed in the **Annex** to this paper.
- 2.2 The outsourcing of the Night Time Security Service would fall into this category. A similar example of where this is already in place at City Hall can be seen in the switchboard service. The dayshift switchboard service is provided in-house by Facilities Assistants in the helpdesk, reception and switchboard team and out of hours, including weekends, is provided by a specialist service provider.

## **Security Context**

- 3.1 City Hall is a high profile building in an iconic London location, which is home to the Mayor, London Assembly Members, Greater London Authority (GLA) staff and the Mayor's Office for Policing and Crime (MOPAC). The combination of these factors does mean that City Hall anticipates a higher level of security risk. However, this is mitigated by having a range of proportionate and scalable security measures. One of these measures is the provision of security staff on a 24/7 basis.
- 3.2 The introduction of licensing in the security industry in 2009 – and the associated training, examination and vetting – has made the industry more professional and attractive as one which offers opportunities for career development. The creation of the Security Industry Authority (SIA) has led to security training and security contractors needing to be accredited by the SIA to ensure consistency of standards and quality of training and competence through formal Ofqual examinations.
- 3.3 The GLA does not have the resources or specific capability to provide the necessary professional training and has always relied on external security suppliers for this service. This means that the level of professional training given to both in-house staff and contracted staff is the same and the GLA relies on contract security providers for any updates.

## **Security Industry Trends**

- 4.1 Trends over the last ten years have been to move towards outsourced services particularly where they are not part of an organisation's core business. Many high profile organisations, including those that attract a higher degree of security risk, have moved down this route, including most Government departments, such as HM Treasury in Parliament Street, and iconic sites such as the Tower of London and the London Eye. A majority of blue chip organisations have outsourced security. Within the GLA Group, Transport for London (TfL) uses outsourced security for its wide portfolio of properties. London Boroughs such as Southwark and Westminster also use outsourced security and more recently, on occupying their new civic centre, Brent Council has moved to an outsourced security service.

## **Current Situation**

- 5.1 Following the Facilities Management re-structure, the security team at City Hall currently comprises a team of 34 officers, divided between 3 shifts:
- Early Shift – 06:00hrs to 14:30hrs – 14 officers;
  - Late Shift - 14:00hrs to 22:30hrs – 14 officers; and
  - Night Shift – 22:00hrs to 06:30hrs – 6 officers.
- 5.2 The two daytime shifts are directly supported by three Security Controllers, who work across both day shifts, and two Assistant Security and Operations Managers. The Night Shift previously had its own Team Leader but on her retirement she was not replaced. Management support to the Night Shift is currently provided by the day time Security and Operations Controllers at the change-over time at the beginning and end of the shift. The Security and Operations Manager is responsible for the entire team.
- 5.3 There are distinct differences between the nature of the operation between the day shifts and the night shifts. The day shift predominantly operates in an environment when the building is open for business with staff, visitors, contractors and deliveries coming and going throughout this period. The focus of the operation is aligned to supporting this type of activity.
- 5.4 This contrasts with the night time service when the building is effectively locked down and closed and there are no visitors and very limited staff and contractor movements. The focus of the night service is ensuring the perimeter and access points are secure and supporting night time deliveries and carrying out a range of operational support activities, such as delivering paper to the point of use, re-supplying first aid boxes and checking fire extinguishers. The number of staff required to undertake these tasks is significantly less than on the day shift. Furthermore, it is extremely uncommon for GLA staff to be undertaking routine office work between 10pm and 6.30am, highlighting the differences between the shifts.

- 5.5 The minimum number of staff required to cover positions on the Night Shift is three; deployed as follows:
- One officer in the Control Room;
  - One officer patrolling, including locking up/unlocking; and
  - One officer in the Loading Bay, or providing logistics services or supporting the Patrolling Officer.
- 5.6 The total number of staff employed on the Night Shift is six. This provides a sufficiently large pool to ensure that no officer works more than 37 hours a week and is able to have their six weeks of annual leave each year. However, on a regular basis more than three officers are available to support the operation, which effectively means from an operational viewpoint the team is over-resourced.
- 5.7 The scope of the specification for the night time security service would be for the supply of SIA licensed, multi-function, security and operations staff to provide out-of-hours security and operations services at City Hall. The service will be required to work in close co-operation with the in-house, day time security and operations team, particularly in relation to shift hand-overs. The specification for the service will also include the requirement to provide the same level of professional and site specific training as is provided to the in-house security staff.
- 5.8 The night time security service will cover the period between 22:00hrs and 06:30hrs Monday to Sunday, throughout the year.

### **Benefits in outsourcing the Night Time Security Service**

- 6.1 There are a number of reasons that make the outsourcing of the night time security service an attractive option.
1. The focus of the duties that are performed at night when the building is effectively closed are very different from those performed during the day when the building is open and less staff are required as a result. The minimum is three officers but a pool of six officers has to be maintained to ensure that three officers are always available. In effect there are nights when more officers are on duty than is actually required, which is not the best use of resources. In effect there is excess capacity on the Night Shift. By moving the Night Shift to an outsourced provider on the basis of providing a service, more efficient use will be made of the staff resources by re-organising the shift so that at any one time only the minimum number of staff will be on duty to cover the tasks that need to be performed. There will, however, be the capacity to increase the staffing levels at times of peak demand such as during an Election or in response to changes in the threat level.

2. The Night Shift does not receive the level of management support that the day shifts receive, primarily because the majority of the GLA's core activities take place between 8am and 10pm and that is where the management resource is focused. Consideration was given to replacing the Night Time Grade 5 Team Leader (who retired in September 2012) and again as part of the restructure proposal but on both occasions it was considered it was not proportionate to have a dedicated manager for a team of six staff. Outsourcing the night time security service will provide appropriate levels of supervision and management through a mobile supervisor and patrol visits.
3. It is anticipated there will be a reduction in the cost of providing the Night Shift as it moves to the provision of a service. Compared with the pre-restructure costs, there will be an initial saving of at least £71k. Ahead of any decision to outsource, any staff who transfer or leave will not be replaced by in-house staff but will be back-filled by the GLA's existing supplier who provides "supporting security services". GLA security staff are paid significantly over the market rate for the role and, over time, the cost for this service will reduce compared with the cost of providing the service in-house. There will also be a range of overhead savings over time as the result of not having to fund certain elements such as: first aid training, uniforms, dry cleaning allowances and statutory personal licenses.
4. In terms of the benefits to staff, a specialist service supplier will offer greater career development opportunities compared with an in-house operation. This is particularly the case in a small team, such as the Night Shift. These opportunities can be in transferring to other operations in the same role but in a different environment or industry sector, each of which has its own challenges and opportunities, or through progression to supervision and management, back office security functions or specialist activities such as rostering, vetting or risk assessment and supervision and management.

## **Financial considerations**

### **Cost of current Night Service**

- 7.1 The budget cost of the current night time security service, including employment costs but excluding overtime, is £231k per annum. This comprises six officers at £32k per post and one vacant Team Leader post at £39k (which has yet to be formally deleted from the establishment).

### **Potential savings**

- 7.2 The savings associated with outsourcing are in two parts: an initial saving as a result of vacancies that will not be filled on the transfer and then longer term savings.

**Initial savings:** The post of Team Leader would be deleted, which would realise a saving of £39k. One night team officer transferred to the day shift and would save a further £32k and reduce the number of officers from six down to five.

**Longer term savings:** Using current market rates, a comparable service provided by a specialist service supplier, where there are no Transfer of Undertaking (Protection of Employment) Regulations (TUPE) considerations and including a management overhead, would involve a total cost per officer of £25k against a comparable GLA cost of £32k per officer. This would generate a saving of £35k per annum for the five officers remaining. Further savings would be realised as a result of only needing the number of staff required to deliver the service. A further reduction of two staff from five officers to three would save another £50k per annum.

#### **Potential savings arising from outsourcing the night time service**

<b>Description</b>	<b>Potential annual savings to the GLA</b>
Deletion of Team Leader post	£39k
Deletion of one officer post	£32k
<b>Sub-total: initial savings</b>	<b>£71k</b>
Reduction in cost per officer for 5 posts	£35k
Reduction in number of officers	£50k
<b>Sub-total: longer term savings</b>	<b>£85k</b>
<b>Total</b>	<b>£156k</b>

#### **Impact on current staff and their options**

- 8.1 TUPE would apply if the night shift were outsourced. This would mean that the current staff would transfer across to the service supplier but would continue to be employed on comparable terms and conditions of employment.
- 8.2 The specification for the night time service would define outputs, such as what duties need to be undertaken and not how many staff are required to carry it out, although a contractor may be guided by the current establishment numbers. It is likely that the supplier would conclude only three staff are required on duty at any one time and therefore would redeploy those additional staff to other sites whilst keeping them as part of the City Hall trained pool as relief cover or on a rota.

- 8.3 As with any outsourcing of a specialist service, one of the benefits to those staff who are outsourced is the potential to open up more opportunities for career progression and flexibility as they become part of a much bigger pool of specialists.
- 8.4 However, it is recognised that not all staff would necessarily want to transfer to a new employer under TUPE. Given that the day shifts currently have 8 vacancies, Night Shift officers were given an opportunity in December 2013 to transfer across to the day shift. Once anyone who wishes to transfer has moved across the remaining day shift vacancies will be advertised in the usual way. One officer requested to make this transfer has transferred across.

### **Risks to outsourcing and mitigation**

- 9.1 The commonly perceived risks associated with outsourcing are detailed below together with the measures that reduce the risks which might arise.
- 9.2 **Vetting, selection and recruitment of staff:** all staff working in the security guarding sector first have to apply for the relevant SIA Licence, which includes a criminal record check and involves re-applying every three years. In addition, security guarding companies vet staff to BS7858 which is a higher standard of vetting than is usual. Furthermore, all security staff working at City Hall would be required to meet the specification for staff and, additionally, contract security staff put forward to work as part of the Night Service would, as a condition of contract, be interviewed by the GLA and their credentials and right to work in the UK checked.
- 9.3 **Loyalty and commitment of staff:** the majority of people in the security industry work in the private sector for contract security companies and the very nature of the job requires them to show loyalty and commitment to the client they are serving. There is a strong customer focus ethos in the industry and people recognise that it is the client who pays their salaries. Provided that the terms and conditions offered by a supplier for a particular assignment are attractive and competitive within the industry then loyalty and commitment to the organisation are unlikely to be any more of an issue than they are with in-house staff. With the GLA being a high profile organisation in an iconic building, it is likely in itself to attract the best people.
- 9.4 **Maintaining quality of service:** as with other outsourced services, key performance indicators would be established that monitor critical aspects of the service as defined by the specification. These would then be monitored at monthly operational meetings with the service supplier and at quarterly contract review meetings.
- 9.5 **Turnover:** The service provider will have to invest a considerable amount of resource into ensuring that the right calibre of person is recruited into the role and subsequently training them in the site operating procedures and ensuring that they become proficient. Therefore, in order to prevent wasted costs caused by unnecessary turnover, it is in the supplier's interests to

ensure that the remuneration package and terms and conditions of employment are sufficiently attractive compared with the rest of the security industry to attract and retain good people.

- 9.6 **Trust and Confidence:** There is an argument that it is better to employ in-house staff in areas that are considered sensitive because there is a greater expectation of loyalty and commitment. However, as all those involved in the security guarding industry, whether in-house or contracted, are in positions of trust, the very nature of the role means that an individual's livelihood depends on maintaining the trust and confidence of their clients. As a result, it is no more likely that a contracted officer will breach that trust than an in-house member of staff. Breaches of trust by a specialist service supplier would equally cause significant reputational damage to them so it is in their own interests to demonstrate high levels of integrity. Control measures such as CCTV, access control movement records and electronic patrol records mean that the whereabouts of individuals at any one time are known.

### Alternatives to outsourcing

- 10.1 The only alternative to outsourcing the Night Shift is to retain the current service in-house. In order to provide the level of cover required, the staffing levels would need to remain at their current levels and careful consideration would need to be given to how best to provide management support to this group of staff in the longer term. To be consistent with the structure adopted following the re-structure of the Facilities Management (FM) Unit, it is likely that a Security and Operations Controller would need to be appointed, although compared with the duties and responsibilities required of this post on the Day Shift, this person would be under-utilised. Retaining the service in-house would mean that the resource is under-utilised and would not be providing the best value for money (VFM).

### Summary of Pros and Cons for Outsourcing of Night Time Security

To	Pros	Cons
<b>GLA</b>	Better use of resources and VFM	Possible loss of knowledgeable staff
	Wider pool of GLA trained officers	Perception that outsourcing could lead to a loss of trust and confidence
	New ideas and practices introduced	Less immediate control if issues arise
<b>Security staff</b>	More development opportunities	Potential loss of favourable GLA terms and conditions
	More places to work	Initial drop in morale
	Potential for better support from a specialist supplier	Scope for night time security staff not to feel part of the GLA operation





## Decision-making and timescales

11.1 Decision making is split between the Mayor and the Head of Paid Service for this exercise:

- The Mayor would take any decisions on budgets, contracts and the use of City Hall; and
- The Head of Paid Service, following consultation with the Assembly, would take any decision on the deletion of posts.

11.2 The proposed timetable for investigating the feasibility and, should such a decision be taken, outsourcing the Night Time Security Service is detailed in the table below.

Milestone	Date
Feasibility study on outsourcing prepared	December 2013
Decision on whether to proceed with tender	January 2014
<i>If proceed to tender agreed:</i>	
Commence tendering process	April 2014
Evaluate tenders	December 2014
Decision to appoint a specialist service supplier	December 2014
<i>If special service supplier appointed:</i>	
Staff consultation period and mobilisation	January – March 2015
TUPE of staff to specialist service supplier	April 2015
Contract start date	April 2015

## Conclusion

12.1 Given the significant differences in the nature of the night time security service compared with the daytime service and the fact that the wider facilities management operation is focused on delivering services to its clients in the core business hours between 08:00 and 22:00hrs, it is appropriate to consider the night time security service as a specialist service and to outsource it as a discreet specialist entity. This is much in the same way that the out of hours switchboard service is outsourced to a specialist service provider. Compared with the day time operation, the night service, by its nature, cannot operate as efficiently as it should do as an in-house service as it requires more staff in the pool than are needed. Indeed as much as two-thirds of the current cost of the service could be saved by outsourcing.

**Outsourced FM Services**

- Building maintenance
- Grounds maintenance
- Fabric maintenance and Window Cleaning
- Broadcasting Services
- Catering and hospitality
- Heritage Warden and Enforcement Service
- Cleaning
- Porterage
- Out of Hours Switchboard
- Reprographics – via TfL