


<b>Cabinet</b>  29 July 2020	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Denise Radley, Corporate Director, Health, Adults and Community	<b>Classification:</b> Unrestricted
<b>CCTV Modernisation</b>	

<b>Lead Member</b>	<b>Councillor Asma Begum, Deputy Mayor and Cabinet Member for Community Safety and Equalities</b>
<b>Originating Officer(s)</b>	Ann Corbett, Divisional Director, Community Safety and Substance Misuse Rachael Sadegh, CCTV Transformation Programme Lead
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Forward Plan Notice Published</b>	30/04/20
<b>Reason for Key Decision</b>	Financial Threshold
<b>Strategic Plan Priority / Outcome</b>	Priority 2, Outcome 7: People feel safer in their neighbourhoods and anti-social behaviour is tackled

## Executive Summary

The report below outlines the plans and rationale for modernisation of the CCTV system and the critical interdependencies between digitalisation, relocation to the new Town Hall, financial sustainability of the Service and the interim procurement of services.

The council works with the Metropolitan Police, Registered Social Landlords (RSLs) and other law enforcement agencies to monitor public space CCTV in the borough and support civil and criminal proceedings. It provides a CCTV service with around 350 cameras operating throughout the borough for a broad range of purposes and across a range of services. Much of the equipment currently used is outdated and requires replacing. Capital funds have been agreed in principle and a programme of transformation works is planned. This programme of works will be critical to the relocation of the service and to future financial sustainability of the service and the ambition to develop a commercial service model.

Service requirements, for maintenance in particular, will change after installation of new equipment and new contracts will be procured to coincide with the implementation of a fully digitalised service. A procurement solution is required to

minimise risks in the interim period prior to this implementation.

External services are currently funded to provide:

- CCTV operators (Charter Security PLC)
- CCTV equipment maintenance (Relovision)
- Maintenance of fibre network (Independent Communication Solutions Ltd)

These organisations are also used by other departments across the Council. Services are currently procured via several Request for Quote (RfQ) processes across the Council and there are currently no formal contracts in place. Options for formal procurement of these services have been presented to the LBTH Procurement Review Panel (PRP) and are discussed at length in the report. PRP has advised that, given the impending change of equipment and infrastructure, a direct award would be the most pragmatic and efficient way of ensuring compliance and managing current risks.

## **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Endorse the direction of travel for modernisation of the CCTV service and note the interdependencies of the procurement, digitalisation / capital upgrade and relocation of the CCTV control suite to the new Town Hall.
2. Issue direct awards for a period of up to two years to the three organisations named to ensure continuity of service in the period prior to implementation of a new digital CCTV network.
3. Authorise a draw-down of the capital funds (£3.1m) currently in the Capital pipeline to upgrade the CCTV system to ensure the financial sustainability of the service.

## **1 REASONS FOR THE DECISIONS**

CCTV Modernisation / capital programme

- 1.1 The CCTV service in Tower Hamlets is valued by residents and contributes towards outcome 7 of the Strategic Plan; *people feel safer in their neighbourhoods and anti-social behaviour is tackled.*
- 1.2 Existing analogue CCTV equipment is aging and becoming costly to repair and maintain. A digital upgrade is in line with LBTH 2020 vision around digitalisation and will ensure the future resilience of the service, reduce maintenance costs and facilitate a better quality of service.
- 1.3 Space in the new town hall has been identified for the CCTV suite. The space identified is sufficient to accommodate digital equipment only. The service must have been upgraded sufficiently in time for the move from Mulberry Place to ensure accommodation meets need and this is a critical

interdependency.

#### Procurement

- 1.4 Average annual spends for each of these organisations are above threshold levels for procurement via the Request for Quote (RfQ) process and require a competitive tender or framework procurement.
- 1.5 The Tower Hamlets CCTV system is soon to be upgraded from analogue to digital equipment which will require significantly different services from 3<sup>rd</sup> party providers. A competitive tender exercise for such a short-term contract (approx. 18 months) is unlikely to provide best value and may increase costs.
- 1.6 As we currently have no formal contract with these organisations, there is a risk that any future GDPR breach with regards to the handling of highly sensitive information would be attributed to LBTH. This represents a financial and reputational risk for the Council and has been listed on the Corporate Risk Register.
- 1.7 The organisations concerned receive funding for services across several departments in LBTH. Work is required to determine what all of these services are, how they integrate, how long they are required for and ultimately how they might be commissioned in a more strategic and integrated fashion across the organisation. A direct award is needed to allow time for these complex considerations and cross organisational working to take place prior to running a fully compliant competitive exercise.

## **2 ALTERNATIVE OPTIONS**

#### Procurement of existing services

- 2.1 Continue to procure via RfQs across the Council  
This is not compliant with procurement legislation or the Council's constitution as spend is above threshold for RfQ and the need for these types of services is expected to continue for up to 2 years.
- 2.2 Procure via competitive tender.  
Procurement via competitive tender is a lengthy process and would not represent best value for a 12-18-month contract. Prices charged may increase to cover the bidding costs to the supplier and competition may be limited by the short contract length. There would be a period of relative instability whilst contractors finished / commenced work as well as a lengthy TUPE process for staff involved. This could jeopardise the Council's ability to provide continuous CCTV services for its partners in the short term. Whilst this is inevitable with any contract handover, it would not be desirable to complete this process twice within two years.
- 2.3 Procure via a framework  
Frameworks have been reviewed to seek out a suitable pre-procured route for these services. No such framework exists for the provision of CCTV Operators. The other services would require a combination of more than two

frameworks, and this would still not offer the full spectrum of services.

#### CCTV Modernisation

- 2.4 The existing analogue equipment is now failing with an increasing frequency and repairs are becoming more costly. Without digital upgrade and replacement, the only options for CCTV are to significantly reduce or terminate the service.

### **3 DETAILS OF THE REPORT**

- 3.1 The council works with the Metropolitan Police, Registered Social Landlords (RSLs) and other law enforcement agencies to monitor public space CCTV in the borough and support civil and criminal proceedings. It provides a CCTV service with around 350 cameras operating throughout the borough for a broad range of purposes and across a range of services. These are mainly concentrated in Community Safety, Public Realm and Licensing and are serviced by a 24hr CCTV control suite located in Mulberry Place with 70 cameras on view at any given time. The service is tasked with visually monitoring the public space and enabling a proportionate response to incidents as they occur. This can relate to street crime, vehicle theft, drug or traffic offences, anti-social behaviour, dangerous conditions and/or a major incident.
- 3.2 Many of these cameras have been operating for up to 13 years and using outdated analogue technology. Recently, capital funds have been agreed to finance the replacement of cameras and essential control room CCTV equipment over three years. This will also extend to improving the capacity of the CCTV network infrastructure to meet identified and emerging needs around utilising digital technologies to achieve a more effective camera deployment system.
- 3.3 The CCTV service was transferred to the Community Safety division in January 2019 and now forms part of the Safer Neighbourhood Operations Service. Since then, the Safer Neighbourhood Transformation Steering Group has been created. The Group oversees the governance and operational arrangements around the delivery of the service's key transformational activities to inform Mayoral and Members reporting around a visible enforcement approach and holistic partnership response. The Group is chaired by the Divisional Director of Community Safety and is supported by members of the Corporate Programme Management Office (CPMO).
- 3.4 To inform the £3.1million capital expenditure proposed, the Strategy, Policy and Performance (SPP) service carried out research and local findings to assist the service in developing an underpinning and outcomes driven proposal for CCTV. As well as facilitating focus groups with youth groups, consultation sessions extended to the Mayor, the Cabinet Member for Community Safety, Directorate Leadership Teams (DLTs) and Corporate Leadership Team (CLT) to ensure the CCTV system would be most effectively deployed and measured to deliver local services.

- 3.5 A subsequent report on the Tower Hamlets CCTV approach was approved by the Mayor in Cabinet in June 2019. This outlined an evidenced based rationale for future CCTV delivery both in achieving its strategic priorities and as an effective tool to respond to crime and ASB, environmental crime and the safety and security of the Borough.
- 3.6 The approval extended to agreeing 18 recommendations around strengthening the council's role with regards to CCTV on detection, investigation and public reassurance. These included:
- Expand the Council's network of HD, UHD and 4K cameras
  - Consider the tactical placement of the Council's CCTV network as part of the infrastructure upgrade
  - Develop clear governance accountability to monitor the effectiveness of the CCTV network
- 3.7 The CCTV programme will be responsible for delivering the majority of the recommendations proposed by Cabinet.
- 3.8 The CPMO carried out an initial review of CCTV with Strategy Policy Performance, Community Safety and Safer Neighbourhood Operations to scope the resource requirements for moving the work forward with an overview presented to the Safer Neighbourhood Transformation Steering Group in August 2019. This outlined a number of additional requirements encompassing critical procurement activities and key risks which were either not factored in or known at the time the original capital programme bid was presented. These include:
- a) *Relocating and associated refitting requirements of the CCTV control suite to align with the end of lease arrangements at Mulberry Place.*
  - b) *Carry out a cost benefit analysis on the current delivery model and propose a new future approach for the CCTV service*
  - c) *Formalising arrangements with the supplier that currently provides the CCTV staff operators who are responsible for monitoring CCTV camera activities.*
  - d) *Procuring the installation and maintenance of CCTV equipment for which there are no contractual arrangements in place.*
  - e) *Implementing CCTV regulatory requirements around surveillance and use of data where an informed compliance and conformity matrix has been developed to address data protection and GDPR;*
  - f) *Commercialisation of the CCTV service is the ambition. It will relieve pressure on the General Fund, however until we have a service that is compliant with all governance and financial regulations, this is not recommended at this stage.*
  - g) *A clear understanding that the capital works programme is a key dependency to the transformation of the service and as such will actively support other necessary tasks including but not limited to procurement and NTH activities.*

- 3.9 This report outlines the modernisation plans for the CCTV system and a proposed approach to procurement to deliver items c) and d) above.

### **CCTV Modernisation**

- 3.10 The ambitions to upgrade and digitalise the CCTV system are intertwined with the move to the new town hall as well as a need to make the CCTV system more cost effective and, ultimately, a commercially viable service. The projects are interdependent and timely delivery is required at pace in each area for full delivery of the service ambitions and the Cabinet agreed approach for the service.
- 3.11 The CCTV annual spend is currently in excess of the budget allocated. Much of the additional expenditure is due to the aging equipment and increasing maintenance and repair services. The proposed digital upgrade of the system is necessary and required urgently to reduce these costs and bring the service within available budget. Capital funds for modernisation are in the capital pipeline and a detailed Project Initiation Document is being developed.
- 3.12 Ultimately, the service must change and generate external income to remain sustainable. This is not possible without a digital upgrade and therefore the Capital project is vital for a sustainable service that will deliver for residents.
- 3.13 The CCTV service will move to the town hall when the Council leaves Mulberry Place. A space has been identified based upon a fully digital model of CCTV being in place at the time of relocation. Analogue equipment requires more storage space and therefore the upgrade must have progressed sufficiently by this time to ensure adequate space is available. The service must be fully digital before leaving Mulberry Place.
- 3.14 The points outlined above demonstrate the need for a timely capital upgrade. Key milestones and indicative deadlines are presented below though are dependent upon an expeditious approval of capital funds.

<b>Key Milestones</b>	<b>Deadline</b>
Consultancy work to commence to deliver technical specification for capital project	24/07/20
Draft capital PID to be presented to Capital Delivery Working Group	04/08/20
Specification for CCTV system / control suite completed	30/09/20
Procurement of equipment and installation contractors to commence (go-live date)	14/01/21
Equipment available for installation	30/09/21
Installation of new street equipment	01/11/21- 30/06/22
Earliest date for fit-out of CCTV control suite (timescale determined by Town Hall project team)	Spring 2022
Deadline for CCTV suite to leave Mulberry Place (move schedule to be determined by Town Hall project team)	30/09/22

- 3.15 There is currently an ongoing financial review of capital projects that are in the pipeline but do not yet have a committed budget. Proposals for funding commitments against these projects will be brought to Cabinet in September 2020. The CCTV project is fully funded via Community Infrastructure Levy (CIL) funds and therefore, has been included in the provisional programme that will be presented in the September report. On 16<sup>th</sup> January 2020, the Capital Strategy Board recognised that the governance process needs to have a degree of flexibility to enable works required as a result of changes in legislation or regulations to be delivered without undue delay.
- 3.16 Authorisation of capital funds in advance of September Cabinet would enable work to start earlier than September to reduce risks associated with business continuity, finance and relocation to the new Town Hall.

### **Current supply of goods and services**

- 3.17 Whilst modernisation of the CCTV service and relocation to the new town hall are critical, this will not be delivered for the next two years. Meanwhile, the CCTV service is still running and purchasing services from three organisations without formal contracts. This presents significant risk to the organisation and an interim solution is proposed to mitigate this corporate risk.

### **Charter Security PLC (Parent Company, Grosvenor)**

- 3.18 This company provides CCTV operators and supervisors for 24/7 operation of the CCTV system. There are currently 8 operators and 4 supervisors working across 4 shifts operating the CCTV system. The service also provides 2 call handlers on 4 nights each week handling noise service calls. Staff are very much integrated into LBTH and Charter Security currently do little more than make staff payments. This arrangement has resulted in increased staff loyalty and we do not see the high levels of turnover experienced in other boroughs which has been beneficial to service continuity and quality. The company has been paid to deliver these services for a number of years but for a variety of

historical reasons there is no formal contract in place. Annual spend with Charter over the last 3 financial years is detailed in Table 3.1.

3.19 Unison have made a suggestion that this service be brought in-house. A full cost benefits analysis has been commenced to determine whether that is a viable option alongside other potential options – a decision is anticipated in the latter part of 20/21.

3.20 Table 3.1 Charter Security Spend

<b>Year</b>	<b>Spend</b>
2017-18	£374,226
2018-19	£596,924
2019-20	£615,396

### Relovision

3.21 This company provides maintenance and installation services for cameras and other CCTV related equipment on the streets of Tower Hamlets. The company provides one maintenance day per week with two engineers and cherry picker machinery as well as an on-call and rapid response service to manage emergency repairs. This organisation is also used by a number of other services across LBTH, Communications and Parks in particular. Communications have previously had a formal contract in place which has now expired, Parks procure services via RfQs. Total organisational annual spend for the last 3 financial years is detailed in Table 3.2 below. All spend has been included for transparency.

3.22 The service was, until recently provided by Comfortzone. The Chief Executive of Comfortzone has now retired and handed over the business to the Chief Engineer of the company who has formed a new company called Relovision. Procurement has commenced with this company via RfQs from Parks, Communications and CCTV.



Table 3.2 Comfortzone spend

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
CCTV	£156,283	£92,813	£175,634
Mile End Park	£9,230	£20,867	£23,095
Children's Centres		£24,130	
EXC4 Place	£13,387	£8,355	
Business Development		£18,214	
Sports & physical activity		£8694	£190
Arts, Parks, Events	£5,560	£41,410	
Parking Control		£5,290	
Comms	£5125		£3,510
First Response	£2,334		
Environmental services	£737		
Admin buildings		£131	
Careers Service		£835	
Civil Protection Unit	£882		
<b>TOTAL SPEND</b>	<b>£193,696</b>	<b>£219,089</b>	<b>£202,429</b>

### Independent Communication Solutions Ltd

3.23 This company provides maintenance and installation services to the fibre network that serves the CCTV network. They currently provide 2 monthly visits to the borough as well as a 24hr call out response and minor programming changes as and when required. Additional costs are incurred for new installations eg installation of a new camera. The call out response (24 hr cover, 4 hr response, 24 hours best endeavour repairs) has proved invaluable in previous ICT network failures and is therefore a critical service for business continuity. This service is also utilised by other departments across the Council.

3.24 Annual Spend is detailed below in Table 3.3. All spend has been included for transparency.

Table 3.3 Independent Communication Solutions Ltd

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
CCTV	£43,447	£31,821	£53,680
EXC4 - Place	£4440		
EXC9		£16,160	
Economic Development		£4525	
Parking control		£235	
<b>TOTAL SPEND</b>	<b>£47,887</b>	<b>£54,391</b>	<b>£53,680</b>

### **Options for formal procurement of services**

3.25 The CCTV operating system, equipment and location will significantly change after the implementation of the Capital programme. At this point, service

requirements will also change significantly and therefore it is anticipated that the formalisation of current arrangements will be required for a term of 1 -2 years until the new equipment is in place.

- 3.26 Current CCTV spend values over a period of 2 years with Charter and Relovision exceed thresholds for request for quote processes.
- 3.27 CCTV spend on equipment and parts over the next 1-2 years will reduce as old equipment will only be replaced in emergency situations in anticipation of the installation of new equipment. After implementation of new equipment, there is unlikely to be much need for replacement in the first few years and some maintenance capacity will be included within equipment contracts. Communications expect that there will be further requests for display screens (which are currently supplied, installed and maintained by Relovision) across Idea stores and in relation to the waste service having moved in-house. However, there will likely be a different solution in the new Town Hall.
- 3.28 In order that formal contracts are in place and risks outlined are managed, procurement processes should be undertaken as speedily as possible whilst still complying with relevant legislation and securing best value.
- 3.29 A summary of procurement options has been presented in Table 3.4 below indicating which options are available based upon spend thresholds. Options are considered for each service in the paragraphs below in relation to CCTV services only. These options were discussed at the Procurement Review Panel on 20/02/20.

#### Charter Security PLC Services

- 3.30 The annual cost of operators alone is above the EU procurement threshold and therefore RfQ and RCDA routes are not appropriate.
- 3.31 There are no government frameworks currently available for procuring CCTV personnel services.
- 3.32 This leaves only the option of competitive tender. Provision of this service will be required in its current form until new equipment is installed. Post installation, the service will remain largely the same but will be using new equipment and will be in a different location. Therefore, this service, if procured, could be procured for the period pre and post new equipment installation.
- 3.33 However, there are options to explore regarding potentially bringing this service in-house and therefore a procurement exercise commencing currently would not be an efficient use of resources. This does leave a GDPR risk whilst the cost benefit analysis and competitive tender is undertaken. However, the Council will be seeking to agree appropriate data sharing agreements with the contractor in accordance with the law should the recommendations of this report be agreed.

- 3.34 If it is determined that procurement is the desired route, then a full competitive tender would be recommended for a period of up to 5 years (2+1+1+1). This would not commence prior to Q3 2020/21 and would not complete before Q3 2021/22. Therefore, there is still an interim risk to be managed.
- 3.35 The Procurement Review Panel advised that given these circumstances, the best route to procurement for an interim period of up to 2 years is via direct award.

#### Relovision Services

- 3.36 The annual cost for the weekly CCTV maintenance visits for Relovision is £41k. Any urgent work or cost of replacing cameras / equipment etc is additional. Therefore, CCTV spend over 2 years is likely to be above RfQ levels and organisational spend will certainly be above threshold levels .
- 3.37 There are a number of frameworks available to procure the services currently provided by Relovision, but no single framework covers the full range of services required. Relovision are not suppliers for any frameworks so this route would definitely mean a change of supplier which would pose a risk to the continuation of the service prior to the implementation of new equipment. Relovision are familiar with our locations, equipment and personnel and we are unlikely to get the same service from a new contractor without short term risks to business continuity.
- 3.38 These services could be procured via competitive tender. However, this is unlikely to attract many bidders due to the short-term nature of the contract. There is also a question about whether the resources and time required for a competitive tender would facilitate the objective of best value for the Council given such a short contract (probably 12-18 months). Tender prices could very well be inflated to account for TUPE and setting up costs.
- 3.39 Anticipated CCTV spend over the next 2 years is likely to be above RCDA thresholds.
- 3.40 The Procurement Review Panel advised that given these circumstances, the best route to procurement for an interim period of up to 2 years is via direct award.
- 3.41 As Relovision is used by several services across the organisation, an opportunity exists to combine services under one contract and negotiate organisational wide savings and efficiencies when making the direct award.

#### Independent Communication Solutions Ltd Services

- 3.42 The CCTV costs associated with this service are less than £50k per year. In recent years (including this financial year) there have been additional calls upon the service for capital projects in other services. Whilst the CCTV service expenditure over the next 2 years would most likely be below

£100,000, anticipated spend from other departments is currently unknown but organisational spend could exceed the RfQ threshold.

- 3.43 ICS built the fibre network for us from scratch and have significant knowledge of the design, passwords, security etc of the system. This knowledge would have to be transferred to any new provider and would probably necessitate funding ICS on a consultancy basis as part of any set-up process.
- 3.44 Frameworks are available for these services but are limited in scope and would not cover the full range of services.
- 3.45 An RCDA would not be possible for these services due to the combined cost of the other services that utilise ICS' services.
- 3.46 A competitive tender approach is possible but is subject to similar risks outlined in 3.31.
- 3.47 The Procurement Review Panel advised that given these circumstances, the best route to procurement for an interim period of up to 2 years is via direct award.
- 3.48 As ICS has been used by a number of services across the organisation, an opportunity exists to combine services under one contract and negotiate organisational wide savings and efficiencies.

Table 3.4 Summary of Procurement Options

	<b>RfQ</b>	<b>Framework</b>	<b>Tender</b>	<b>RCDA</b>
<b>Charter Security PLC</b>	<b>X</b> 2 year spend above threshold	<b>X</b> No frameworks currently in place for CCTV personnel	<b>✓</b> Will need short term safeguards in place whilst tender process is completed	<b>X</b> Above Threshold, even for 3 months.
<b>Relovision</b>	<b>X</b> 2 year spend above threshold	<b>✓</b> Frameworks available but multiple required to cover the full range of services. Would definitely mean a new provider(s).	<b>✓</b> Unlikely to attract many bidders for such a short-term contract and may not represent best value.	<b>X</b> Organisational spend is above threshold.
<b>ICS</b>	<b>X</b> Not possible for level of organisational spend.	<b>X</b> Frameworks not available to cover the full range of services.	<b>✓</b> Unlikely to attract many bidders for such a short-term contract and may not represent best value. Business continuity risks with a change in provider.	<b>✓</b> Clause b. On balancing the risk and circumstances, it is clearly in the Council's interest to do so.

## Affordability

3.49 The CCTV service was overspent in 2019/20 due to historic budget shortfalls. The overspend in 19/20 was covered by staffing underspend in other areas of the Safer Neighbourhoods service which will not exist in 2020/21. Therefore, budgetary savings have been identified. As these savings involve some CCTV and Partnership Taskforce service reduction, contract capping and income generation, the plan was agreed at Health, Adults & Communities Directorate Leadership Team on 18/05/20 and discussed with the lead member / Deputy Mayor and the Mayor. Actions required for delivery of these savings / income generation have already commenced. A summary of savings is shown below in Table 3.5.

Table 3.5 CCTV Savings Plan Summary

Option	2020/21 saving	2021/22 saving
1 – Reduce number of CCTV operator hours (no cover for holidays / sickness of a 3 <sup>rd</sup> operator on shift)	£161k	£161k
2- Negotiate contractual charges	£16k	£33k
4- Reduce maintenance of cameras (Move to fortnightly maintenance and only repair common faults)	£100k	£100k
5-Hold ASB post	£53k	£53k
6 – Hold Partnership Task Force vacancies/stop funding	£200k	£200k
9 – Income generation via Fixed Penalty Notices (THEO activity to cease street urination, littering, unlicensed street trading)	£30k	£70k
10 – income generation via formal SLAs with other departments and external organisations	£16k	£16k
11- Hold RRT manager post	£55k	£74k
<b>TOTAL</b>	<b>£601k</b>	<b>£707k</b>

## 4 EQUALITIES IMPLICATIONS

4.1 The proposal to agree a direct award to the three organisations concerned would not instigate any changes to services or personnel and therefore there are no equality implications.

## 5 OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,

- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

### **Best Value Implications**

- 5.2 The Council has a duty of best value. Whilst a direct award would not facilitate any market testing, the following investigations have been undertaken:
- 5.3 CCTV operator service: The costs associated with this service are limited to operator salaries and a management fee. Current operators would be entitled to TUPE protection if the service were transferred to an alternative provider. Therefore, the only change in price would be the management fee charged. The current provider has indicated that the management fee charged would be smaller if there was a contract in place due to the increased commercial certainty. Preliminary investigations with other organisations have not demonstrated significant differences in management fee.
- 5.4 CCTV Maintenance service: It has proved difficult to benchmark costs for this service as the service we require is individual to Tower Hamlets with a distinct mix of services, equipment and systems. We require engineers to be trained in each of the systems we use, and this has been developed over a number of years with Relovision / Comfortzone in response to the needs of LBTH. It is likely that any other provider would need to outsource some of these services in the short-term incurring consultancy type fees. Relovision also provide other services across the Council and a broader contract could facilitate efficiencies and cost savings.
- 5.5 Fibre maintenance service: This service includes software provision (Solarwinds) and provision of a 100Mb two-way circuit from the internet to the CCTV control room (approximately 50% of total spend). Purchasing these via ICS allow for trade discounts that are not available to LBTH. Quotes have been sought for these two services separately and are considerably higher than the current total spend for ICS. CISCO approved engineers such as those provided by ICS can demand up to £1000 per day and therefore prices could be considerably higher than the current cost of ICS services.

### **Risk Management**

- 5.6 There are a number of risks associated with the current contractual situation:
- Risks associated with non-compliance of procurement regulations
- 5.7 The service is not currently compliant with procurement legislation and could be open to legal challenge from suppliers, though the risk is considered to be low. Best value has not been tested in this area. A direct award for a short contract would allow focus and attention to be redirected to procurement of the new services required when new equipment has been installed.
- 5.8 Whilst there are currently no issues with service performance, there is no contractual framework in place to resolve any future issues. A contract award

would be governed by a service specification which could be utilised effectively for the period of the contract.

#### Risks associated with GDPR

- 5.9 The council is the data controller for CCTV footage and images and the general operation of data processing for this service and is legally responsible for compliance with the Data Protection Act 2018. The council actively engages in this operation, working alongside a number of other organisations. It has a significant remit and the CCTV operation is of a considerable size. Data controller responsibilities fall under part two of the Data Protection Act for general data processing, and part three of the act processing data concerning crime. The CCTV operation will fall under both parts of the act.
- 5.10 Three private companies provide services to the council's CCTV functions and process personal data. It is the responsibility of the data controller to ensure that effective contracts are in place with all data processors working with their data. Without a contract in place specifying the terms of the data processing required, the council is in breach of GDPR and the Data Protection Act 2018
- 5.11 In addition to this non-compliance with the legislation the Council will be held responsible for any personal data breach caused by the processes and any fine or claim for compensation will lie with the council not the processor. This represents a financial and reputational risk and has been listed on the Corporate Risk Register.

#### Business continuity risks associated with changing providers.

- 5.12 Any change in provider represents a risk to business continuity. Current CCTV systems are well known by the third-party organisations currently providing services. Changing suppliers at this time would require significant handover activity which would not be an efficient use of resources given the CCTV system is soon to change significantly.
- 5.13 During the current COVID situation, the CCTV service is business critical. Not having formal contracts in place provides no assurance with regards to business continuity and providers could pull out at any time as there are no contractual requirements in place.

#### Risks associated with CCTV modernisation

- 5.14 The CCTV system is currently not sustainable within the budget envelope available. Modernisation must proceed at pace to make it a sustainable service and facilitate relocation into the new Town Hall.
- 5.15 The relocation of the CCTV suite into the new Town Hall is time critical and modernisation must have progressed sufficiently by the move date. Any cameras that have not switched to digital prior to the move will not be in operation until the switch has been made.

## **Data Protection**

- 5.16 There are a number of well utilised policies and procedures in operation within the CCTV service with regards to release of data / footage. However, a breach of GDPR legislation is a significant risk in this area. Under the legislation the responsibility for any breach rests with LBTH rather than the employers of the CCTV operators. This represents significant financial and reputational damage risk and would be managed if a formal contract was in place detailing our policies / procedures and GDPR requirements and data sharing protocols.

## **6 COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 This paper sets out the proposal to direct award 3 contracts predominantly purchasing services for the CCTV service, following advice from the Procurement Review Panel. The proposal has considered the work that has started on CCTV transformation and the expected duration of this, hence the request for contract duration of up to two years.
- 6.2 The contracts cover a range of activities, including CCTV operators and maintenance of the CCTV and fibre network, as well as a small level of services to other areas of the council.
- 6.3 Estimated annual contract values will be in the region of £675k for Charter Security (CCTV operators), £220k for Relovision (previously Comfort Zone, providing CCTV maintenance) and £60k for Independent Communication Solutions (fibre network maintenance).
- 6.4 The budget shortfall for the CCTV service in 2019/20 was met by underspends across the Community Safety Division. Due to changes in other parts of Community Safety it is not possible to meet the budget shortfall for 2020/21 and 2021/22. The recovery plan set out in paragraph 3.42 above attempts to address the budget shortfall in the current and next financial year. This plan has risks as it may not be possible to reduce expenditure or increase to the degree proposed. These risks will increase with respect to 2021/22 creating pressure on the future budget position.
- 6.5 To address the budget shortfall, it is planned to invest capital funding available to replace existing analogue cameras with digital cameras, implement service changes and reprocure contracts to operate the service. Implementation of that plan must be a priority and put in place ahead of April 2022 to minimise the risk of any future unbudgeted cost pressures. It may be necessary to prepare a financial plan to set out the benefits of making the capital investment and how that investment will address the financial shortfall.

## **7 COMMENTS OF LEGAL SERVICES**

- 7.1 The Council has the legal power to purchase the services which are the subject of this report. This is because CCTV facilitates the provision of a number of services for which the Council has a statutory duty to provide.



- 7.2 It is the Council's intention to reprocore the entirety of the system and service within the next 2 years. However, an interim solution is being sought which ties in with the reprocorement of the main system.
- 7.3 Regulation 32 of the Public Contracts Regulations 2015 allows the Council to negotiate a contract directly with a provider without an advert where "competition is absent for technical reasons".
- 7.4 The services referred to in this report must match the physical system requirements and these are due to change. Therefore, a reprocorement of the services referred to in this report must match the timings of the replacement of the physical system and therefore re-procorement of the current services is not appropriate at this time.
- 7.5 This means that the proposal complies with Regulation 32 and an award without placing an advert is lawful.
- 7.6 Also, a full tender for a short-term contract would likely fail or be uneconomic due to the resources of tendering being significant as well as potential TUPE related costs when compared to the prospective bidder's reward from such a short term contract. Therefore, direct awards are being sought to cover the interim period. Similarly, tendered short-term contracts are unlikely to represent Best Value for the reasons stated in the report and would therefore not comply with the Council's statutory duty in this regards
- 7.7 The Council also has a clear intention to procure the whole system and therefore the award without an advert is not being performed for anticompetitive purposes in breach of regulation 18 of the Public Contracts Regulations 2015
- 7.8 As part of the direct award process the Council through legal services will ensure that appropriate GDPR and Data Protection Act compliant data sharing agreements are in place and the services are appropriately audited in accordance with the Information Commissioner's Office standards.
- 7.9 There are no immediate Equality Act 2010 implications arising from this report.

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## **Linked Reports, Appendices and Background Documents**

- NONE

## **Linked Report**

- NONE

**Appendices**

- NONE

**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- NONE

**Officer contact details for documents:**

N/A