

Finance and Resources Committee

10.00am, Thursday, 12 August 2021

Award of Contracts for IP Video Surveillance System and Fibre Network

Routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 Approves the award of a contract for the delivery of Internet Protocol (IP) Video Surveillance System (Lot 1) to North SV Limited at a total value of £2,652,450; and
 - 1.1.2 Approves the award of a contract for the provision of Fibre Network (Lot 2) to British Telecommunications plc at a total value of £866,550.
- 1.2 Approves the commencement of the two contracts on 6 September 2021 for an initial period of five years with two optional extensions of three and two years undertaken at the sole discretion of the Council.

Julien Kramer

Interim Executive Director of Education and Children's Services

Contact: Miranda Matoshi, ERDF Project Manager

E-mail: Miranda.matoshi@edinburgh.gov.uk | Tel: 0131 469 3954

Report

Award of Contracts for IP Video Surveillance System and Fibre Network

2. Executive Summary

- 2.1 This report seeks approval to award two contracts for:
- 2.1.1 The provision and maintenance of an IP Video Surveillance System to North SV Limited at a total value of £2,652,450; and
 - 2.1.2 The provision of Fibre Network to British Telecommunications plc at a total value of £866,550.

3. Background

- 3.1 The City of Edinburgh Council (the Council) operates a Closed Circuit Television (CCTV) camera estate across the public realm, housing blocks, the transport network and Council buildings. Provision of CCTV services is non-statutory and the service is provided to support public safety and security, including the prevention and detection of crime.
- 3.2 An internal audit review of CCTV infrastructure conducted in 2017/18, included a recommendation for the creation of a corporate plan for CCTV to ensure that all CCTV operations across the Council are managed efficiently, consistently, and are legislatively compliant. Significant investment is required across the public realm CCTV estate to establish an effective and efficient service and the current analogue systems have surpassed the end of their serviceable life expectancy, particularly given the shift in technology from analogue to IP. The public realm CCTV upgrade will be future-proofed for any developments in the Smart City Operations Centre (SCOC) programme within the Council, to which the service area would be integrated.
- 3.3 A CCTV Working Group was formed following approval from the Culture and Communities Committee meeting on 30 January 2018 and the Working Group supported the upgrade of the public realm CCTV system.
- 3.4 The upgrade project successfully submitted an European Regional Development Fund (ERDF) bid as part of the 8th City Programme; Scottish Cities Alliance smart

cities initiative. This bid revolves around the upgrade of public safety infrastructure, for developing a 'Smart City'. The ERDF project will span across 2019-2022.

- 3.5 The amount of funding confirmed from ERDF is £712,000 (40%), with £1,068,000 (60%) being match funded from the capital budget allocation for the CCTV upgrade. This project is aligned with the SCOC Programme.
- 3.6 The upgrade of public realm CCTV is one of the initiatives included in the Council's Digital and Smart City Strategy.
- 3.7 As part of this procurement, the Council appointed a contractor to carry out a transmission survey. The output of this report provided the most efficient transmission routes/architecture to save on running costs, reduction of carbon footprint, reduction of digitalisation costs and improvements to resilience. The survey identified that the most efficient means to digitalise the network would be to utilise the existing BT Openreach ducting for fibre and supplement this with the use of wireless transmission.
- 3.8 Due to the outcome of the transmission survey a decision was made to introduce a second Lot for the Fibre Network into the planning for this opportunity. The existing camera locations will be transitioned to digital point-to-point circuits with the intention of creating a future-proofed network and benefits which will include the accelerated implementation of 5G and contribute to the Council's smart city ambitions. New camera locations will also benefit from wireless transmission.

4. Main report

- 4.1 Commercial and Procurement Services (CPS) published a Prior Information Notice (PIN) in Public Contracts Scotland (PCS) on 8 October 2020 to determine interest from potential contractors and inform the supply market of the IP Video Surveillance System and Fibre Network tender opportunity. The PIN indicated that 28 organisations expressed interest to deliver this contract.
- 4.2 In addition, the PIN enabled potential contractors to attend a virtual Supply Market Awareness Event (SMAE) held on 27 October 2020. In total 34 representatives attended the event from 25 separate organisations.
- 4.3 On 1 April 2020, CPS published a Contract Notice, under Open Procedure, on PCS as set out in the Public Contracts (Scotland) Regulations 2015, with a tender submission deadline of 12 May 2020. Tender responses were received from four contractors for Lot 1 and two contractors for Lot 2.
- 4.4 To identify contractors offering Best Value the tender evaluations included an emphasis on quality as well as price and submissions were assessed on the basis of the most economically advantageous tender.
- 4.5 Lot 1- a cost/quality ratio of 30/70 was applied to ensure that quality was of a high standard and encourage competitive submissions. To further protect the quality element a minimum quality threshold of 60 marks out of 100 was included, with the Council having discretion to disqualify tenders which did not achieve this threshold.

- 4.6 Lot 2 - a cost/quality ratio of 60/40 was applied; the main driver being cost, however, ensuring quality was of a high standard. The cost element allocated Fibre Network was 80/100 marks to the lowest price bid (revenue) and 5G Small Cell Equipment 20/100 marks to the highest price bid (income). The scores were then combined and the 60% cost ratio applied.
- 4.7 A summary of the tender process is attached at Appendix 1 and the recommendation for award of contracts is based upon the completed evaluation scored for the tenders as detailed below:

Lot 1

Tenderer	Price score % (out of 30)	Quality Score % (out of 70)	Combined % (out of 100)
North SV Limited	30.00	69.13	99.13
Tenderer B	23.41	48.30	71.71
Tenderer C	Not applied as the Tenderer failed to meet the minimum quality threshold	37.63	Fail
Tenderer D	Not applied as the Tenderer failed to meet the minimum quality threshold	11.03	Fail

Lot 2

Tenderer	Price score % (out of 60)	Quality Score % (out of 40)	Combined % (out of 100)
British Telecommunications plc	60.00	29.50	89.50
Tenderer B	22.43	33.50	55.93

- 4.8 The contracts will be managed by the Council's Community Safety Manager, within Safer and Stronger Communities, in accordance with our Contract Management arrangements, who will track community benefits and monitor Key Performance Indicators (KPIs).

5. Next Steps

- 5.1 Subject to approval, the contracts will commence on 6 September 2021 for an initial period of five years with two optional extensions of three and five years (5 + 3 + 2).

- 5.2 The existing maintenance contract for the current system expires at the end of September 2021 and maintenance cover will be provided by the successful contractor, in the interim, prior to installation of the new IP Video Surveillance System.
- 5.3 The Contract and Grants Management Team (CAGM) will engage with the Council's Community Safety Manager to support implementation and contract management delivery throughout the contract lifecycles. All efficiencies identified in the procurement process should be delivered by the service area through proactive contractor engagement monitoring of management information, application of KPI's and tracking of relevant budgets.

6. Financial impact

- 6.1 The project successfully submitted an ERDF bid as part of the 8th City Programme, inclusive of a business case, to obtain the requested funding of £712,000 from the Programme.
- 6.2 Lot 1, IP Video Surveillance System, funding from ERDF is £712,000 (40%), with £1,068,000 (60%) being match funded from the Council's capital budget allocation for the CCTV upgrade, totalling £1,780,000. The IP Video Surveillance System has been awarded at a value of £1,600,000. The remaining funds have been ringfenced for project specific salary costs and consultant fees associated with the delivery of the project. These additional costs are receiving the 40% ERDF contribution, therefore are included in the total cost of the project.
- 6.3 The project implementation will commence in financial year 2021/2022 and completion of the CCTV upgrade will be incurred in financial year 2022/2023. The maintenance costs of the equipment, £687,640, will be funded from the Council's revenue budget and continue for the life of the contract and extension periods, potentially to financial year 2031/2032. In addition to the maintenance costs of the equipment, additional revenue costs associated with licensing and expansion of the network over ten years are estimated to be at 364,810, which is reflected in the total cost, £2,652,450, of Lot 1.
- 6.4 Lot 2, Fibre Network, will be solely funded from the Council's revenue budget.
- 6.5 The estimated cost savings for Lot 1, based upon a comparison of the tender submission from North SV Limited and the second qualifying tender submission are; £555,658.
- 6.6 Lot 2 has generated revenue savings of £307,210; this is due to the transmission strategy implemented for the upgrade. The outcome of the transmission survey suggested that the cheapest solution was to use a primarily wireless solution for transmitting feeds back to the Central Monitoring Facility (CMF). The cost benefit analysis supplied by the survey, provided forecast costings associated with this solution. Ultimately it was decided that retaining fibre could be more competitive, resilient and pragmatic for implementation. The £307,210 saving reflects the suggested cost for the wireless solution less the total value for Lot 2 over ten years as a result of this procurement.

- 6.7 In addition, income generation of £300,000 for 5G small cell hosting equipment over the ten year contract term has been established.
- 6.8 The total savings to the Council from this procurement exercise therefore are:

Financial Year	CMF Upgrade	Fibre Network	Fibre Network Income Generation
2021/2022	£555,658		
2022/2023		£30,721	£30,000
2023/2024		£30,721	£30,000
2024/2025		£30,721	£30,000
2025/2026		£30,721	£30,000
2026/2027		£30,721	£30,000
2027/2028		£30,721	£30,000
2028/2029		£30,721	£30,000
2029/2030		£30,721	£30,000
2030/2031		£30,721	£30,000
2031/2032		£30,721	£30,000
TOTAL	£555,658	£307,210	£300,000
GRAND TOTAL £1,162,868			

- 6.9 The prices quoted by the successful contractors will be fixed and applied throughout the life of the contract, however the Council has reserved the right to negotiate with the contractors on the anniversary of the contract subject to benchmarking and current market conditions.
- 6.10 Financial assessments have been carried out for the successful contractors and it has been deemed that there is no financial risk to the Council.
- 6.11 The costs associated with procuring this contract are estimated to be from £20,001 to £35,000.

7. Stakeholder/Community Impact

- 7.1 This project was selected and approved for inclusion within a wider ERDF Operation, by both the 8th City Advisory Group and 8th City Strategic Board. These partnership structures (which includes representation from all Scottish cities and Scottish Government) were established as part of the governance arrangements that have been put in place for the 8th City Programme.
- 7.2 Initial consultation was undertaken with the incumbent contractors and further consultation and engagement undertaken with the supply market, in the form of a virtual awareness event. Extensive stakeholder engagement has been carried out and is fully detailed within Appendix 2 of this report.
- 7.3 The multi-agency CCTV Working Group was created to develop a strategy for the upgrade and integration of CCTV services, providing a broad membership of

stakeholders. The CCTV Working Group ensured elected members' leadership and representation, input from service areas that manage CCTV systems, such as public space, concierge, security, ICT specialists, and representation from other partners and stakeholders such as Police Scotland.

- 7.4 Significant work has been undertaken to align several strands of 'smart city' work-streams spanning diverse groups of teams and departments towards infrastructure upgrade and integration. The intention of which will offer easier access to data and the ability to visualise and analyse that data to enable better decision-making, both for real-time management of the city and for longer term planning.
- 7.5 This project will publish open data sets (pedestrian, cyclist, vehicle counts etc) available to the public – it is envisaged that businesses, third sector organisations and academics can make use of the data. The intention is to use the data sets provided by the new system for the purposes of traffic flow modelling and generate insights as to where congestion occurs. Thereby improving Edinburgh's air quality and reducing carbon emissions.
- 7.6 The system will create a city operations hub for disaster resilience and risk prevention. The system will be networked to key stakeholder control rooms such as Police Scotland and Scottish Fire & Rescue Service to enable seamless co-ordination to escalating incidents. The system will be implemented as a foundational public safety and visual infrastructure, to be capable of adaptable expansion as the overarching 'smart city' programme develops.
- 7.7 The development of an open platform, public safety network with the capability to absorb security sub-systems may reduce duplication of security control rooms across the city thus reducing emissions.
- 7.8 The new system user interface will improve significantly for frontline operators. This will lead to an improvement in morale, job satisfaction, employee retention and wellbeing of frontline staff.
- 7.9 The Council's Sustainable Procurement Strategy was considered and applied through the request of Community Benefits. The contractors will be required to deliver Community Benefits, which will be monitored throughout the life of the contract. The Council set minimum expectations in both Lots of the tender and the successful contractors have met and exceeded these expectations. The Community Benefits are fully detailed in Appendix 3 of this report.
- 7.10 North SV Limited will pay workers (including any agency or sub-contractor staff) the Real Living Wage, the organisation is not an accredited Living Wage employer, however, intends to become accredited over the life of the contract.
- 7.11 British Telecommunications plc will pay workers (including any agency or sub-contractor staff) the Real Living Wage, the organisation is an accredited Living Wage employer and has signed up to the Scottish Business Pledge.
- 7.12 The contract awards are compliant with procurement regulations and the Contract Standing Orders. The risk of legal challenge relating to contractual arrangements is thereby reduced.

8. Background reading/external references

8.1 [Proposal of the CCTV Working Group](#)

8.2 [Public Realm CCTV Update](#)

8.3 [Digital and Smart City Strategy](#)

9. Appendices

9.1 Appendix 1 - Summary of Tendering and Tender Evaluation Processes

9.2 Appendix 2 - Engagement with Stakeholders

9.3 Appendix 3 - Community Benefits

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	IP Video Surveillance System - Lot 1	
Contract period (including any extensions)	The contract period is five years with two optional extensions of three and two years (5 + 3 + 2) and will commence on 6 September 2021.	
Estimated Contract Value (including extensions)	£2,652,450	
Procurement Route Chosen	Open Procedure	
Tenders Returned	4	
Name of Recommended Supplier(s)	North SV Limited	
Price / Quality Split	Price 30%	Quality 70%
	Quality	70%
	Work Programme	22%
	System Design	22%
	Maintenance and Support	15%
	Central Monitoring Facility Upgrade	10%
	Performance Management	10%
	Contract Delivery Team	6%
	Business Continuity	5%
	Community Benefits	5%
	Fair Work Practices	5%
	Fair Work Management Information	(N/A)
Evaluation Team	Three Council Officers from Safer and Stronger Communities.	

Contract	Fibre Network - Lot 2	
Contract period (including any extensions)	The contract period is five years with two optional extensions of three and two years (5 + 3 + 2) and will commence on 6 September 2021.	
Estimated Contract Value (including extensions)	£866,550 revenue £300,000 income generation from 5G small cell equipment hosting	
Procurement Route Chosen	Open Procedure	
Tenders Returned	2	
Name of Recommended Supplier(s)	British Telecommunications plc	
Price / Quality Split	Price 60%	Quality 40%
	Quality	40%
	Solution	40%
	Implementation Programme	25%
	Contract Delivery Team	15%
	Flexibility and Adapting to Change	5%
	Business Continuity	5%
	Community Benefits	5%
	Fair Work Practices	5%
	Fair Work Management Information	(N/A
Evaluation Team	Three Council Officers from Safer and Stronger Communities.	

Appendix 2 - Engagement with Stakeholders

Stakeholder	Communication
Frontline Operators	<p>Direct communications via line management structures into the project. Identification of improvements in workflow have been discussed over several years in anticipation of the upgrade. Specialist technical consultants interviewed Operators in November 2020 for information gathering and created opportunity to input suggestions as to how to improve the system.</p>
Police Scotland	<p>Direct communications via co-location of staff at the <u>CMF</u>. Police Scotland Pre-Planning Meetings: Shared information on ongoing projects from both partners to identify required adaptation and technological synergies.</p> <p>Satellite site visits, the project team audited all equipment at Police Scotland sites to ensure a smooth transition during the replacement programme.</p> <p>Findings were summarised in December 2020 to Police Scotland, with two follow up meetings in January 2021 to agree on the content of the specification and collaborative solution to ensure business continuity and any further functionality requirements.</p> <p>Further engagement is scheduled to explore the configuration of the new solution and its potential impact prior to contract award.</p>
Intelligent Traffic System department	<p>Dissemination of information via the Intelligent Infrastructure ERDF project, sharing of project information via Project Managers and Senior Managers, SCOC Programme, ERDF Project Board.</p>
Smart Cities Alliance	<p>Communications via the Programme Management Office.</p>
8 th City Programme	<p>Programme Management Office emails and organised events. Highlighting opportunity for additional funding and programme risks.</p>
IT Partner	<p>IT Partner Workshops & SCOC Programme Workshops: Communicating the intended Digital and Smart City strategy, intended benefits and realisation strategy for operational services across the organisation to synergise. Furthermore, there has been collaboration with the IT Partner with regards to cybersecurity.</p>
Elected Members	<p>Upgrade strategy discussed and created by the CCTV Working Group. Biannual committee reports submitted and Elected Members briefings have taken place. Further engagement is to be conducted prior to contract award.</p>
Transport for Edinburgh	<p>ERDF Project Boards, direct liaison with Edinburgh Trams and Lothian Buses. Meetings on site with Lothian Buses and Edinburgh</p>

	Trams: Update on project, current mutual state of infrastructure and respective future development plans.
--	---

Appendix 3 - Community Benefits

Lot 1 - IP Video Surveillance System

North SV Limited

Community Benefit Category: Employment and Skills
<ul style="list-style-type: none">• Community Benefits Required - 1
<ul style="list-style-type: none">• Modern Apprentice- college leaver
<ul style="list-style-type: none">• Promotion of job opportunities
<ul style="list-style-type: none">• Work Experience - college leaver• 2-week placement

Community Benefit Category: Environment Improvements
<ul style="list-style-type: none">• Community Benefits Required - 2
<ul style="list-style-type: none">• Painting of CCTV Columns, as per specifications• 10m in height x 27

Community Benefit Category: Education & Outreach
<ul style="list-style-type: none">• Community Benefits Required - 3
<ul style="list-style-type: none">• Construction Curriculum Support Activities• 5 x 1 hours
<ul style="list-style-type: none">• Curriculum for Excellence Support• Workshop in a School or Community Centre in Edinburgh• 3 x 2 hours

Community Benefit Category: Community Engagement
<ul style="list-style-type: none">• Community Benefits Required - 4
<ul style="list-style-type: none">• Area Tidy-up Campaigns• 15 x 2 hours
<ul style="list-style-type: none">• Local Community charitable projects/events supported by staff volunteers 2-hour min. of volunteer support.• 10 x 2 hours

Lot 2 - Fibre Network

British Telecommunications plc

Community Benefit Category: Employment and Skills

- **Community Benefits Required - 1**
- Modern Apprentice
- We will work with your education and lifelong learning departments to offer 2 structured 1-week work experience placements.

Community Benefit Category: Education & Outreach

- Commitment to funding and facilitating 2 school or college class visits to Open Street, educating pupils into how digital infrastructure is built, and giving them an insight in to engineering roles and career pathways.
- 77 primary schools in Edinburgh are already engaged with Barefoot (75%). In partnership with City of Edinburgh Council, we'll actively target the remaining 25% of schools who we haven't been able to engage with ensuring 100% coverage.

Community Benefit Category: Community Engagement

- Co-design of one significant volunteering project with the Council each year of the contract in conjunction with your BT account team. Each project will be designed specifically to support the Council's community benefit objectives.

Community Benefit Category: Funding and Sponsorship

- Sponsorship of two community training centres supporting digital inclusion (up to 30 individuals) in partnership with the Good Things Foundation. To help people with face-to-face support and training, predominantly aimed at older people and more vulnerable people.

Community Benefit Category: Supply Chain Business and Collaboration

- BT would be keen to participate in twice yearly innovation sessions in conjunction with your economic development and IT teams, creating a 5G based tailored Smart City innovation programme.
- BT will sponsor and co-host one event with the Council at BT Murrayfield, (venue only) shaped around the Council's priorities.

- BT will offer a 1 day physical or virtual hothouse, via the Council, for local SMEs on 5G technology, its applications, and commercial opportunities.