

Case Study 2023/2024



Department of  
**Finance**

An Roinn

**Airgeadais**

**Northern Ireland Civil Service (NICS)  
Provision of Security and Ancillary Services**

**Real Living Wage**

## **PPN 01/21 – Social Value**

## **PPN 05/21 – Human Rights in Public Procurement**

### **Project Title: ID 1543018 Provision of Security and Ancillary Services**

#### **Project Description:**

Supplies and Services Division (SSD) supported the NICS / Department of Finance (DoF) in appointing G4S to deliver a collaborative contract for Security and Ancillary Services to a wide range of public sector sites across Northern Ireland - NICS Departments, their Agencies and Non Departmental Public Bodies (NDPBs), and a number of Centres of Procurement Expertise (CoPEs).

The Contract comprises of the following of Service Functions - Security Guarding / Access Control, Key Holding & Alarm Response, Driving, Locking and Unlocking service, management and patrolling of car parks, CCTV monitoring service, Remote Access control, Mobile Patrols, Lone Worker Monitoring. The Services delivered vary in terms of demand and complexity with hours of service varying depending on scale and type of business at different sites.

The contract commenced on 1<sup>st</sup> September 2019, and was awarded for an initial period of 3 years, with options to extend for up to 24 months, and with an award value of approx. £55m.

#### **Actions**

During the procurement process for the above project SSD ensured that the contract included provisions for the promotion of social inclusion and equal opportunities as key objectives in the Sustainable Development Strategy for Northern Ireland.

As this contract was awarded prior to the introduction of PPN 01/21 Social Value, the Social Value elements were incorporated as conditions of contract rather than scored criteria. The contract further enshrined a human rights based approach within the terms and conditions of contract as best practice in ethical procurement to ensure that the human rights of the workers were protected, prior to the publication of PPN 05/21 Human Rights in Public Procurement.

**Key contract terms included:**

- Economic - encouraged to work with small suppliers (i.e. less than 50 employees); micro suppliers (i.e. less than 10 employees) or Social Enterprises throughout their supply chain.
- Human Rights - reserving the right to survey contractor staff or agency workers on workforce matters such as access to terms and conditions for placements; staff policies such as grievance procedures; how payment for services is managed etc.
- Human Rights - Contractor required to have a human rights policy agreed at board level, published on their website, and with awareness of this policy circulated to their supply chain.
- Environmental - Contractor must comply with local management controls in respect of waste management and energy conservation.
- Environmental - Contractor must ensure that there is efficient use of energy throughout its operations. Contractors are required to maintain external accreditation for their Environmental Management System. Where a Contractor has not achieved accreditation prior to the commencement of Contract; it must be in place within six months of the commencement date.
- Environmental - Contractor must reduce environmental impact by using the most efficient routes in delivery of Services; switching engines off when vehicles are stationary on a delivery of service for longer than 2 minutes; maximise the use of fuel efficient vehicles, e.g. LPG. Biodiesel.
- Targeted Recruitment and Training - Contractor required to submit a methodology detailing how they will deliver the targeted recruitment and training requirements detailed in the Specification.
- Targeted Recruitment and Training - Contractor to maximise the employment of New Entrant Trainees which should comprise a minimum of 40% of new

personnel engaged on the contract (be it through the contractor or a sub-contractor).

- Targeted Recruitment and Training - Contractor to provide a Buy Social delivery report every month.

### **Contract Extension**

The contract was extended on 30<sup>th</sup> August 2022 for a two year period, 1<sup>st</sup> September 2022 – 31<sup>st</sup> August 2024.

In the lead up to the extension, SSD and the NICS seized the opportunity to incorporate the real living wage into the extended contract period, rather than wait until the retender process in two years' time. SSD worked principally with the Department for Communities (DfC), the largest stakeholder, to introduce the Real Living Wage (RLW) for contractor staff into the extension period.

The PPN stated that from June 2022 the payment of the Living Wage must be included as a condition of contract for all contracts. SSD appreciated that this contract was established prior to that date however, the nature of this contract was labour intensive, and a high percentage of the staff were at lower grades and therefore likely to be earning less than the Real Living Wage (RLW). This was the earliest opportunity to introduce the RLW as a condition of contract and to make a significant impact on the contractor staff's wages.

### **Outcomes and Benefits**

SSD and DfC dialogued with G4S to obtain a breakdown of the direct labour costs across all of the staff grades so that they could understand the additional cost this condition would bring but also to appreciate how the uplift would impact the grading and management structure in the contract and any proportionate uplifts required for supervisors etc that were already above the living wage rate.

The living wage was first introduced to the contract with effect from 1<sup>st</sup> September 2022, at the hourly rate of £9.90. Pricing for the extension period (years 4 and 5) was to remain fixed unless

unexpected fluctuations necessitated a review at points when there are adjustments to the real living wage (RLW). Pricing may come down but, should it prove necessary to consider increases, that these will be limited to what would be necessary only to allow G4S to maintain a level necessary to sustain financial viability across the whole account / contract.

On 22nd September 2022, the Living Wage Foundation announced an unexpectedly large hike in RLW of 10.1%, increasing it by £1, to £10.90 per hour. This was well above the forecasting model figure used by G4S during the price increase negotiations, necessitating a further price review. It was agreed with G4S to align the RLW increase with the start of the 2023-24 financial year, therefore with effect from 1<sup>st</sup> April 2023.

As a result of implementing this Living Wage element of PPN 01/21, over 500 G4S staff have benefitted from a pay uplift to RLW on two separate occasions (September 2022 and April 2023). A small percentage of those staff in supervisory / administrative roles received a further uplift above the RLW rate in order to maintain the differentials in pay between the grades/supervisory structure.

The contract terms and conditions ensured that the human rights of the contractors staff were enhanced and protected with the contractor providing a Human Rights Policy with supporting processes and procedures in place to facilitate accessible and transparent grievance mechanisms. In particular whistleblowing arrangements which provide a valuable opportunity for employees, and others, to raise concerns anonymously.