

Memorandum of CoESS and Euro-FIET on the award of contracts to private security companies in the public sector

1. The social partners in the European private security industry, CoESS (employers) and Euro-FIET (trade unions) have noted, as a result of a survey carried out by their respective members, that, depending on the country concerned, between 40% and 60% of business in the security services industry is in the public service sector. The survey also showed that in the very great majority of cases (85% - 100%) public authorities award these contracts on the basis of price alone.
2. These twin observations have persuaded CoESS and Euro-FIET, in the interests of raising professional standards in the industry, encouraging transparency and improving the quality of services, to adopt this joint recommendation and to put at the disposal of public authorities a handbook (a copy of which is enclosed) giving them all the necessary information to enable them to opt for the "most economically advantageous" quotation as they are allowed to do under European Directive EEC/50/92.
3. Although CoESS and Euro-FIET are aware of the budgetary constraints which face public authorities, they believe that the usually policy, which consists of awarding contracts to companies which put in the lowest bid, has a harmful and detrimental impact on the industry.
4. The existing competition within the private security sector pursuing public service contracts encourages companies to cut their prices to the detriment of the quality of their services, despite the fact that quality is recognised as an important element in client and user satisfaction.
5. The social partners are aware that in some cases companies do not hesitate to put themselves on the wrong side of the law, or at least come very close to doing so, (failure to comply with legislation or collective agreements) in order to set the very lowest price in order to obtain a contract.
6. Given the size of the public service contract sector, such behaviour undermines all efforts at improving quality within the industry as a whole. It also contributes to the industry's rather negative public image, to poor

professional standards and/or a failure to recognise rising standards in the business, to employees' dissatisfaction with their working conditions and to problems in attracting new employees.

7. CoESS and Euro-FIET believe that the importance given to price alone in awarding public service contracts is due, inter alia, to the following causes:
 - insufficient transparency in the private security sector,
 - a lack of means for analysing the quality aspect of services,
 - the difficulties clients have in expressing their needs in terms of quality,
 - an absence of instruments enabling the client to assess quality,
 - difficulties in making quality comparisons between services offered by the industry.
8. In order to enhance the quality of services, CoESS and Euro-FIET have produced a handbook for adjudicating authorities. This handbook contains a checklist of criteria for assessing the quality of private security services, drawn up jointly by the social partners. They have also explained the value to clients of taking these criteria into consideration. Finally, they have drawn up a system for quotes which enables bids to be assessed according to criteria of both price and quality.
9. CoESS and Euro-FIET stress that the handbook gives clients in the industry the flexibility they need, in line with the particular needs of the market, to weight price and quality criteria as they choose.
10. The handbook will be distributed as widely as possible to both public authorities and clients in the private security industry in the European Union. The social partners intend to organise information and awareness campaigns, to encourage as many people as possible to make use of the handbook.

Berlin, 10th June 1999

Stephan Landrock
President
CoESS

Philip Jennings
Regional Secretary
Euro-FIET

MEMO-E-1.DOC coess siko99
01.06.99 16:22/es