



EXECUTIVE

19 March 2020

SECOND DESPATCH

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AMENDED 19 March 2020

Finance Department, N7 7EP

Report of: Executive Member for Inclusive Economy and Jobs

Meeting of	Date	Ward
Executive	19 March 2020	All
Delete as appropriate		Non-exempt

Business Rates Retail Relief and Pub Relief schemes for 1st April 2020 – 31st March 2021 and subsequent financial years

- a) Retail Relief for qualifying premises and**
- b) Pub Relief for qualifying premises**

1. Synopsis

- 1.1 The purpose of this report is to adopt a policy to award Retail Relief and Pub Relief in accordance with the values, criteria and guidance set out by the Government using the Council's Discretionary Rate Relief powers in Section 47 of the Local Government Finance Act 1988 (as amended).

2. Recommendations

- 2.1 It is RECOMMENDED that:

(a) To agree to award Retail Relief to qualifying businesses. The value of this relief to be set at the value the government will reimburse the Council for in any particular financial year.

(b) To apply Retail Relief in accordance with and to the qualifying businesses the government identifies in its guidance. Such guidance is typically provided by the Ministry of Housing, Communities & Local Government (MHCLG) in the "Business

Rates Information Letters” they publish. For reference a copy of the guidance in respect of the financial year 2020/2021 is contained in Appendix C of this report.

(c) To approve the Islington Retail Relief Scheme as set out in Appendix A.

2.2 (a) To agree to award Pub Relief to qualifying businesses. The value of this relief to be set at the value the government will reimburse the Council for in any particular financial year.

(b) To apply Pub Relief in accordance with and to the qualifying businesses the government identifies in its guidance. Such guidance is typically provided by the Ministry of Housing, Communities & Local Government (MHCLG) in the “Business Rates Information Letters” they publish. For reference a copy of the guidance in respect of the financial year 2020/2021 is contained in Appendix D of this report.

(c) To approve the Islington Pub Relief Scheme as set out in Appendix B.

2.3 To note that the value and qualifying criteria for both Retail Relief and Pub Relief Schemes may vary in future so that the Council’s schemes exactly match the value and criteria set out by and reimbursed by the Government in respect of any financial year.

2.4 To authorise the Director of Financial Operations and Customer Services to make any necessary changes to the Islington Retail Relief Scheme and / or the Islington Pub Relief Scheme to give effect to any revised guidance on retail rate and / or pub relief issued by the Government.

3 Background

3.1 On 11th March 2020, the Government announced changes to the current Retail Relief criteria, raising the value of the relief from one third to 100% and extending the range of businesses in the scope of this relief.

3.2 On 27th January 2020, the Government has re-introduced Pub Relief.

3.3 Retail Relief and Pub Relief provide significant financial support for qualifying businesses. Approximately 1,850 Islington businesses and 100 pubs are expected to benefit by £9.6M and £100k respectively.

3.4 These reliefs may be awarded by the Council in accordance with the Discretionary Rate Relief powers as contained in section 47 of the Local Government Finance Act 1988 (as amended).

3.5 If the Council agrees to award these reliefs in accordance with the Government’s guidance, the Government will fully reimburse the council for the cost of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).

- 3.6 The Islington Retail Relief Scheme proposed in this report (in Appendix A) mirrors in all respects the guidance the Government published on 27th January 2020 however this report acknowledges that the Government's guidance continues to evolve in response to both internal and external pressures such as the Budget and COVID-19.
- 3.7 The Islington Pub Relief Scheme proposed in this report (in Appendix B) is based on and mirrors in all respects the guidance the Government published on 27th January 2020 however this report acknowledges that the Government's guidance continues to evolve in response to both internal and external pressures such as the Budget and COVID-19.

4 Implications

4.1 Financial Implications:

The gross cost to the Council of granting these reliefs, in terms of forgone retained business rates income, will be fully funded by central government grant. The government grant income will be paid on an estimated basis with a further reconciliation payment after the end of the relevant financial year to reflect the final amount of relief awarded. This means that there is no overall net cost to the Council

4.2 Legal Implications:

The Council has discretion to grant rate relief under section 47 of the Local Government Finance Act 1988. In exercising that discretion, the Council must have regard to guidance issued by the Secretary of State. That guidance establishes a set of arrangements for the provision of rate relief for retailers and pubs where their rateable value is below a certain amount. It is entirely lawful and reasonable for the Council to follow the guidance. There is a good reason for the relief arrangements and, given that the relief granted will be reimbursed, there is no cost to local council taxpayers.

- 4.3 The De Minimis Regulations (1407/2013) on the provision of State Aid apply to the award of rate relief. Accordingly, if the business rate payer would exceed the state aid limit by accepting the rate relief they must inform the council. A declaration will be provided to them for this purpose.

4.4 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

Not applicable.

4.5 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take

account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

- 4.6 The broad purpose of this duty is to integrate considerations of equality into day business and keep them under review in decision making, the design of policies and the delivery of services.
- 4.7 There is no cost to the local taxpayer, so no burden is created elsewhere in the borough. The reliefs proposed are designed to phase the level of support with the level of the new burden created by the external revaluation process.
- 4.8 A Resident Impact Assessment screening has been completed (Appendix E). The policy supports all types of businesses in Islington such as companies, partnerships and sole traders and therefore is unlikely to directly impact on the protected characteristics.

5 Conclusion and Reason for Recommendations

- 5.1 By adopting a Retail Relief scheme and a Pub Relief scheme for businesses the Council is reducing the financial burden on local businesses within its area.

Background papers: None

Appendices:

- Appendix A: Islington's Retail Relief Scheme
- Appendix B: Islington's Pub Relief Scheme
- Appendix C: Government's retail discount guidance
- Appendix D: Government's pub discount guidance
- Appendix E: Resident Impact Assessment
- Appendix F: Business Rates Information Letter (BRIL) 1/2020

Final Report Clearance

Signed by



19 March 2020

Councillor Asima Shaikh
Executive Member for Inclusive Economy and Jobs

Date

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Appendix A

Islington Retail Relief Scheme

6.1 The Islington Retail Relief Scheme will award Retail Relief to qualifying businesses equivalent to one half of their daily rates charge in respect of the financial year 2020/21 on the conditions that:

(a) The hereditament has a rateable value of less than £51,000 and

(b) It is occupied and it is being used and is wholly or mainly being used as a shop, restaurant, cafe or drinking establishment.

6.2 It is considered shops, restaurants, cafes and drinking establishments to mean:

(a) Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, opticians, stationers, off licence, chemists, newsagents, hardware stores, charity, supermarkets etc)
- Post offices
- Show & display rooms (such as: furnishing, double glazing, garage doors, kitchen / bathroom, carpet, cars & caravans etc)
- Second hand car lots
- Markets
- Petrol Stations
- Garden Centres
- Art Galleries (where art is for sale / hire)

OR

(b) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

OR

(c) Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

OR

(d) Hereditaments that are being used as cinemas

OR

(e) Hereditaments that are being used as live music venues:

– live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).

– Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).

– There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music.

Although we would expect this would be clear in most circumstances, guidance on this may be found in Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003.

6.3 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that the Council considers for this purpose to be retail.

6.4 The Council can determine whether types of property (hereditaments) not

listed are broadly similar in nature to those in 6.2 above and, if so, to consider them eligible for the Retail Relief. Conversely, properties that are not broadly similar in nature to those listed above will not be eligible for the Retail Relief.

- 6.5 To qualify for the Retail Relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment, cinemas or live music venues. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.
- 6.6 In accordance with the Government's guidance on awarding a retail discount (Appendix C), the Council considers the following not to be "retail premises" and they will not be eligible for Retail Relief under the scheme:
- (a) Hereditaments that are being used for the provision of the following services to visiting members of the public:
- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers, amusement arcades)
 - Other services (e.g. estate agents, letting agents, employment agencies)
 - Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
 - Professional services (e.g. solicitors, accountants, insurance agents/financial advisers, tutors)
 - Post office sorting office
- (b) Hereditaments that are not reasonably accessible to visiting members of the public
- 6.7 The Council can determine whether particular properties (hereditaments) not listed are broadly similar in nature to those in 6.6(a) above and, if so, to consider them ineligible for Retail Relief.
- 6.8 Retail Relief will normally be awarded pro-actively by the Council using information it already holds about the rateable value and nature of the business. However an application form will be available to businesses for those who consider themselves to qualify but were not initially awarded Retail Relief by the Council. The decision on any award is delegated to the Director of Financial Operations and Customer Services who in turn can authorise officers in this service directorate to take such decisions on his behalf..
- 6.9 Every business awarded Retail Relief will be informed of the criteria and told to inform the Council if they do not meet these criteria. State Aid (De Minimis Regulations) will apply when granting Retail Relief and ratepayers will be required to declare any State Aid either at the application stage or after the award is made if it is made proactively.
- 6.10 An appeal against a refusal to award on the grounds of whether it is occupied and is being wholly or mainly being used as a shop, restaurant, cafe or drinking establishment can be made to the Council within one month of the Council's

notification to the rate payer of this refusal. Any appeal will be considered by the Executive Member for Inclusive Economy and Jobs within a reasonable time period of its submission. The Executive Member for Inclusive Economy and Jobs has the scope to adjust the lists in paragraphs 6.2 and 6.5 above at any stage if, in their opinion, it would be in the public interest for them to do so and/or it is in line with the Council's previously stated objective(s) on strategic issues of importance.

- 6.11 Retail Relief will be calculated in the same format as Business Rate charges and apportioned accordingly if the occupation, other reliefs or rateable value of a premises, changes. Any award will be credited to the business rates account that is maintained by the Council.
- 6.12 Any award made in error, or applied for by the ratepayer or his representative fraudulently, may be recovered by the Council

Appendix B

Islington Pub Relief Scheme

- 7.1 (a) In the financial year 1 April 2020 to 31 March 2021 the Council will award Pub Relief of up to £1,000 to qualifying public houses in occupation of premises which have a Rateable Value of less than £100,000
- (b) this is to be applied in accordance with the guidance provided by the Ministry of Housing, Communities and Local Government (MHCLG) in their "Business Rates Information Letter (1/2020) which is contained in Appendix D of this report.
- 7.2 In order to be eligible to receive Pub Relief, It is considered that pubs should:
- be open to the general public
 - allow free entry other than when occasional entertainment is provided
 - allow drinking without requiring food to be consumed
 - permit drinks to be purchased at a bar
- 7.3 In accordance with the Government's guidance on awarding Pub Relief (Appendix D) , the Council considers the following not to be "pubs" and they will not be eligible for Pub Relief under the scheme:
- restaurants
 - cafes
 - nightclubs
 - hotels
 - snack bars
 - guesthouses
 - boarding houses
 - sporting venues
 - music venues
 - festival sites
 - theatres
 - museums
 - exhibition halls
 - cinemas
 - concert halls
 - casinos
- 7.4 The Council can determine whether particular properties (hereditaments) not listed are broadly similar in nature to those in 7.3 above and, if so, to consider them ineligible for Pub Relief
- 7.5 Pub Relief will normally be awarded pro-actively by the Council using information it already holds about the rateable value and nature of the business. However, an application form will be available to businesses for those who consider themselves to qualify but were not initially awarded Pub Relief by the Council. The decision on any award is delegated to the Director of Financial Operations

and Customer Services who in turn can authorise any officer in this service directorate to take decisions on his behalf .

- 7.6 Pub relief will be applied to bills after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, including Retail Relief.
- 7.7 Every business awarded Pub Relief will be informed of the criteria and told to inform the Council if they do not meet these criteria. State Aid (De Minimis Regulations) will apply when granting Pub Relief and ratepayers will be required to declare any State Aid either at the application stage or after the award is made if it is made proactively.
- 7.8 An appeal against a refusal to award on the grounds of whether it is occupied and is being wholly or mainly being used as a pub can be made to the Council within one month of the Council's notification to the rate payer of this refusal. Any appeal will be considered by the Executive Member for Inclusive Economy and Jobs within a reasonable time period of its submission.
- 79 Pub Relief will be calculated in the same format as Business Rate charges and apportioned accordingly if the occupation, other reliefs or rateable value of a premises, changes. Any award will be credited to the business rates account that is maintained by the Council.
- 7.10 Any award made in error, or applied for by the ratepayer or his representative fraudulently, may be recovered by the Council

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Executive Member for Housing and Development

Meeting of:	Date:	Ward(s):
Executive	19 March 2020	List wards: All

Delete as appropriate	Part-exempt	Non-exempt
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Appendices B & C to this report are exempt from publication

SUBJECT: Replacement of Wet Riser Main (WRM) system to Michael Cliffe House

1. Synopsis

- 1.1 This report seeks approval to enter into a contract with AJS Ltd to replace the life-expired wet riser mains (WRM) pipework at Michael Cliffe House.
- 1.2 The proposed works are to replace the existing (c1969) life-expired WRM system that consists of two riser pipes with a new WRM system that will comply with current guidance (being BS 9990: 2015), including Fire Brigade (FB) outlet valves on 1st to 23rd floors and roof levels, along with monitored isolation valves every 10m (three floors) to both riser pipes. FB outlet valves will be located in new, secure masonry enclosures with access doors and FB cabinet access doors. The proposed contract variation is to also include all enabling works, any monitoring works required and maintaining works over two one-day impairments.
- 1.3 There is an urgency for these works to be instructed in a timely manner due to the current condition of the WRM pipework being considered life-expired as a result of an independent assessment of the existing pipework condition.

2. Recommendations

- 2.1 To award a contract to AJS Ltd for the replacement of the wet riser main and ancillary works to Michael Cliffe House in the sum of £2,176,667.23.

3. Background

- 3.1 Michael Cliffe House is a 24 storey block (ground, 1-23rd floors plus roof) built c1969, comprising 185 purpose-built flats with two stairwells (north and south) leading to communal landings, each with two lifts that serve alternate floors.
- 3.2 When built a WRM installation was provided, fed from tanks and two electric powered fire pumps located in the north side basement plant room. These pumps were mains powered with a back-up diesel generator supply. Water was pumped up to serve and charge two wet rising mains; one per lift lobby landing with outlet valves for FB connection on even floors only, commencing at 4th to 22nd floors and at roof level to both sides of the block. This system was built to the then current British Standard, Code of practice 402.101:1952.
- 3.3 In 2000, a substantial sum was required to combat on-going anti-social and vandalism issues and to ensure that the WRM was maintained to the requirements of the then current fire regulations. Both risers were being targeted and landing valves were being vandalised and/or stolen, which gave rise to serious concerns about the Council's ability to maintain the risers as per the requirements of the current Fire Regulations. A senior management decision was taken to temporarily disconnect the pumps, the back-up generator and the water supply and convert the existing WRM installation into a dry riser mains (DRM) system. These works were carried out in conjunction with and the consent of the LFB and the Council's own BCS team. The installation was subsequently tested on an annual basis in the presence of both the LFB and BCS with both parties signing off the DRM as being compliant and fit for purpose.
- 3.4 In the summer of 2013 the BCS team informed Islington Council's E&E Section of HASS (now Housing Property Services) who had been managing the system, that they were no longer prepared to accept the status quo and that the Council had had plenty of time to sort out the shortfall in funding and the necessary works to bring the DRM installation back up to its original configuration as a WRM.
- 3.5 In 2014, following a competitive tendering exercise, AJS were awarded the contract to convert the existing long-standing 'temporary' DRM installation back to the original configuration i.e. WRM installation to meet regulatory requirements. The works were mainly in the basement plant/pump room and included removal of redundant equipment, provision of two new water storage tanks, a large electric pump and 'back-up' diesel pump with exhaust, associated works including emergency lighting, fire alarm interface and changing landing valves from dry to wet riser compatible outlets and provision and adaption to provide secure enclosures.
- 3.6 The decision was made to retain the existing pipework, including the risers that are built into the fabric of the building, and to maintain a fully-functioning system, albeit making use of the DRM, to minimise any impairment (system down time) until the WRM system was ready to be commissioned. The change-over was carried out on two separate days with full impairments, in conjunction with and with the agreement of the LFB. The first was early June 2017, the second was due 14th June 2017 but was postponed a week, due to the Grenfell Tower fire tragedy.

- 3.7 During the opening up works it was established that other associated components were also life-expired and were found to require urgent attention, i.e. the replacement of the block's communal low voltage electrical distribution panels and asbestos removal to provide suitable electrical supplies for both the WRM system and the new communal heating system.
- 3.8 The WRM system was fully operational from 21st June 2017, with weekly testing being undertaken. Subsequent to this and to enable BSC sign off, some additional works were undertaken, including the insertion of an isolation valve to the base of each riser (at 3rd floor level) to enable their individual isolation, and so reducing the risk from full to part impairment of the system should work to one or other of the risers 4th to roof level have to be worked on.
- 3.9 Such an event occurred late September 2019 when a leak occurred on the 18th floor north side, which was promptly repaired with partial impairment for the day. The system had run without incident for over 2¼ years with the existing original retained pipework.
- 3.10 Following the above and in October 2019 the system pressurisation 'jockey pump' was found to be running more frequently than it should have, which was putting it under abnormal loading and risk of failure. This running of the jockey pump indicated a leak on the system. A full and thorough survey of the visible and accessible pipework was undertaken, along with some opening up of riser ducts, but no leak was found. The leak was therefore deemed to be located within the underground duct from the basement to main block services riser core. Unfortunately, this duct was inaccessible, with the few access hatches having been sealed due to historic asbestos contamination. The one localised section that had been cleared of asbestos, to facilitate new electrical connections for the new estate heating system, revealed the duct was physically inaccessible due to original heating pipes and other services, concealing the original (leaking) risers' supply pipework.
- 3.11 Our health and safety adviser prohibited any works within the duct due to the asbestos hazard and unacceptable confined working space for any works. As a consequence, and to avoid system failure and loss of this critical safety facility, a new 'by-pass' pipe was run, to a revised fully accessible route, from the basement plant room, up to the second floor level to connect to the two existing risers. This was completed, with a full one-day impairment, mid-December 2019 to safeguard the residents over the Christmas period, approximate additional cost £220k. The ancillary works associated with this (fire stopping, pipe lagging and frost and vermin protection, remote alarm monitoring, etc) are nearing completion, with BCS sign off pending.
- 3.12 As a consequence of the above leaks, three sections of vertical riser pipe were sent for specialist independent testing and a condition report was provided by Project Fire Products Limited in November 2019.
- 3.13 A further weeping pipe joint was identified 13th January 2020 on the 6th floor north side and this has had a temporary holding repair undertaken, and is holding.
- 3.14 Pipework Condition Report: Project Fire Products Limited (PFPL) have carried out an independent investigation and subsequently reported on the galvanised steel riser pipework condition based on the three samples provided - with the samples being removed from the respective vertical sections of the existing pipework when alteration works were

carried out to install the isolation valves and repair of the 18th floor leak. The results from the pipework investigation indicated a variety of internal corrosion and pipe deterioration in the form of pitting. The samples that were tested provided detailed analysis of the pipe at that point and gave an indicative picture of pipework health. The internal corrosion demonstrates a significant reduction in the pipe wall thickness, with the quantity of deterioration referenced in Section 3 of the attached PFPL report – see Appendix A.

- 3.15 Our in-house mechanical services team provided their comments after reviewing the report produced by PFPL. It was noted that they agreed with the PFPL findings, in that the level and nature of the corrosion of the pipe would indicate that the existing installation is now life-expired. Whilst we would be able to continue with periodic tests, they would be unable to guarantee the pipework integrity in between the periodic tests. This would only provide further external visual inspection evidence of leaks as they occur and not the likely severity of potential failure. Advice from the mechanical services team stated that corrosion of the wet riser pipework would occur when oxygenated water is present, i.e. when the pipework is pressurised with water.
- 3.16 It would appear that the historic management decision to change from a wet riser to a dry riser, to combat vandalism issues, then back to a wet riser has significantly contributed to the corrosion of the pipework. Notwithstanding the above the pipework is now past its safe remaining life expectancy and should be replaced without delay.
- 3.17 BSC Principal Surveyor has also expressed concerns regarding the retention of the riser pipes, particularly given the recent by-passing and replacement of the basement to second floor two risers.

4. Implications

4.1 Financial implications:

- 4.1.1. The estimated cost provided by AJS Ltd and vetted by the Council's project Quantity Surveyor dated 26/01/2020 for the proposed additional works to the WRM pipework, which also includes the removal of the redundant, asbestos gasket jointed, redundant communal heating pipes and the gas pipe will be £2,176,667.23.

A breakdown of these costs is attached to this report as exempt Appendix B

Note;

- The above figures exclude 11% fees for Capital Programme Delivery services.
- AJS have confirmed works would take approximately 10-12 months to complete from receipt of a change order.

- 4.1.2. The summary of costs since the Tender Award Report (TAR) was signed 6/10/2014 and outlined throughout Section 4 of this report (background) is represented below.

Total spend to-date	£ 1,241,000
Communal electrical LV panel and associated asbestos works, UKPN sub-station upgrade, temp generator, security, etc.	421,000

WRM Works including by-pass pipe December 2019.	820,000
Additional works for two new risers, enclosures, monitoring, etc.	2,176,667
Revised project total as of 10/03/2020	2,996,667

4.1.3. Given the urgent nature of these works, it is proposed that Capital Investment money be used to pay for these important and urgent fire safety works. In accordance with Rule 18.1.4, the Corporate Director of Housing has delegated responsibility to award housing related contracts up to £5,000,000 in the case of capital expenditure.

4.1.4. **Budget Provision**

Given that the works required as set out in this report were not anticipated there is no specific capital budget provision set aside however the latest approved 3 year capital programme (20-21 to 22-23) includes a generic budget for fire safety works in tall blocks of £16m, the Property Services Housing Investment team advise that around £9.5m has been allocated to schemes as such the estimated cost of these works in the sum of £2.2m can be met from this budget without adversely impacting on the rest of the capital programme.

5.1.5. **Leaseholder Recovery**

The report seeks to waive the recovery of the costs in the sum of £330k in relation to the 28 leaseholders (out of 185 residents in total). The Capital Programme Delivery team advise that the urgent nature of these fire safety works are such that it is inadvisable to delay the commencement of the works in order to undertake a leaseholder Section 20 Consultation process which at a minimum is likely to take 3 months. Furthermore, the Capital Programme Delivery team advise that the current circumstances are not dissimilar to the circumstances faced previously at which time Legal advised that in the event that we did recharge leaseholders we would be likely to lose a challenge at a first tier tribunal (previously an LVT).

4.2 **Legal Implications:**

4.2.1. The Council owes a duty to the tenants and leaseholders, including those of Michael Cliffe House, to ensure that the areas of and installations in the blocks over which the Council retains control are kept in good repair and condition so that the premises are reasonably safe for their occupation (Occupiers Liability Acts 1957 and 1984 and Defective Premises Act 1976).

4.2.2. The works to replace a wet riser at Michael Cliffe House constitute a public works contract for the purposes of the Public Contracts Regulations 2015. The value of the works falls below the financial threshold for works contracts for the full application of those regulations and therefore the contract does not have to be advertised in OJEU.

However, contracts which may be of interest to contractors in other EU countries would ordinarily require some form of advertising in order to satisfy the EU principles of equal treatment/non-discrimination and transparency. Further, the provisions of the Council's Procurement Rules will apply and would normally require a full competitive tendering exercise with a minimum of five tenderers. Those rules provide that the requirement for competitive tenders may be waived for good operational and financial reasons.

A waiver has been granted to enable a contract for the works at Michael Cliffe House to be awarded directly to AJS Limited. The Corporate Director Housing has delegated authority to award the contract. Before awarding the contract, she should have regard to the information in the exempt Appendix B and be reasonably satisfied that AJS Limited's tender for the works represents value for money for the council.

4.2.3. AJS Ltd have undertaken all the works to-date and are familiar with the new system and the block. The costs provided are considered value for money, and are comparable with those for similar works on Peregrine House. There are definite benefits of using the incumbent contractor, such as of continuity and prompt delivery of works and also regarding sole responsibility regards full system compliance and for defects resolution, i.e. avoiding two contractors having areas of interlinked and interdependent 'kit' on a single system.

4.2.4. Given the urgent nature of these works, full tendering of the works would cause considerable delay. Consideration could be given to using a faster track framework consortium like LHC or Procure Plus to source a contractor, utilising their pre-agreed rates and vetted contractors. However, this has not been as quick as anticipated on a recent contract and the specification element required significant review and amendment. The proposed works are more bespoke with a split of mechanical, electrical and associated builder's works and is not as routine as a window or door replacement programme, which lends itself to such procurement arrangements.

4.3 **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:**

4.3.1. The WRM replacement will have environmental impacts that include energy used in the installation process, vehicle journeys made by the contractor, material use for the new WRM pipework, and the disposal of the WRM pipework.

The new WRM pipework will be galvanised steel, a sustainable material. The old WRM is made of galvanised steel and will be collected by a reputable Waste Collection contractor and disposed of at a registered Waste Collection Station. All of the recyclable pipework and fittings will dismantled and recycled.

5. **Resident Impact Assessment:**

5.1 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

5.2 A Resident Impact Assessment (RIA) was completed on 11th March 2020. This procurement will not have any negative impact on any persons within the protected characteristics groups. This contract will have a positive impact on vulnerable groups, as it will ensure that their properties are maintained to a high standard. Diversity and equality were considered during the procurement process. Potential service providers were asked a scored question

during the procurement process about how they assess and manage repairs for customers with any of the equalities characteristics. It is a contractual requirement for service providers to work to Islington Council's policies and procedures, where health and safety, equality, diversity and an accessible service for all are factored into service delivery procedures.

5.3 The completed RIA dated 11th March 2020 is attached to this report as Appendix D.

6. Reasons for the decision:

6.1 This contract is required to ensure that urgent fire safety works are undertaken as quickly as possible to ensure the Council fulfils its legal obligation to maintain a fully compliant wet riser mains installation to a 24 storey purpose-built block of flats.

7. Authorisation for use of urgency procedures:

7.1 I agree that this decision is urgent and cannot be reasonably deferred.



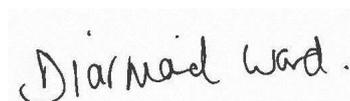
Councillor Theresa Debono
Chair of the Policy and Performance Scrutiny Committee.

Background papers: none

APPENDICIES	Title	Exempt/ Non-Exempt
Appendix A	Pipework Condition Report	Non-Exempt
Appendix B	Contract Sum Analysis 26/01/2020	Exempt
Appendix C	Waiver Report 11/03/2020	Exempt
Appendix D	Residential Impact Assessment (RIA) 11/03/2020	Non-Exempt

Final report clearance:

Signed by:



19 March 2020

Councillor Diarmaid Ward
Executive Member for Housing and
Development

Date

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WET RISER PIPEWORK CONDITION REPORT

Michael Cliffe House, Islington

Report based on pipe samples removed
and independent laboratory analysis.

Contents Page

- 01** Pipecheck procedure
- 02** Works carried out at Michael Cliffe House
- 03** Summary of pipe sample results
- 04** Results for sample 179
- 05** Results for sample 180
- 06** Results for sample 181
- 07** Conclusions

Pipecheck provides an independent report on pipework condition based on samples supplied. Conclusions drawn from this report are based solely on the samples supplied and as a result will only give an indication of interior pipework condition. If results show cause of concern or if other symptoms are present such as exterior corrosion, leaks or pipework blockages then further analysis and/or replacement of pipework may be required. Analysis and results are provided by an accredited UK based laboratory.

a)The internal surface of the pipe samples were visually examined and photographed. General condition of the pipe was commented on, in particular the colour, texture (i.e. presence of pits, nodules or other topographical features) and other variances across the sample.

b)The burr from the outer diameter of the coupon was then removed and the samples were immersed in an inhibited solution (Hexamethylenetetramine and Hydrochloric acid) to remove the surface layer of corrosion.

c)The newly cleaned internal surface of the pipe samples were then re-examined and photographed. The presence of any pitting was noted together with an evaluation of the pit depth, shape and frequency. The maximum pit depth for each sample was established using the "z" focus on an optical microscope.

d)Pipe thickness was measured at four circumferential locations (i.e. 0, 90, 180 and 270 degrees) using a point micrometer.

e)The samples were then sectioned through the region of maximum corrosion (i.e. pitting or from general observation). The sections were then mounted in Bakelite and polished to a 1µm diamond finish and optically examined at magnifications up to 1000x. The maximum pit depth, diameter and minimum wall thickness was measured, recorded and photographed.

Works carried out at Michael Cliffe House, Islington

Due to leaks and concern of wet riser pipework at Micheal Cliffe House, during maintenance works a total of 3 (three) samples of wet riser pipework were taken by specialist contractor AJS Ltd to help determine current pipe condition and estimate remaining longevity.

Sample 179 was taken on 2nd of October 2019 during installation of isolation valve.

Sample 180 was taken on 25th of September 2019 during installation of isolation valve.

Sample 181 was taken on 3rd of October 2019 during maintenance works to address a leak.

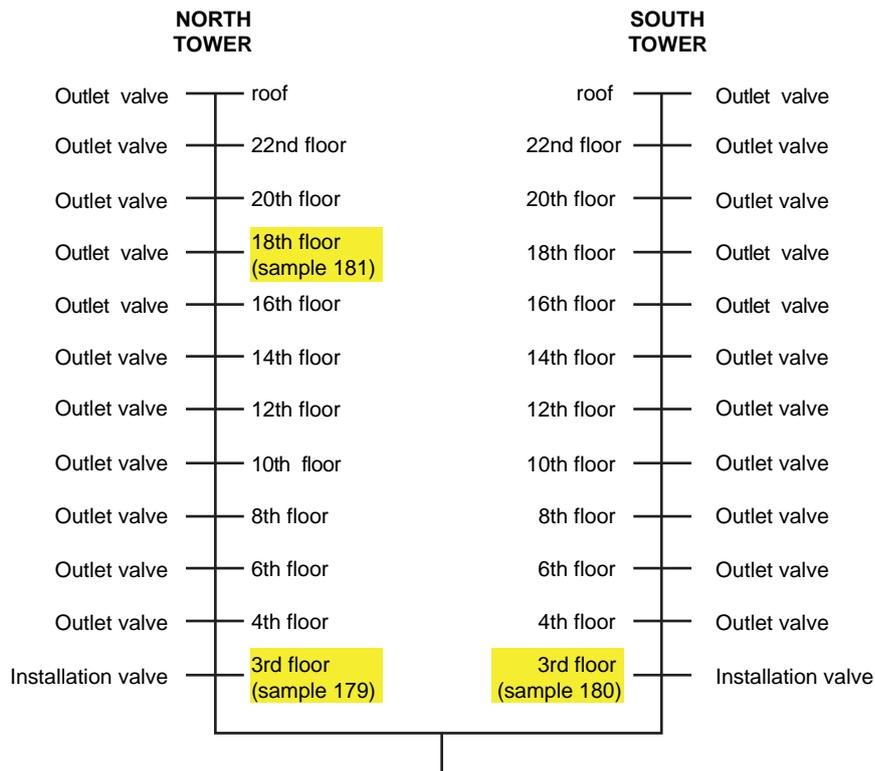
Sample number	Description	Pipe Material
179	3rd Floor, North tower	galvanised steel
180	3rd Floor, South tower	galvanised steel
181	18th Floor, North tower	galvanised steel



181 (18th North)



179 (3rd North)



180 (3rd South)

Summary of pipe sample results

PIPE SAMPLES

Sample number	Average Thickness ₁	Maximum wall thickness ₂	Minimum wall thickness ₃	% pipe thickness remaining ₄
179	5.14mm	5.17mm	2.56mm	49.52%
180	5.22mm	5.24mm	3.08mm	58.77%
181	4.76mm	5.41mm	4.11mm	75.97%

1 - Taken from the four circumferential measurements taken with point micrometer (see page 1).

2 - The largest thickness measurement taken with point micrometer (see page 1)

3 - The smallest thickness measurement made with any technique.

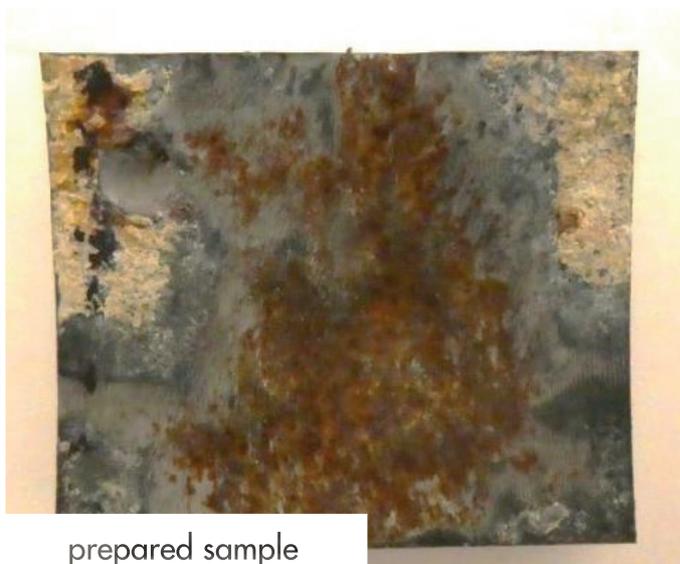
4 - Calculated by comparing minimum thickness to maximum thickness.

Full Results

Sample 179 (3rd floor North tower)



received sample



prepared sample



close up (after cleaning)

Initial Observations	After acid cleaning
Majority of sample covered with a white coloured layer suspected to be a "white rust". The worst area of pitting had a rust coating. This area was selected for further evaluation.	Preferential pitting observed.

Initial Thickness Measurement				Metallographic Examination	
0 deg	90deg	180deg	270deg	Max Depth of attack (mm)	Min. wall thickness
5.15	5.11	5.11	5.17	2.61	2.56

Full Results

Sample 180 (3rd floor South tower)



received sample



prepared sample



close up (after cleaning)

Initial Observations	After acid cleaning
Uniform taupe coloured coating across the pipe ID, some isolated white zinc oxide spots all over the same.	Preferential pitting observed

Initial Thickness Measurement				Metallographic Examination	
0deg	90deg	180deg	270deg	Max Depth of attack (mm)	Min. wall thickness
5.23	5.24	5.23	5.18	2.16	3.08

Full Results

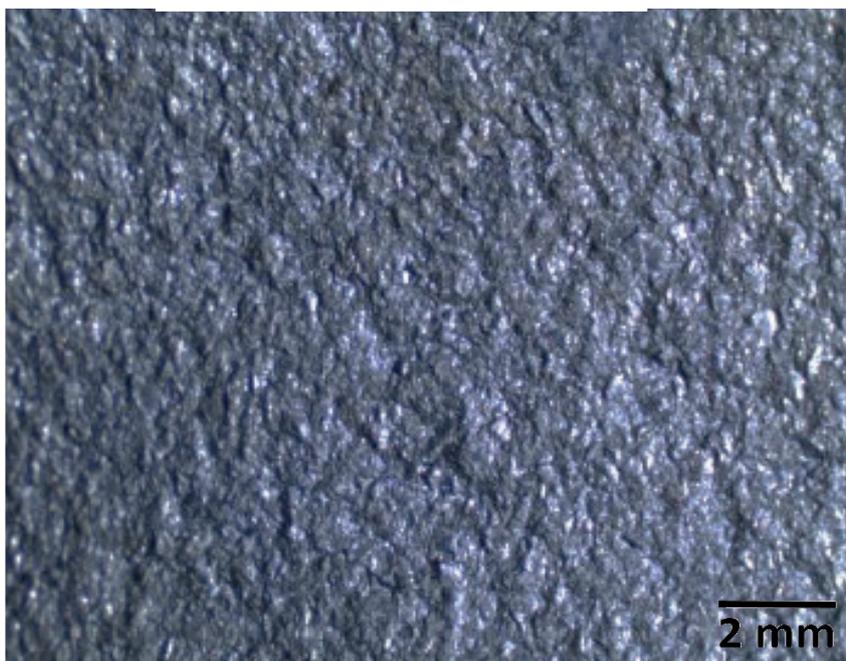
Sample 181 (18th floor South tower)



received sample



prepared sample



close up (after cleaning)

Initial Observations				After acid cleaning	
The crevice above the thread was filled with corrosion products. After removal, a taupe coloured layer was found to cover the sample.				Some staining observed near the thread, crevice corrosion evident.	

Initial Thickness Measurement				Metallographic Examination	
0deg	90deg	180deg	270deg	Max Depth of attack (mm)	Min. wall thickness
5.21	5.26	5.41	5.09	1.30	4.11

07 Conclusions and Recommendations

CONCLUSIONS

There is no recognised standard to refer to when deciding if existing pipework is fit-for-purpose or is required/ recommended to be replaced. Code standards do state that where leaks, foreign bodies, blocked pipework etc. are experienced, pipework should be replaced. However, by checking the pipework for corrosion and wall thickness on a regular basis, the pipe work can be replaced before performance problems occur which will keep the wet riser system in working order and will also cause far less disruption if staggered and planned in advance.

The samples taken from wet riser pipework at Michael Cliffe House showed a variety of internal corrosion and pipe deterioration in the form of pitting. Samples give a detailed analysis of pipe at that point and give an indicative picture of pipework health within the area around where the sample was taken from.

All pipe samples had corrosion deposits on the surface. The laboratory noted white corrosion, commonly found with galvanised pipe particularly on sample 179 3rd floor North.

After cleaning, sample taken from the South tower (181 18th floor North) showed crevice corrosion.

After cleaning, samples 179 & 180 (taken from the North & South towers) showed areas of concern as large areas of pitting which showed a significant reduction in pipe wall thickness.



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Resident Impact Assessment

Supply and installation of new wet riser main (WRM) at Michael Cliffe House, including removal of existing pipework.

Service Area: Capital Programme Delivery

1. Intended outcomes of this policy/function

This contract variation seeks approval to replace the two existing c1969 life expired wet riser mains (WRM) at Michael Cliffe House to comply with the current Code of Practice as referenced in BS 9990: 2015.

2. Resident Profile

The group within Islington which is going to be impacted by this contract are primarily Council tenants, Council leaseholders and other residents of and visitors to Islington Council homes and estates where works are carried out. Below is the known diversity profile for Islington Council tenants and leaseholders.

		Borough Profile	Service User Profile
		Total: 206,285	Total: 52,631
Gender	Female	51%	54%
	Male	49%	46%
Age	Under 16	32,825	9,494
	16-24	29,418	6,063
	25-44	87,177	17,631
	45-64	38,669	12,684
	65+	18,036	6,756
Disability	Disabled	16%	35%
	Non-disabled	84%	65%
Sexual orientation	LGBT	No data	N/A
	Heterosexual/straight	No data	N/A
Race	BME	52%	50%
	White	48%	50%

Religion or belief	Christian	40%	42%
	Muslim	10%	16%
	Other	4.5%	3%
	No religion	30%	16%
	Religion not stated	17%	23%

3. Equality impacts

It is anticipated that the delivery of this contract will not have any negative impact on any persons within the protected characteristics groups. The delivery of the contract will have a positive impact on all residents, including those with protected characteristics as the service is designed to ensure that the Council enhances the protection of residents' within Michael Cliffe House and adjacent buildings in the event of a serious fire incident, The works will ensure the London Fire Brigade's (LFB) have the ability to attend and fight the fire. These important fire safety works are necessary regardless of residents' employment/ financial status. Leaseholders will not be consulted and will not be recharged for the cost of these services.

Diversity and equality was not considered during this specific procurement process due to the urgent nature of the works,, the existing service provider (AJS Limited) are required to continue their obligations under the original tender exercise and associated subsequently awarded contract as it relates to how they will manage customers with any of the protected characteristics. This will include how they will engage and communicate with residents whilst delivering the works. Specific attention was paid to arrangements they will put in place to ensure they can communicate effectively with residents with any of the protected characteristics. For example, service providers are required to consider translation services for customers where English is not their first language, BSL translators for deaf and hard of hearing customers, and take time and demonstrate extra care and patience with residents who are elderly or have mobility impairments. The service provider will be expected to ensure dignity and respect for customers in regards to religious beliefs e.g. by using protective covering for footwear if needing to access the inside of a resident's property, which based on the scope of works is not likely to be required. The impact on the day to day activities of residents is likely to be limited.

The service provider is required to clearly explain how they will deliver services to ensure the health and safety of all residents and members of the public are protected and any additional health and safety measures they will put in place to ensure individuals with protected characteristics are protected sufficiently. It is a contractual requirement for service providers to work to Islington Council's policies and procedures, where equality, diversity and an accessible service for all is factored into service delivery procedures.

The replacement of the WRM system is required to ensure the Council complies with fire safety regulatory requirements and needs to happen irrespective of tenants' employment/ financial status.

It is not expected that the delivery of this contract will have any negative impact on relations between communities with protected characteristics and the rest of the population in Islington.

4. Safeguarding and Human Rights impacts

All of the service providers appointed by the Capital Programme Delivery Team are required to have DBS checks for all of their staff working on an Islington contract, including any subcontractors they may use and this must be evidenced. It is also checked on a quarterly basis to ensure any service providers staff changes are taken into consideration. Service providers are not allowed to enter a property unless an adult over the age of 18 is present. Service providers are given leaflets and information regarding safeguarding and reporting any safeguarding concerns back to Islington Council. They also have to attend mandatory safeguarding training delivered by Islington Council. These are all contractual requirements irrespective of whether the contractor works internally or externally to residents' properties.

5. Action

No additional actions have been identified.

This Resident Impact Assessment has been completed in accordance with the guidance and using appropriate evidence.

Staff member completing this form:

Head of Service or higher:

Signed: Damian Dempsey

Signed: Christine Short

Date: 13/03/2020

Date: 13/03/2020

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