

Housing Property Services
Town Hall,
Upper Street,
N1 2UD

Report of: Corporate Director of Homes and Neighbourhoods

Date: 12th June 2023

Ward(s): All Wards

Subject: Procurement strategy and contract award for Fire Safety Works to Street Properties

1 Synopsis

- 1.1 This report seeks approval for the procurement strategy and award of contract for Fire Safety Works to Street Properties in accordance with Rule 2.8 of the Council's Procurement Rules.
- 1.2 Fire safety improvement works are required to the Council's Street Properties housing stock to ensure in the event of a fire that residents are alerted and are able to adhere to the Immediate Evacuation Policy covering the building in which they live.
- 1.3 Failure to plan and carry out these important fire safety improvement works will compromise the Council ability to satisfactorily fulfil its legal obligations, which may result in the London Fire Brigades (LFB), as the enforcing authority, serving Enforcement Notices upon the Council.

2 Recommendations

- 2.1 To approve the procurement strategy for Fire Safety Works to Street Properties as outlined in this report.
- 2.2 To award a direct call-off contract to AJS Ltd pursuant of the Fusion21 Building Safety and Compliance framework agreement, Lot 10 Active Fire Safety for a period of 24 months for an estimated of £4,000,000.

3 Date the decision is to be taken

3.1 Monday 12th June 2023

Background

4.1 Nature of the Service:

4.1.1 The Council requires an additional service provider to undertake the installation of an early warning heat and smoke alarm detection system, the installation of bespoke emergency lighting systems, the removal of existing fire doors and install new fully certified fire doorsets to flats and in the communal areas, the installation of new uprated electrical consumer units sited in purpose-built fire-rated meter cupboards to its Street Properties housing stock.

4.1.2 The Council is required to comply with current Building Regulations which outline the building safety requirements of the homes it manages for council tenants and leaseholders. Building regulations have been strengthened following the Grenfell Tower fire and publication of both the Fire Safety (England) Regulations 2022 and Building Safety Act 2022.

4.1.3 As a result of these new regulatory requirements, the Council needs to urgently complete the installation of various fire safety improvements within its Street Properties including:

- an early warning heat and smoke alarm detection system.
- the installation of bespoke emergency lighting systems.
- the removal of existing fire doors and install new fully certified fire doorsets to flats and in the communal areas.
- the installation of new uprated electrical consumer units sited in purpose-built fire-rated meter cupboards.
- fire-stopping within communal areas that penetrate into flats.

4.1.4 The Council uses the term 'Street Property' to define a significant proportion of its housing stock which form part of older, non-estate-based housing. The majority of these Street Properties were built in the Georgian, Victorian, and Edwardian periods and have been converted from single dwellings into flats. These Street Properties have proportionally higher risks associated to the spread of fire due to their construction and internal layouts. There are around 10,000 flats within around 2,500 individual Street Properties.

4.1.5 The Council already has contracts in place with a service provider delivering capital improvement works to these Street Properties. The new building safety regulations were introduced after these existing contracts were procured and although the existing service provider will continue to deliver some of the new fire

safety works needed for these Street Properties as a result of the new regulations the Council needs to secure additional capacity to deliver these works within the timescales required by the LFB.

4.1.6 This report seeks authority to procure an additional supplier to assist with the completion of these essential fire safety works to 166 individual Street Properties.

Table below details number of street properties where fire safety works have been completed to date and numbers where works still to be done

High Risk 5+ storey	58 high risks completed	266 to be completed
Low Risk 4 and below storey	301 low risks completed	1,817 to be completed
Total number of street properties	359	2,083

4.2 Estimated Value:

4.2.1 The estimated cost of the works required for 660 flats (on average there are 4 flats per property which equates 166 street properties at an average cost of £24,000 per Street Property) this equates to an estimated total of £4,000,000 capital spread over two years.

4.2.2 Leaseholders will be recharged the costs of any of the prescribed works carried out to the insides of their flat and the proportionate cost for works to the communal areas of the Street Property within which their flat is situated.

4.2.3 Leaseholders are responsible for their own flat front entrance doorsets (door, frame, and ironmongery) and any costs associated with these. Leaseholders can opt into the Council's scheme for installing new compliant doorsets for tenants at cost by way of either paying upfront in full or by interest free instalments over a two-year period.

4.2.4 It is essential to undertake four consultation stages with leaseholders before we can commence works. Each leaseholder will receive four Section 20 consultation notices from the Council for this purpose.

4.2.5 As we propose to use an existing Framework Agreement to select a supplier to carry out the additional fire safety works, leaseholders have the legal right under the consultation requirements to nominate a service provider when we issue the third notice. As each notice has an observation period of 30 days, we must build into the work programme a minimum of 4 and a half months before works

commence to comply with the consultation requirements. If a leaseholder nominates a service provider, the lead in time for the commencement of the works will be longer.

1st Notice of Proposal to enter into a framework (4 weeks).

2nd Notice of Intention entering into framework (4 weeks).

3rd Notice of intention to undertake works and nominate contractor (4 weeks).

4th Notice of Estimate (4 weeks).

We allowed for an additional 2 weeks to cover situations that may arise to prevent the notices being issued immediately after each other (e.g., administrative delays/other priorities).

4.3 Timetable:

4.3.1 The outline estimated timetable for the completion of the procurement is as follows:

Approval of strategy and award of contract – June 2023.

Call-off contract pursuant of Fusion21 Framework Agreement – July 2023.

Contract start date – September 2023.

Mobilisation of contractor – October 2023.

Completion – September 2025.

4.3.2 We have undertaken market engagement with suppliers in the market to discuss how the service could best be urgently delivered to meet the requirements of the new regulations and the LFB.

4.4	Options Appraisal:
4.4.1	The following options have been considered as a result of this procurement strategy:
	Do nothing
	Advantages: this would save the council the cost of investing in the works.
	Disadvantages: Under the Regulatory Reform Order (Fire Safety) 2005 landlords have a duty of care and obligations to ensure all residents homes meet current new legislations, current regulations and British standards. Due to three recent fires within Islington Street Property flats the Council has subsequently received four Notice of Deficiencies (NOD's) from the LFB where the LFB have found missing essential fire safety equipment/ systems within these flats and the common parts of these Street Properties.

	Do in-house
	Advantages: would provide greater control over the work.
	Disadvantages: this is not a viable option as the Council does not have an existing specialist in-house resource to deliver and oversee the work needed. There is not enough time to be able to recruit etc.
	Tender exercise
	Advantages: would enable us to have more input into full evaluation process to secure a new supplier. More testing of the market as suppliers not on an existing framework agreement could submit a tender.
	Disadvantages: this option would take a longer period to complete. There is also a risk that the procurement may be unsuccessful. For these reasons, this option was rejected as the safety of our resident is our main objective.
	Further competition using an existing framework agreement
	Advantages: would enable competition between suppliers on the framework.
	Disadvantages: would take time to undertake, no guarantee other suppliers on the framework would bid for the work. For these reasons, this option was rejected.
	Direct award through the framework
	Advantages: this is the quickest route available to secure a contract with a supplier with the sufficient level of knowledge of our housing stock, expertise of the specialist work required and capacity to be able to complete these works compliantly meeting the tight deadlines required. For this reason, this is the recommended option.
	Disadvantages: although a compliant route to secure a contract testing of value for money is limited to the procurement exercise conducted by the framework provider when setting up the framework.
	Collaboration with another local council
	Advantages: if there are similar needs for works from other neighbouring local authorities with similar housing stock there could be a financial saving achieved from for combining requirements into a larger contract.
	Disadvantages: Other landlords are likely to have their own priorities and stipulate other requirements from a contract for any similar works which would need to be negotiated as part of any joint procurement strategy. There is also a limited number of competent service providers. This exercise would take significant time and staff resource to deliver. There is also increased risk of any

procurement being unsuccessful. Given these reasons this option is rejected.

4.4.2 Following the options appraisal, the recommended procurement route is a direct award of a call-off contract from the most appropriate existing Framework Agreement. The Council has access to the Fusion 21 Building Safety and Compliance framework agreement, Lot 10 Active Fire Safety. This is a recommendation to award the contract to AJS Ltd pursuant of this framework agreement. The Housing Property Services department has worked successfully with this supplier for the delivery of fire safety works in the past. As a result, this supplier is familiar with the Council's housing stock and the department is confident this supplier has the capability to deliver this work compliantly and to a good standard. AJS Ltd have also confirmed they will be able to commence works within a short lead in period which will help ensure the works are carried out as soon as possible.

4.4.3 Utilising the Fusion21 Framework Agreement has the following benefits:

- It is specifically designed for fire safety schedules of works
- Suppliers' prices have already been competitively tested when joining the framework in a market where there is high demand for these services
- Supplier competency has already been assessed by the framework provider.
- Fusion21 accommodates leaseholder consultations (S20)

4.5 Key Considerations:

4.5.1 The payment of London Living wage will be a condition of the contract.

4.5.2 AJS Ltd are a nationally recognised Tier 1 service provider specialising in the delivery of electrical and fire safety services installations with a well-established supply chain have the capacity to deliver large scale projects

4.5.3 AJS Ltd will need to increase their workforce capacity to deliver this project. They will be required to work in partnership with the Council iWork service in advance of job opportunities being advertised to assist with the recruitment of staff to help deliver this project, with a 'local first' approach where possible. Any job vacancies will also be advertised on the Islington jobs website.

4.5.4 AJS Ltd will provide opportunities for apprenticeships and training of local residents, targeted first at care experienced young people in Islington again working in partnership with the iWork team.

4.5.5 AJS Ltd will be encouraged to support the recruitment of people underrepresented in the industry including women and people from BAME communities.

- 4.5.6 AJS staff will be trained to spot and report any safeguarding concerns with residents they come into contact with including training on the Make Every Contact Count (MECC) service.
- 4.5.7 AJS Ltd will also have a role to play in the training/reminding of residents in the fire safety requirements for their flat and the communal areas and how the residents should use the new equipment, importance of reporting faults etc.
- 4.5.8 AJS Ltd will provide an evidenced policy commitment to a sustainable transport policy, underlining the use of low or no emissions vehicles and an evidenced policy commitment to reduction of waste generated by the service.
- 4.5.9 The Council's Fire Safety Works Teams (FSWT) will ensure that the Responsive Repairs Teams are briefed and will ensure that any training requirements for our own Mechanical and Electrical Compliance Team staff on the operation and/or the maintenance of the equipment once installed is carried out.
- 4.5.10 There are no expected issues relating to TUPE, pensions or staffing implications as this is a new contract.
- 4.5.11 This will be a fixed term contract of two years so there will be no requirement for a price indexation clause.

4.6 Evaluation:

- 4.6.1 The preferred procurement route for this contract is to enter into a direct award for a call-off contract pursuant of the Fusion 21 Fire Safety Framework, Lot 10 Active Fire Safety. The requirements for conducting a direct award as set out in Schedule 13 of the framework agreement which states:
- 4.6.2 A Member of Fusion21 may instruct provision of Services and/or the carrying out of Works without reopening competition by applying the terms of the Call-Off Contract, the Supplier's prices contained in its Pricing Schedule(s), the Brief/Specification (as may be tailored more particularly to the requirements for the Call-Off Contract to be used) to select a Supplier having regard to one or more of the following:
- The Member's requirements and business needs by reference to the Brief/ Specification for the provision of Services and/or carrying out Works; and/or
 - Where the Member can evidence value for money based on a Total Cost of Ownership approach; and/or
 - Where relevant to the ranking of the Supplier in the procurement exercise the subject matter of the Invitation to Tender; and/or
 - The geographical location in which those Works and Services are to be performed; and/or
 - The number of Call-Off Contracts currently awarded and to which organisation; and/or

- The poor performance of the Supplier under any Call-Off Contracts currently awarded to it.

4.6.3 The evaluation criteria for suppliers who tendered to join the Fusion 21 Compliancy and Building Safety Framework was assessed on the basis of Most Economically Advantageous Tender (MEAT) with a 60% quality and 40% price split.

4.6.4 The Framework start date was 27 April 2021 and it remains live for a period of four years.

4.7 Business Risks:

4.7.1 The Council have incorporated a robust quality management and execution plan to ensure that all elements of works are carry out to all specifications, installation guidelines and manufactures recommendations to ensure warrants are upheld. One of our requirements from AJS Ltd is for them to issue their own quality and execution plan to be approved by the Fire Safety Works Team (FSWT).

4.7.2 It is likely that there will be some difficult to access all flats, but the aim is for the vast majority of installations to be completed within the above timescale.

4.7.3 The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules.

Relevant information	Information/section in report
1. Nature of the service	Approve the procurement strategy for the direct award of contract to AJS Ltd to facilitate the installation of a range of fire safety works measures to comply with the Building Regulations. See paragraph 4.1
2. Estimated value	The estimated value of the call-off contract is £4,000,000 spread over 2 years. See paragraph 4.2
3. Timetable	Award of Contract: June 2023 Aim for completion within two years (difficult to access cases are likely to take longer). See paragraph 4.3

4. Options appraisal for tender procedure including consideration of collaboration opportunities	There are no collaboration opportunities with these works, the works are required for the rectification of previously non-compliant fire safety works. See paragraphs 4.4
5. Consideration of: Social Benefit Clauses; London Living Wage; Best value; TUPE; Pensions and other staffing implications	Targeted employment, London Living Wage, and best value for the proposed scope of works. See paragraphs 4.5
6. Award criteria	The Framework Agreement was advertised in accordance with the rules laid down The Public Contract (Amendment) Regulations 2022. See paragraph 4.6
7. Any business risks associated with entering the contract	Business risks stated within the report. See paragraph 4.7
8. Any other relevant financial, legal, or other considerations.	Financial and Legal risks stated within the report. See paragraphs 5.1 & 5.2

5 Implications

5.1 Financial implications:

Background

- 5.1.1 A report seeking additional budget provision for Fire Safety works (street property programme YHH1869) is currently being finalised. We understand that it is linked to the Fire Safety Works to Street Properties as outlined in this report and the procurement strategy and award of contract to an additional service provider to undertake the installation of an early warning heat and smoke alarm detection system, the installation of bespoke emergency lighting systems, the removal of existing fire doors and installation of new fully certified fire doorsets to flats and in the communal areas and the installation of new updated electrical consumer units sited in purpose-built fire-rated meter cupboards

Direct call-off contract to AJS Ltd

- 5.1.2 This report requires a budget provision of £4.000m to carry out these FRA works to street properties. It is understood that the £4.000m required is the gross total cost of works, and that funds will be recovered from leaseholders as appropriate when works are carried out in the communal areas of street properties where the flats are located. The budget of £4.0m can be accommodated within the £7.091m budget available for Fire safety 17-18 programme (YHP0708).

The table below lays out total budgets approved during the 2023-24 budget setting process which are available in YHP0708 and budget already committed for other schemes.

Budget Setting 2023-24 (£)	Compartmentation – interlinked detection and warning systems (YHP0708)	FSW to 29 PFI 1 Street Properties (YHH1923)	FSW to Street Properties AJS Limited (TBC)	Budget remaining in YHP0708
Budget 2023-24	1,955,000	355,000	1,600,000	0
Budget 2024-25	3,000,000	0	2,400,000	600,000
Budget 2025-26	2,000,000	0		2,000,000
Budget 2026-27	136,561	0		136,561
Total Budget	7,091,561	355,000	4,000,000	2,736,561

Fees associated with the capitalisation of Property Services salaries are likely to be accommodated within the capital salaries budget.

5.2 Legal Implications:

- 5.2.1 The Council has various obligations under the Fire Safety (England) Regulations 2022 and Building Safety Act 2022 in relation to ensuring fire safety on its premises. The council has power to enter into contracts with contractors for fire safety works under section 1 of the Local Government (Contracts) Act 1997.
- 5.2.2 The proposed contract is a works contract which is below the threshold for application of the Public Contracts Regulations 2015 (the Regulations). Such contracts need to be procured with due regard to the principles of equal treatment, non-discrimination and transparency that underpin the Regulations. The Council's Procurement Rules also require contracts of this value to be subject to competitive tender

- 5.2.3 The proposed procurement strategy, for a direct call-off under the Fusion21 Building Safety and Compliance framework agreement complies with the principles underpinning the Regulations and the council's Procurement Rules. Accordingly, the contract may be awarded to AJS Ltd. subject to the tender providing value for money for the council
- 5.2.4 The contract is for a period in excess of 12 months and therefore will be a qualifying long-term agreement under Section 20 of the Landlord and Tenant Act 1985.
- 5.2.5 Accordingly, the Council will need to comply with the leaseholder consultation requirements applicable to long term qualifying agreements set out in the Service Charges (Consultation Requirements) (England) Regulations 2003 (as amended).

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

- 5.3.1 The installation involves an early warning heat and smoke alarm detection system, the emergency lighting systems, the removal of existing fire doors and the installation of new fully certified fire doorsets to flats and within the communal areas, the installation of new uprated electrical consumer units sited in purpose-built fire-rated meter cupboards. The fire door replacement programme will have environmental impacts that include energy used in the installation process, vehicle journeys made by the contractor, material use for the new installations and the disposal of the old equipment and doorsets.
- 5.3.2 The removal of the existing fire doorsets is a positive environmental step forward, these are now to be replaced with solid timber doorsets. The old doorsets will be collected by a reputable Waste Collection service provider and disposed of at a registered Waste Collection Station. All the recyclable fittings will be dismantled and recycled, i.e., metal door handles, letterboxes, hinges, etc., the timber or Glass Reinforced Plastic (GRP) door leaf's will be dismantled into its component parts and recycled.
- 5.3.3 The service provider shall ensure that waste materials are kept to a minimum and that all waste leaving all properties are reused or recycled where practicable. The service provider will have a duty of care to ensure that waste disposal is disposed of legally and in alignment with the waste hierarchy.

5.4 Equalities Impact Assessment:

- 5.4.1 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.
- 5.4.2 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale, or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.
- 5.4.3 An Equalities Impact Assessment was completed on 30 March 2023. The main findings are:
- 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' flat entrances and in doing so enhances the communal area outside the flat which will allow safe passage past it by other residents in the event of a serious fire incident within these Street Properties.
 - The works will ensure the London Fire Brigade's (LFB) can attend and fight the fire. These important fire safety works are necessary regardless of residents' employment/financial status.
 - Diversity and equalities have been considered during this procurement process. All service providers are required to report 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 will be paid to arrangements they will put in place to ensure they can communicate effectively with residents with any of the protected characteristics, e.g. service providers are expected 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 to 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 regarding religious beliefs, e.g., by using protective covering for footwear within properties.
- All service providers must 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 prescribed fire safety works are required to ensure the Council complies with fire safety regulatory requirements/Building Regulations and needs to be carried out irrespective of tenants' employment/financial status.
- Consideration was given to enhancing the specification for the flat front entrance doors from 30 minutes' fire protection (FD30S) to sixty minutes (FD60S). It was evident, however, that FD60S doorsets are significantly heavier than FD30S doorsets and this would have had an unacceptable negative impact on some older and/or disabled residents in terms of their ability to use their front doors.

6 Reasons for the decision:

- 6.1 A new contract award is required to appoint a service provider to ensure the Council fulfils its legal obligation as a landlord by installing a number of important fire safety measures.

7 Record of the decision:

- 7.1 I have today decided to take the decision set out in Section 2 of this report for the reasons set out above.

Authorised by:

Corporate Director of Homes and Neighbourhoods

Date:

Appendices:

- Equalities Impact Assessment.

Background papers:

- None.

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