



Report of: **Executive Member for Housing and Development**

Meeting of:	Date	Ward(s)
Executive	4 February 2016	All

Delete as appropriate	Exempt	Non-exempt	

SUBJECT: Procurement Strategy for Fire Regulations Assessment (FRA) works to Street Properties

1 Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of fire protection work to street properties in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 Following the Lakanal fire tragedy and the resultant advisory document issued by the Fire and Civil Defence Authority all of Islington's housing stock has been risk assessed. The Council's street properties have been found to require the installation of heat and smoke detectors and emergency lighting along with upgrading flat entrance doors to achieve 30 minutes fire protection. This work is not included in the current long term partnering agreements and thus needs to be procured separately.

2 Recommendations

- 2.1 To approve the procurement strategy for fire protection work to street properties including mansion blocks as outlined in this report.
- 2.2 To delegate authority to award the contract to the Corporate Director of Housing and Adult Social Services in consultation with the Executive Member for Housing and Development.

3 Background

3.1.1 Islington Council's street properties have been risk assessed to ascertain the level of danger to occupants and the fire brigade in the event of a fire. Their risk rating is generally quite high as a result of their design and construction (timber floors and staircases, some 4 and 5 storey in height).

3.1.2 The Council currently owns approximately 7400 street properties made up of approximately 6450 flats managed by Partners and 950 flats directly managed by Islington Council and also mansion blocks of a similar construction. It is necessary to procure suitable contractors to work in partnership with us to deliver a package of fire protection to these properties. The majority of the street properties are managed by Partners, however, it was not envisaged that fire protection work of this extent and nature would be required to be carried out when the contract with Partners was let, and thus there is no provision for it within that contract.

3.1.3 With regards the street properties that have remained under the Council's management, fire protection of this nature falls outside of any pre-existing contractual arrangements with existing contractors, hence the need to procure this now. About one third of the properties have been surveyed to date and two blocks were selected as pilots where work is currently underway.

3.1.4 The nature of the work can be broken down into the following elements:

- Smoke detectors: to be fitted within communal staircase areas at ceiling height, one on each level within each building and radio interlinked with all other detectors within the building to give an early warning system for fire or smoke.
- Heat detectors: to be fitted at ceiling height within each property and radio interlinked with all other detectors within the building all to give an early warning system for fire or smoke.
- Emergency Lighting: to be fitted within communal areas of most buildings (dependent upon risk assessment).
- Flat front doors: all will be surveyed to ascertain if the existing door will provide 30 minutes fire protection. If not, the necessary work will be specified. This may be limited to simply providing a self-closing device but could be as extensive as requiring a new door and frame to be fitted.
- Landlords supply: some street properties have no landlord's electricity supply to the common parts. This will be installed as part of this project in order to install the early warning alarm systems and emergency lights.

3.2 Estimated Value

3.2.1 This work will be funded from the Housing Revenue Account as capital expenditure. The estimated value of work is £5 million made up of the following:

- Smoke and heat detectors are estimated at £2m
- Landlords supply is estimated at £500K
- Emergency lighting is estimated at £500K
- FRA upgrade to front entrance doors is estimated at £2m.

3.2.2 The contract period is estimated at 36 months. There will be a 12 month defects liability period and a 5% retention applied. Therefore the overall time in which the money will be spent is around 48 months.

3.2.3 The work is mandatory and considered a threat to lives if not carried out. Any shortfall in the housing revenue account will be addressed through a reduction in the nature and scope of other cyclical works currently under discussion.

- 3.2.4 The tendering exercise coupled with careful assessment of shortlisted candidates at ITT stage is intended to ensure that value for money is achieved.
- 3.3 Timetable
- It is anticipated that works will start on site 1st September 2016. There is no current contract therefore no statutory deadlines apply, however, the nature of the work is fire protection and therefore of some priority. Estimated programme is as follows: advert: Mid February 2016. Shortlisting: Mid March 2016. ITT: to end of April 2016, Assessment and scrutiny of submissions: end of May 2016.
- 3.3.1 Consultation has taken place with the fire brigade with regard to the nature of the proposed work, with Partners and with the Council's procurement team. Consultation will also be carried out with Leaseholders, the law requires that leaseholders and any recognised tenants' associations (RTAs) must be consulted before the Council (as landlord) carries out any qualifying works. If the consultation does not take place, the council is unable to recover costs above the level of the statutory minimum amounts, and any additional costs would need to be met by the Council.
- 3.4 Options appraisal
- 3.4.1 A number of different options were considered namely: procuring electrical and carpentry work separately; procuring one contractor; procuring 2 or more contractors; procuring numerous separate contracts in a more traditional method.
- 3.4.2 The preferred procurement route is to use a two-stage competitive tender dividing work into two lots (geographically dividing the borough in half). A bespoke schedule of rates is proposed, and tenderers will be invited to indicate their % uplift or discount. A Term Partnering Contract is the preferred contract for reasons of flexibility and practicality. This is a discrete and rather specialist package of work which needs to be completed as soon as possible therefore collaboration with another borough is not appropriate.
- 3.4.3 By appointing two contractors it is hoped that associated risks will be reduced, in addition to providing a comparator. The work involves two specialist trades, (electrical, and building/ carpentry). In order to reduce site conflict and programming problems it is proposed that the specialist work is let together with the anticipation that either a general build company will bid and sub contract the electrical work or vice versa. To avoid the need to undertake numerous tendering and procurement a long term contract was seen as favourable. The Term Partnering Contract means having only one contract and all work thereafter is awarded by orders which means it is easier to manage and more flexible.
- 3.5 Key Considerations
- 3.5.1 The contract will require the successful bidder to pay the London Living Wage and to use local labour as far as is practically possible. Furthermore we would require the successful bidders to organise a minimum of one event per annum that will embrace corporate social responsibility.
- 3.5.2 Best value is being considered in terms of balancing the need to deliver this project quickly with the need to deliver it at a competitive price.
- 3.5.3 A clause requiring the recycling of 90% of all waste generated on site will be included in the contract. Emergency lighting will be required to meet current energy efficient standards.
- 3.5.4 There is no TUPE, pension or staffing implications.
- 3.6 Evaluation
- 3.6.1 This tender will be conducted in two stages, known as the Restricted Procedure as the tender is 'restricted' to a limited number of organisations. The first stage is Selection Criteria through a Pre-

Qualification Questionnaire (PQQ) which establishes whether an organisation meets the financial requirements, is competent and capable and has the necessary resources to carry out the contract. The PQQ is backwards looking and explores how the organisation has performed to date, its financial standing, information about their history and experience.

3.6.2 A limited or 'restricted' number of these organisations meeting the PQQ requirements as specified in the advertisement are then invited to tender (ITT). The second stage is the ITT is now forwards-looking using Award Criteria. Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract works or services as set out in the evaluation criteria in order to determine the most economically advantageous offer.

3.6.3 With regards price, Tenderers will be required to state their percentage uplift or discount against the bespoke schedule of rates. Comparison of these will be quite straight forward.

3.6.4 It is proposed that cost/quality will be assessed on a percentage split of 70/30. The award criteria will be further broken down into: proposed approach to resident engagement (10%), proposed approach to programme of works (10%), proposed approach, as to Corporate Social Responsibility (10%). It is anticipated that works onsite will take approximately 2 years; this length of duration does not lend its self to apprenticeship schemes.

3.7 Business Risks

3.7.1 Costs of the project could exceed the current budget of £5M. If this were to happen the associated short fall in the budget would be dealt with by delaying lower risk cyclical projects elsewhere in the borough. Access difficulties could delay the project from completing and are more likely to be noticed in the latter stages of the project. Failure to complete this work in a timely fashion could result in the Council being prosecuted in the event of a serious fire.

3.7.2 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.

3.8 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	The undertaking of fire protection work to the Council's street properties. See paragraph 3.1
2 Estimated value and volume	Each contract has an estimated value of £2.5m, on the basis that there will be two contracts. The agreement is proposed to run for a period of 4 years. See paragraph 3.2
3 Timetable	The timetable is outlined within this report. Estimated contract start date is: See paragraph 3.3

4 Options appraisal for tender procedure including consideration of collaboration opportunities	Outcome of options appraisal are described within this report. See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Outcomes are described within this report. See paragraph 3.5
6 Award criteria	The cost and or price/quality breakdown is: 70% cost 30% quality The award criteria price/quality breakdown is more particularly described within the report. See paragraph 3.6
7 Any business risks associated with entering the contract	Business risks are described within this report. See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraph 4

4 Implications

4.1 Financial implications

The 30 year stock condition survey includes £27m for the replacement/upgrade of external doors and £3m for smoke detectors. To the extent that the Business Plan reflects both the stock condition survey and other growth items (such as K&Bs price increases) it is anticipated that there will be sufficient resources, certainly in the short/medium term to fund the expenditure referred to in this report.

Over the short/medium term these costs can be accommodated within the HRA by swapping resources available in the earlier years, attributable to schemes that have slipped, for future resources associated with the external door & smoke detector programmes.

However, it should be noted that in the long term it is felt that there remains a Business Plan resourcing pressure in respect of the overall investment need.

4.2 Legal Implications

The council has various statutory obligations in relation to fire protection within residential properties (Regulatory Reform (Fire Safety) Order 2005/1541; Smoke and Carbon Monoxide Alarm (England) Regulations 2015/1693). The Council has power to enter into contracts with providers of fire protection services under section 1 of the Local Government (Contracts) Act 1997.

This contract is to be funded from the Housing Revenue Account as capital expenditure and the total estimated value of work is £5 million. The Executive may provide Corporate Directors with responsibility to award contracts with a value over £2 million using revenue money and over £5 million using capital money (council's Procurement Rule 16.2).

The proposed contract is a contract for supply and installation. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £172,514.00 for supply contracts. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union and with full compliance of the Regulations. The council's Procurement Rules also require contracts over the value of £172,514.00 to be subject to competitive tender. The proposed procurement strategy, to advertise a call for competition and procure the service using a competitive tender process, is in compliance with the principles underpinning the Regulations and the council's Procurement Rules.

On completion of the procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council.

The contract is for a period in excess of 12 months and therefore will be qualifying long term agreements under section 20 of the Landlord and Tenant Act 1985. 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).

4.3 Environmental Implications

It is anticipated that the majority of the flat front entrance doors will not need to be replaced but merely upgraded. This means there will be minimum waste or need for recycling. Where doors need to be replaced, the contractor will be responsible for recycling the old doors, and there is a target in the contract to recycle at least 90% of all waste generated on site. The new doors and frames should be made of sustainable materials where possible, for example FSC or PEFC-certified timber.

The installation of heat and smoke detectors and emergency lighting will involve works to buildings, potentially including areas that protected species may be using (e.g. nesting birds and bats in lofts). The contractor should take all necessary precautions to avoid disturbing these species when carrying out works. Any waste generated during the installations will also need to be disposed of legally and in accordance with the waste hierarchy.

The heat detectors are battery operated with a 10-year life span. Therefore there is no need for annual replacement of standard alkaline batteries. Smoke detectors also have a battery backup with a 10-year life span. Although the emergency lighting will use energy, it will be low energy to minimise this impact.

A number of these properties are grade 2 listed and/or in conservation areas. With the advance of technology of the smoke and heat detectors, no visible cable containment will be required, thus making minimal impact to the original features of the building.

4.4 Resident Impact Assessment

4.4.1 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.

4.4.2 A Resident Impact Assessment has been carried out and as a result a duty will be placed on the Fire Protection team to be aware of any resident in any affected property who has hearing impairment. The staff will work with such individuals on a case by case basis to ensure the alarm system installed will meet their needs or will install adapted/modified sounders and/or additional equipment.

5 Conclusion and reasons for recommendations

- 5.1 The procurement exercise outlined in this report is to allow the council to appoint contractors to undertake essential fire safety works to the Council's street properties.

Appendices

- There are no appendices to this report.

Background papers:

- There are no background papers to this report

Final report clearance:

Signed by:



18 January 2016

Executive Member for Housing and Development Date

Report Author: Geoff Carley
Tel: 020 7527 2812
Email: Geoff.carley@islington.gov.uk