

REQUEST FOR DEPUTY MAYOR FOR FIRE AND RESILIENCE DECISION – DMFD171

Title: Plumstead Fire Station – Refurbishment and Extension Cost Uplift

Executive summary:

This report seeks the approval of the Deputy Mayor for Fire and Resilience for the London Fire Commissioner to commit additional capital expenditure of up to the amount set out in Part 2 of the report, for the purposes of refurbishing and extending Plumstead Fire Station. The report explains that, following the approval for capital expenditure set out in Deputy Mayor for Fire and Resilience Decision 50, the project has been tendered twice, through different frameworks. This has resulted in a total of four responses, three of which exceed the approved budget. The second tender has identified a preferred contractor. Due to the current inflationary situation relating to construction materials and labour markets, the cost remains above the budget approved in the previous decision; therefore, an uplift to the previously approved expenditure is sought.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the London Fire Commissioner to seek the prior approval of the Deputy Mayor before “[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...”.

Decision:

That the Deputy Mayor for Fire and Resilience authorises the London Fire Commissioner to commit capital expenditure of up to the amount set out in part 2 of the report for the purposes of refurbishing and extending Plumstead Fire Station.

Deputy Mayor for Fire and Resilience

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:

Date: 18 August 2022



PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 Report LFC-0715y to the London Fire Commissioner (LFC) explains that Plumstead Fire Station has been included in London Fire Brigade's (LFB)'s capital programme since 2010. A number of options have been explored to resolve the current issues with the station, as previously outlined in report LFC-0256 and Deputy Mayor for Fire and Resilience Decision 50 (DMFD50).
- 1.2 At the time of the previous decisions, the budget was based on initial feasibility estimates for the works. Once approval was granted, the detailed designs were produced, for which planning and listed building consents were sought, and the works were sent out to tender.
- 1.3 Responses for the first tender action were received in July 2021. The results of the evaluation process for this tender recommended a contractor whose costs would have significantly exceeded the approved budget limit.
- 1.4 LFB identified that the appropriate way to proceed was to re-tender the project, as at that time it was unclear if the preferred contractor's submission was an accurate representation of the market cost of the works.
- 1.5 The re-tender used the Crown Commercial Services framework. As a result of the process, two responses were received and evaluated in February 2022.
- 1.6 The results of the evaluation identified that both submissions exceed the approved budget previously agreed in DMFD50 and LFC 0256x. The results have, however, identified that the preferred contractor from the two responses is the most economically advantageous one.
- 1.7 With the combined results of both tenders, LFB has concluded that the market is unable to deliver the project within the original approved budget.
- 1.8 The reason that this is no longer achievable can be attributed to volatility within the construction materials and labour markets over the past two years, as a result of both the COVID-19 pandemic and departure from the European Union. These events have contributed to an increase in construction workload, and a shortage of materials and labour. Inflation in construction has equated to a 10 per cent increase in costs over the past two years, since approval was granted for expenditure on the project.
- 1.9 In addition, since the submission of the tender responses, the war in Ukraine has had a significant further impact on the construction-materials market. Of note are rises in fuel prices and steel. This has led to an additional uplift in costs during the decision-making stage of the tender evaluation.

2. Objectives and expected outcomes

- 2.1 The objective of this paper is to secure an uplift in funding to enable the LFC to raise the contract sum with the preferred contractor, to the value of the full scope of the proposed works.

- 2.2 On approval of the uplift, the contract value shall therefore be increased.

Uplift finance proposal

- 2.3 To afford the uplift in budget, the unallocated fire station refurbishment budget – held in the 2024-25 financial year capital works programme – will be allocated to the Plumstead project.
- 2.4 The additional expenditure is estimated to occur in the 2024-25 financial year.
- 2.5 Once the funding is in place, the contract sum will be increased to reflect the full scope of works. At this point the costs for the works will be fixed, mitigating further risks in price inflation. Additionally, Frankham cost consultants will remain engaged with the project to monitor and manage the main contracts cost submissions, to ensure applications for payment are in line with expectations and do not exceed the approved budget.

3. Equality comments

- 3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account, and then evidencing how decisions were reached.
- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage, and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.5 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 3.6 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice

- promote understanding.

3.7 A new Equality Impact Assessment has not been undertaken in respect of the uplift in expenditure. This is because one was undertaken in relation to the entire project; the benefits of the refurbishment work on groups with protected characteristics were set out in DMFD50.

4. Other considerations

Workforce comments

- 4.1 The recommendations within this report do not require formal staff-side consultation. Nevertheless, officers from LFB's Property department, working alongside the Station Commander, Borough Commander and Deputy Assistant Commissioner (Southeast Area), agreed concept-design proposals to support the feasibility process. The Property project manager has continued to keep the Station Commander updated and engage with crews on questions surrounding the scheme.
- 4.2 As part of the project's risk management strategy, the Health and Safety at Work Impact Assessment detailing the phasing of construction works will be reviewed and updated continually. This process will identify and control health and safety impacts, and secure the site from unauthorised access, ensuring that the workforce and public are protected from the construction hazards. The procurement methodology was designed to ensure the preferred contractor could demonstrate an excellent health and safety record, with a high level of experience working on similarly occupied projects. The results of the procurement have satisfied this requirement.

Procurement comments

- 4.3 These are set out in part 2 of the report.

Conflicts of interest

- 4.4 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1 This report requests approval for the expenditure set out in part 2 of this report.
- 5.2 LFB's 2022-23 approved capital programme includes a budget that can be used to cover the cost of this proposed uplift.
- 5.3 If this decision is approved, there will be no increase in capital financing costs for the current capital budget. This is because it has been included within the revenue budget in the 2024-25 Budget Submission.
- 5.4 There are no financial implications for the GLA.

6. Legal comments

- 6.1 Under section 9 of the Policing and Crime Act 2017, the LFC is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 6.2 By direction dated 1 April 2018, the Mayor set out those matters for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience.
- 6.3 Paragraph (b) of Part 2 of that direction requires the LFC to seek the prior approval of the Deputy Mayor before “[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...”.
- 6.4 LFC’s General Counsel has confirmed that the;
- LFC has the power under: section 7 (2)(a) of the Fire and Rescue Services Act 2004 (FRSA 2004) to secure the provision of personnel, services and equipment necessary to efficiently meet all normal requirements for firefighting; and section 5A of the FRSA 2004 to procure personnel, services and equipment they consider appropriate for purposes incidental or indirectly incidental to their functional purposes; and
 - proposed tenders will be carried out in accordance with the Public Contracts Regulations 2015 and the LFC’s Scheme of Governance (Part 3 Standing Orders Relating to Procurement).

Appendices and supporting papers:

- Appendix 1: Report LFC-0715y – Plumstead Fire Station – Refurbishment and Extension Cost Uplift part 1 report
- Deputy Mayor for Fire and Resilience Decision 50 Plumstead Fire Station – Refurbishment and Extension

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer

Richard Berry has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service

Ross Jardine has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

✓

Advice

The Finance and Legal teams have commented on this proposal.

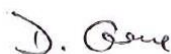
✓

Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 15 August 2022

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.



Signature

Date 15 August 2022