

# GREATER LONDON AUTHORITY

## REQUEST FOR DEPUTY MAYOR FOR FIRE & RESILIENCE DECISION – DMFD20

### Title: London Fire Brigade Operations Support Centre

#### Executive Summary:

Report LFC-0089 to the London Fire Commissioner proposes the delegation of the authority to appoint a contractor for works to deliver a new Operations Support Centre (OSC) with appropriate capital funding for the works and associated equipment.

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...”.

The Deputy Mayor for Fire and Resilience’s approval is sought for an increase of £326,321 for the project on the budget previously approved by the LFEPA Resources Committee on 12 January 2018 (FEP 2812/A), creating a revised project budget of £4,326,321.

#### Decision:

The Deputy Mayor for Fire and Resilience:

- Approves the additional commitment of £326,321 to the Operations Support Centre project, comprising the procurement of equipment which was not included in the original specification (£117,000) and increased costs for the fit out of the premises (£209,321), as outlined in report LFC-0089, making the total approved budget for this project £4,326,321.
- Approves the expenditure of £3,299,183, from the budget of £4,326,321 outlined above, on the appointment of ITC Concepts Ltd to be the construction contractor for the fit out works of the Operations Support Centre as set out in the above report.

#### 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:

24/01/19

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. On 21 July 2017, the London Fire and Emergency Planning Authority (LFEPA) Resources Committee agreed (report FEP2757/A) to create a new Operations Support Centre (OSC) which combines the Protective Equipment Group (PEG) and Brigade Distribution Centre (BDC) and gave authority to LFB's Head of Procurement and Technical and Service Support, in consultation with the Head of Legal and Democratic Services approve the acquisition of a new site.
- 1.2. The site evaluation process concluded that LFEPA's preferred site was an existing industrial unit on Pegasus Road in Croydon. On 12 January 2018 the LFEPA Resources Committee agreed (FEP2812/A) to uplift the project budget for dilapidations costs of the existing BDC on surrender of the lease and for additional mechanical, electrical and external works required at the new site.
- 1.3. The lease agreement for Pegasus Road was completed on 21 February 2018. In parallel with acquiring the lease for Pegasus Road, officers developed a project brief with the end-users of PEG and BDC to design a new layout of the premises. This resulted in the completion of Royal Institute of British Architects (RIBA) stage three – providing concept design drawings and a defined project budget for the works.
- 1.4. An application for planning permission to the London Borough of Croydon was successful. The premises proposal also received in principle consent from the landlord for the works to be carried out, with a full licence to alter to be granted following submission of RIBA stage four (technical design stage) to the landlord. RIBA stage four provides fully developed technical drawings from which the contractor can commence construction.
- 1.5. The £4m budget at the time, as approved by FEP 2812/A was an estimate provided by the London Fire Brigade's (LFB) cost consultant as a result of the design process. At the time of this estimate, the programme for construction works was estimated by the consultant at approximately 38 weeks.
- 1.6. A procurement process (as further described in paragraph 4.1 below) was undertaken utilising the Blue Light Portal to attract tender responses from prospective Main Contractors for the works. This process was run by the LFB's project management and cost consultant. The submitted tenders were then reviewed and scored against a number of levelling criteria including cost, health and safety, quality, programme and responsible procurement. The highest scoring bidder was then recommended to the LFB as the preferred contractor.
- 1.7. As a result of the tender process, the preferred bidder, ITC Concepts Ltd, has submitted a proposed construction programme of 45 weeks – a seven-week uplift on the previous. As such the bulk of the increase in capital costs for the construction works of £3,299,183 (for which approval is sought under this decision form) is borne out of the fact that the programme is now longer, therefore making preliminary costs for the fit out of the premises (staff costs, consultancy fees, temporary power, site establishment costs, etc.) higher. It should be noted that the preferred bidder has submitted the joint shortest programme against two other bidders. The original 38-week programme was estimated by the LFB's consultants; the uplift of seven weeks reflects the preferred bidder's firm construction programme based on their supply chain's resource availability, and the time required to complete their activities. The preferred bidder has also submitted the lowest cost against the two other bidders.

## 2. Objectives and expected outcomes

### *Project delivery*

- 2.1. The Commissioner's consultant project managers, Burke Hunter Adams (BHA), have now completed a detailed evaluation of the tender submissions and provided a recommendation in respect of the preferred contractor to carry out the fit-out works. Details of the procurement are provided in the appended report LFC-0088. The recommendation is based on the responses with scores awarded to their satisfaction of the requirements outlined in the tender pack.
- 2.2. If approval is given, it is anticipated that the preferred contractor will be appointed in December 2018; construction will begin in February 2019; and fit out and construction will complete by November 2019 enabling LFB to move into the new facility by December 2019.

### *Additional equipment*

- 2.3. Further to the construction costs, there are requirements for additional equipment not previously included in the original forecast cost:
  - **Narrow Aisle Forklift Truck.** The design of the new OSC includes a high bay storage facility with a narrow aisle design to maximise the storage space, this will double the current storage availability within the same footprint as that at the existing BDC. Due to the narrow aisle design a specific type of side-loading forklift truck is required.
  - **Hydrostatic Hose Testing Machine.** The design of the new OSC will for the first time include a provision for a 30-metre hydrostatic hose testing machine. Under BSI Regulations 6391:2009 the PEG is classified as a hose manufacturer as it produces approximately 50–100 lengths of new replacement hose per month by attaching recycled hose couplings. LFB is the only Fire and Rescue Service which undertakes this work in any significant volume. The capacity of hydrostatic hose testing equipment required for this work is not available commercially, as it is restricted to hose manufacturers who, in turn, commission bespoke equipment. The cost estimate for this is £270,000. Research by PEG has identified a re-conditioned hydrostatic testing machine meeting the Brigade's needs for substantially less than £270,000 offering a substantial saving to the Commissioner.
  - **Breathable Air Cylinder Storage.** The design of the new OSC makes a provision for the storage and transport of reserve breathable air cylinders in addition to those required for the Brigade's day to day needs. These cylinders will be stored in metal trolleys containing 12 Short Duration Breathing Apparatus (SDBA) cylinders for ease of mobilisation and to reduce manual handling. The range of new vehicles for the OSC are being designed specifically to accommodate these trolleys. As part of these storage arrangements, recycled Gas Tight Suit boxes are being used to reduce costs.

### *Project Cost*

- 2.4. The additional cost related to the purchase of equipment above of £117,000 and increased costs for the fit out of the premises of £209,321 will add £326,321 to the total project cost and result in additional annual debt charges of £28,000.
- 2.5. After accounting for these increases the total project cost is now £4,326,321, which would result in annual debt charges of £370,000.

## 3. Equality comments

- 3.1. Under Section 149 of the Equality Act 2010, the London Fire Commissioner must have 'due regard' of the need to:
  - eliminate unlawful discrimination, harassment and victimisation; and

- advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 3.2. The Public Sector Equality Duty – and the potential impacts of this decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, marriage or civil partnership, sexual orientation) – has been considered by the London Fire Commissioner and the Deputy Mayor for Fire and Resilience in the consideration of report LFC-0089 and the associated reports to the Commissioner and LFEPA.
  - 3.3. Report LFC-0089 states that the equality impact assessment performed concludes that this procurement “*will not have a disproportionately adverse effect on any persons with a particular characteristic*”. In the completion of the equalities impact assessment, the impact of the project on those with the nine protected characteristics was given due regard. The assessment identified that the main consideration for this project would need to be given to those with access requirements. The fit out of the building has, therefore, been designed with access provisions to ensure the building is suitable for those that meet these characteristics. The design is also compliant with the current building regulations and provides for accessible ingress, egress and internal vertical and horizontal movement. This solution provides a significant enhancement to the current accessibility of both the current PEG and BDC buildings.
  - 3.4. The Duty was also considered during the contractor tender process with the responders required to confirm they do not use zero-hour contracts, they are compliant with the London living wage and they have a modern slavery policy. Additionally, under the responsible procurement assessment the tenderers had to confirm if the scheme would provide training and apprenticeship places, the bidders all responded positively to this with a commitment to employ local labour where possible and provide at least one apprenticeship place.

#### **4. Other considerations**

##### *Procurement*

- 4.1. As the project was below the value threshold required to conduct an OJEU procurement process, the scheme was put out to competitive tender in accordance with the LFC scheme of Governance (Part 3) in July 2018 under which the LFC invited four pre-selected suppliers. The process being administered by Burke Hunter Adams LLP and the tender responses were assessed against two weighted areas, price, at 65% and quality at 35%, which was further subdivided further into six weighted criteria – programme, at 35%, methodology and project understanding at 15%, resources at 15%, quality control at 10%, health and safety at 15% and responsible procurement at 10%. The scores against each criterion were awarded based on the strength of their responses to each section.
- 4.2. Responses to the tender were received from four contractors. Based on the results of the scoring process the preferred contractor was identified based on their answers to the quality criteria being the most suitable, their price being the most competitive and their response to the tender being the most comprehensive and overall most suitable.
- 4.3. The other contractors scores were significantly lower and did not satisfy budget or quality requirements across the board.

##### **Financial comments**

- 5.1. The Commissioner requests approval to increase the capital budget for the new Operations Support Centre project from £4,000,000 to £4,326,321, an increase of £326,321.

- 5.2. The additional cost relates to the purchase of equipment which was not included in the original specification (£117,000) and increased costs for the fit out of the premises (£209,321).
- 5.3. The current capital budget of £4,000,000 is phased over the three years (2018/19-2021/22) in line with the revised delivery programme and will be amended to reflect the increase in price. Spend for 18/19 is in relation to the completion of designs up to this point and the proposed monies required to commence Stage 4 designs and commence construction works. The spend will be highest in 19/20 when construction will be completed and in 20/21 there is budgetary provision for retentions, snagging works and close out of 12 months defects period. If this scheme is financed by external borrowing, the annual debt charges would be £370,000 (i.e. principal of £240,000 and Interest of £130,000) based on an asset life of 18 years and an interest rate of 3%.
- 5.4. The Commissioner's 2019/20 draft capital spending plan anticipates that all capital expenditure will be financed by capital receipts. However, if there were a shortfall in capital receipts, external borrowing would be undertaken to fund the scheme. If the scheme were to be financed by external borrowing, the annual debt charges would be £370,000 (i.e. principal of £240,000 and Interest of £130,000) based on an asset life of 18 years and an interest rate of 3%.
- 5.5. The Commissioner is not requesting any additional funds from the Greater London Authority.

## **6. Legal comments**

- 6.1. Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") 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 Commissioner 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 Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor"). Paragraph (b) of Part 2 of the said direction requires the 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...".
- 6.3. The statutory basis for the actions proposed in LFC-0089 is provided by sections 7 and 5A of the Fire and Rescue Services Act 2004 ("FRSA 2004"). Section 7 (2)(a) FRSA 2004 the Commissioner has the power to secure the provision of personnel, services and equipment necessary to efficiently meet all normal requirements for firefighting and section 5A allows the Commissioner to procure personnel, services and equipment they consider appropriate for purposes incidental or indirectly incidental to their functional purposes.
- 6.4. Officers have confirmed that the proposed service has been procured in compliance with the the London Fire Commissioner's Scheme of Governance.
- 6.5. Officers must ensure that an appropriate contract for services documentation is put in place and executed by LFB and the successful bidder(s) before the commencement of any required services.

## **Appendices and supporting papers:**

1. LFC-0089: "Operations Support Centre Project (formerly Integrated Equipment and Logistics Project) – Update"

**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? YES**

If YES, for what reason:

The bidder should only be named after contract award and the expiration of the cooling off period, so as to enable any competitive negotiations with other suppliers should the award not proceed as planned

Until what date: 1 April 2019

**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 – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer**

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

✓

**Assistant Director/Head of Service**

Tom Middleton 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**

This decision was agreed by the Corporate Investment Board on 21 January 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. J. Allen*

Date

21.1.19